

# **ctc technology & energy**

engineering & business consulting



## **Guide to Broadband Funding Strategies for Communities and Utilities**

**Prepared for the Commonwealth of Kentucky  
May 2015**

**Columbia Telecommunications Corporation**

10613 Concord Street • Kensington, MD 20895 • Tel: 301-933-1488 • Fax: 301-933-3340 • [www.ctcnet.us](http://www.ctcnet.us)

## Contents

1	Introduction .....	1
2	Appalachian Regional Commission (ARC) .....	2
3	Community Connect Grants.....	4
4	Distance Learning & Telemedicine (DLT) Loans and Grants .....	16
5	Economic Development Assistance (EDA) Programs .....	36
6	E-Rate Discounts for Schools and Libraries .....	41
7	Healthcare Connect Fund .....	53
8	Housing and Urban Development (HUD) Programs .....	63
9	Rural Utilities Service (RUS) Loans .....	73
10	Telehealth Network Grant Program .....	77

## 1 Introduction

This guidebook represents an overview of federal funding options that will potentially enable communities and utilities across the Commonwealth of Kentucky to leverage the planned KentuckyWired middle-mile infrastructure. The chapters are designed to help local leaders identify a financial roadmap to enabling last-mile broadband capabilities for communities, municipal and cooperative electric utilities, and non-profits.

Federal funding is an incredibly important element of most large-scale public sector broadband deployments. Current federal funding opportunities range in size from modest to large awards, and target a variety of deployment scenarios and end users. This guidebook provides information on the full range of federal funding opportunities available in mid-2015—some of which provide much more opportunity than others, and are described in greater detail. Among the smaller programs are funding opportunities that change year to year, or that have limited funding windows—examples of the always changing landscape of broadband financing.

## 2 Appalachian Regional Commission (ARC)

The Appalachian Regional Commission (ARC) is a regional economic development agency that represents a partnership of federal, state, and local government. ARC has been a tremendous partner to the Commonwealth over time. It has been incredibly generous in its funding to Kentucky, and clearly committed to supporting the state's Appalachia region.

Established by Congress in 1965, ARC is composed of the governors of 13 Appalachian states and a federal co-chair, who is appointed by the president. Local participation is provided through multi-county local development districts. Each year, Congress provides federal funding to support the economic development of Appalachia through a diversity of projects in the areas of public infrastructure (water, sewer, solid waste, housing, and telecommunications), human resource development (education/workforce development, affordable/accessible healthcare, and leadership development) and business/entrepreneurial development. Broadband support is clearly consistent with these goals. Grantees must provide a sliding cost share of 20 to 50 percent, depending on available resources.

Annual appropriations for ARC's thirteen-state jurisdiction is typically about \$70 million, with roughly \$9 million allocated to Kentucky.<sup>1</sup> The Governor's office is then given the authority to determine which projects to fund. This process is opened with a solicitation for proposals and determined by local authorities. Proposals for FY 2015 funding were due December 12, 2014. ARC is still awaiting its FY 2016 budget and is not currently accepting proposals. The funding schedule will likely be announced in summer 2015. At that time, pre-applications will be solicited through the ARC website.<sup>2</sup> Because Governor Beshear will be leaving office at the end of December, the state will only be authorized to obligate funds through the first quarter (i.e., October through December).

Notably, in each of the last two years, Congress has provided \$10 million in supplemental appropriations for middle-mile broadband deployment in portions of Appalachia that were particularly affected by the downturn in the coal-mining industry. This benefitted 18 Kentucky counties and more limited parts of Tennessee (2 qualifying counties) and West Virginia (3 counties).

Prioritization is important because grant requests consistently exceed available resources. In 2015, ARC Kentucky received 75 applications seeking a total of \$27 million (from a budget of roughly \$9 million). The majority (60 percent) of annual funding is typically directed to water and

---

<sup>1</sup> Note that the Obama Administration's FY 2016 budget request seeks to increase funding to \$95 million; however, it is unlikely that Congress will authorize the increase in the current fiscal environment.

<sup>2</sup> <https://kydlgweb.ky.gov/FederalGrants/ARC.cfm>

sewer systems. Broadband would thus have to compete with health, education, entrepreneurship, and global capacity building projects for remaining resources. These projects would be dispersed across the nine regional development districts in the state and one of the districts would need to champion the proposal.<sup>3</sup>

Given previous broadband investment, limited resources, and competing priorities, to the extent that broadband *could* be funded from ARC's regular budget, it would likely be for discrete, fairly modest projects. ARC Kentucky reports that the most competitive projects are less than \$400,000, with an average grant of \$275,000. That could include a targeted last-mile development or resources for training.

#### Resources:

- ARC grants homepage: <http://www.arc.gov/grants>
- Kentucky grant application process (for deadlines, application forms, and guidance): <https://kydlgweb.ky.gov/FederalGrants/ARC.cfm>
- Program Administration guidelines: <http://www.arc.gov/forms>

#### Key Contacts

- Mark DeFalco (ARC Telecommunications Initiative Manager) – 202-884-7710 or [mdefalco@arc.gov](mailto:mdefalco@arc.gov)
- Peggy Satterly (ARC Kentucky Program Manager) – 502-573-2382 or [peggy.satterly@ky.gov](mailto:peggy.satterly@ky.gov)

---

<sup>3</sup> ARC staff report that selected projects “bubble up” from the districts.

## 3 Community Connect Grants

### 3.1 Introduction

This document is intended to provide a brief overview and guide of the Community Connect grant program. Community Connect is a modest-sized, but significant grant program for local and tribal government that targets deployment to completely unserved, very low-income rural communities (with fewer than 20,000 residents). Grantees must offer service at the broadband grant speed (defined as 5Mbps download plus upload) to *all* households and community institutions in the Proposed Funded Service Area (PFSA), with free service for at least two years to a community center. The application process is rigorous and competitive (with awards given to approximately 10 percent of applicants) and once awarded, program requirements are demanding (e.g., requiring last-mile service be available for all households in the service area). The program has been funded consistently since it was introduced in 2002 and thus represents an important opportunity for qualifying communities. The program is administered through the Rural Utilities Service (RUS) under the authority of the United States Department of Agriculture (USDA).

### 3.2 Summary of Community Connect Process, Timeline, and Deadlines

The Community Connect process generally opens in the spring, though in 2015, the process opened in the winter. The following are key dates that should be built into a prospective service provider's annual planning. However, recognizing that the funding calendar may fluctuate, we advise applicants to stay apprised of opportunities through Grants.gov (<http://www.grants.gov>):

- **Early Spring:** Prior to the opening of the application window, or as soon as possible thereafter, Applicants should secure a DUNS number. This process is free and takes only one to two business days to complete. DUNS numbers can be secured through the web form (<http://fedgov.dnb.com/webform>) or by calling Dun & Bradstreet (800-526-9018).
- **Early Spring:** Prior to the opening of the application window, or as soon as possible thereafter, Applicants should complete System of Award Management (SAM) registration or update their existing registration. To remain active, registrants must update their information annually. SAM registration is a prerequisite to the grant program and applications can take three to 12 days to process. The application is available online (<https://www.sam.gov>) and detailed instructions are provided below. A DUNS number is required for the SAM registration process and should be obtained first.
- **Spring to summer:** The window during which rural communities ("Applicants") can apply to RUS for funding is typically announced in spring, with a 45 to 60-day application

window.<sup>4</sup> The exact dates differ from year-to-year and are announced on the Community Connect Grants website (<http://www.rd.usda.gov/programs-services/community-connect-grants>) and through Grants.Gov.

The NOSA is issued *before* appropriations are assured and costs associated with the application process are incurred at the applicant's risk. This gives RUS time to process applications within the current fiscal year, even though funding is not guaranteed absent a continuing resolution or final appropriations act. Despite this apparent uncertainty, Community Connect has been consistently funded (at roughly \$15 million annually) since the program was first announced in 2002.

- **Before Beginning the Application Process:** USDA recommends contacting the USDA Broadband Division, Telecommunications Program via email or by calling (202) 720-0800, or contacting the General Field Representative that serves your area before attempting to fill out any forms or applications.<sup>5</sup> Field representatives are eager to provide assistance.
- **During the Application Window:** USDA will hold a webinar during the application window, which will provide detailed information about the application process and an opportunity to ask questions of agency staff. The webinar will be announced and registration is available on the Community Connect homepage (<http://www.rd.usda.gov/programs-services/community-connect-grants>). Archived presentations are also available online ([http://www.rd.usda.gov/files/UTP\\_CC2015CombinedPresentation.pdf](http://www.rd.usda.gov/files/UTP_CC2015CombinedPresentation.pdf))

Applicants are provided 45 to 60 days to complete the application process. All applicants are rank-ordered and awards are given in rank order until funds are expended. If there are similarly ranked proposals, additional consideration will be given to those that provide faster speeds of service, that are located in a tribal or trust area, fund areas of persistent poverty, or that benefit persons with disabilities. Thus, there is no reason to complete the application before the close of the application window and we advise taking time to review the application guide and consult with agency staff.

- **Fall:** The time at which awards are typically announced.

---

<sup>4</sup> Note that this schedule may vary. In fact, in 2015, the Notice of Service Availability (NOSA) was published December 17, with applications due February 17.

<sup>5</sup> Kentucky is served by William Vogt ([William.vogt@wdc.usda.gov](mailto:William.vogt@wdc.usda.gov) or by phone (318-640-1407 or 318-451-0403 (cell)).

- **180 Days after Issuance of the Award:** Construction must begin 180 days following issuance of the award.
- **Annually Thereafter:** If awarded, reports must be submitted annually. Such submissions must include an annual performance activity report and audit, beginning with the first year a portion of the funds were expended. With limited exception, First Tier Sub-Awards of \$25,000 or more must be reported by the Recipient to <http://www.fsr.gov> no later than the end of the month following the month the obligation was made. Awards are typically for a multiyear period and are not renewable.
- **Annually Thereafter:** Grant recipients must maintain an active SAM registration. Accounts may be updated online and data must be reviewed in one sitting.<sup>6</sup>
- **At the Close of the Award Period:** Applicants must submit a final performance report, which may serve as the last annual report and must include an evaluation of the success of the project.

The application process is discussed in more detail below.

### 3.3 Projects and Entities Likely to Be Funded

Community Connect is an extremely competitive grant program, with approximately 10 percent of the anticipated 150 applicants receiving funding.

#### Entities Awarded:

Awards can be given to both public and private entities. Eligible applicants include incorporated organizations, Indian tribes or tribal organizations, state or local units of government, or cooperatives, private corporations, and limited-liability companies organized on a for-profit or not-for-profit basis. Individuals or partnerships are not eligible. An applicant must have the legal capacity and authority to own and operate the proposed broadband facilities, to enter into contracts, and to otherwise comply with applicable federal statutes and regulations. Thus awards cannot be granted to a local government entity that does not want to own or operate the broadband service.

---

<sup>6</sup> SAM registration updates can be completed online at: [https://www.sam.gov/sam/helpPage/SAM\\_Reg\\_Status\\_Help\\_Page.html#step5content](https://www.sam.gov/sam/helpPage/SAM_Reg_Status_Help_Page.html#step5content) SAM registration will expire and become “inactive” if you do not log in and update the entity registration record at least once annually.



### Eligible Projects:

Community Connect is intended to target communities where broadband service is not available and where low population densities and poverty make deployment costs high, and build-out of infrastructure unlikely. Funding is limited to contiguous areas with a population less than 20,000 that does not currently have Broadband Transmission Service (as determined by the FCC National Broadband Map, and defined as 3Mbps download plus upload), and where such service would not otherwise be provided.<sup>7</sup> Service areas need not be in the same community – or even the same state – so long as the areas are contiguous.

Once awarded, projects must offer last-mile service at the broadband grant speed (5Mbps download plus upload) to *all* businesses, residents, and community facilities in the PFSA, with free service provided to all critical facilities,<sup>8</sup> and at least one community center with weekend hours and two to 10 public computer access points for at least two years from the grant award.<sup>9</sup> Grants can be used to offset the cost of providing such service and to lease spectrum, towers, and buildings that are part of the project design.<sup>10</sup> A portion of the grant (the lesser of 10 percent or \$150,000) can be used to construct, acquire or expand an existing community center.<sup>11</sup>

In sum, Community Connect awards must:

- Provide broadband infrastructure in an area where service does not currently exist;
- Offer last-mile service (at least 5 Mbps download plus upload) to all premises in the PFSA;
- Benefit rural areas (defined as communities with fewer than 20,000 residents *and* not adjacent to cities with more than 50,000 residents); and
- Provide complementary service for at least two years to all critical facilities and a community center that meets the grant requirements.

Eligible areas must not:

- Already have broadband service

---

<sup>7</sup> Existing broadband availability can be determined using the National Broadband Map (<http://www.broadbandmap.gov/>). Existing satellite services are not considered broadband and will not invalidate an application. Applicants must configure the PFSA to exclude areas where DSL services exist.

<sup>8</sup> Critical community facilities include public schools, public libraries, public medical clinics, public hospitals, community colleges, public universities, law enforcement, and fire and ambulance stations.

<sup>9</sup> Though grantees cannot charge for such services, the award can be used to cover these costs for the recipient.

<sup>10</sup> Leasing costs can only be covered for three years.

<sup>11</sup> Note that additional funds can be used to provide the computer access points and their connection to the network. Applicants may use their own resources to cover costs exceeding this limit.

- Receive federal funding to make such service available.<sup>12</sup>

To prepare the most competitive Community Connect grant application possible, we would recommend that a utility chart an area within its unserved footprint, then target the lowest income portions of that area.

#### Successful Applications:

USDA maintains a comprehensive database of all successful Community Grant awards since the program's inception.<sup>13</sup> These awards are sorted by state and chronologically. Three Kentucky projects received grant awards in 2013.<sup>14</sup> This included two projects (for \$480,420 and \$704,600, respectively) to deploy high-speed broadband internet services to the areas of IdaMay and Lambric/Rousseau, Kentucky using Hybrid Fiber-Coax Technology. The funded projects also call for deploying video and voice services to the entire service areas. These services will allow the community's fire and rescue personnel the ability to receive virtual real-time weather warning updates for communities that are often threatened by severe weather conditions, including storms, floods and tornadoes. Such services were deemed critical to saving lives. A third grant for \$1,059,704 was awarded to Inter Mountain Cable, Inc. to provide broadband services to residents, businesses, and critical community facilities within the community of McCombs, Kentucky through a Hybrid Fiber-Coax (HFC) Network. The proposed network will provide broadband service free of charge to the community's fire department, and provide and staff a Community Center. The Community Center will provide residents the use of at least 10 computer workstations with broadband Internet access, operational assistance and training, and technical support free of charge for two years.<sup>15</sup>

### **3.4 Description of the Full Community Connect Application**

This section provides an overview of the application process and key application components. The USDA Application Guide includes sample forms, links, and additional guidance, with particularly important pages noted below.<sup>16</sup>

---

<sup>12</sup> Applicants may search the USDA database to confirm that such awards have not already been granted: <http://broadbandsearch.sc.egov.usda.gov/SearchTabs.aspx>

<sup>13</sup> The grant database is available online at: <http://www.rd.usda.gov/programs-services/community-connect-grants> (visited Feb. 14, 2015).

<sup>14</sup> See Community Connect Awards – Kentucky (<http://www.rd.usda.gov/files/UTP-CCProjectSummariesKentucky.pdf>) for a historical listing of all successful Kentucky applications.

<sup>15</sup> Note that Community Connect historically required provision of at least 10 computer access points in a public community center; however, now requires only two such access points – with a *maximum* of 10.

<sup>16</sup> To access the entire Application Guide and Attachments in [www.grants.gov](http://www.grants.gov), click on “Find Grant Opportunities” from the left navigation menu. Select the “Basic Search” option and input CFDA number 10.863. Locate the “Community Connect” hyperlink under “Opportunity Title” and select “Full Announcement” which is located at the

1. **Establish Contact with RUS.** Prior to initiating the application process, all applicants are encouraged to contact their RUS general field representative. Field representatives can provide updated information about deadlines and any new application requirements.
2. **Secure a DUNS Number** (“Data Universal Number System”).<sup>17</sup> DUNS numbers are available free of charge and take one to two business days to secure by visiting the Dun & Bradstreet (D&B) website or by phone (800-526-9018). The process is straightforward.
3. **Apply for or update SAM registration.** All applicants must have an active SAM registration (previously known as the “Central Contractor Registry,” CCR).<sup>18</sup> The SAM registration process takes three to 12 business days and must be updated annually. Potential grant applicants should register before initiating the application process.

Applicants who are registering in SAM to apply for a federal financial assistance opportunity on Grants.gov (like Community Connect), will have a much shorter registration path. Applicants should select this “grants only path” by indicating that they do *not* wish to bid on contracts, but are only seeking “to be eligible for grants and other federal assistance.” To receive a SAM for grant applications, applicants will need to validate their DUNS information, enter business information (including Tax Identification Number), create a Marketing Partner Identification Number (MPIN),<sup>19</sup> enter the CAGE code associated with the appropriate DUNS number, enter general information about the entity, provide relevant financial information (e.g., bank account and routing numbers), address executive compensation questions, and answer proceedings details.<sup>20</sup> After the SAM application is submitted, there will be a “congratulations” message, followed by external validation with the IRS and for CAGE Code assignment or validation. SAM.gov will send an email when registration is active.

4. **Review the Notice of Solicitation of Applications.** The NOSA provides details about the application process, opens the grant window (45 to 60 days), announces minimum and

---

top of the page. That should take you to a screen where the program NOFA, SF424, Application Guide and Schedule H Attachment templates are available. Page 67 of the Application Guide provides a simple checklist of all necessary forms and the order that they are to be submitted/ labeled.

<sup>17</sup> Q&A on DUNS numbers is available at: [http://www.rd.usda.gov/files/UTP\\_duns\\_qa.pdf](http://www.rd.usda.gov/files/UTP_duns_qa.pdf)

<sup>18</sup> SAM registration is available online at: <https://www.sam.gov> or by phone (877-332-8277). For help registering in SAM, contact the supporting Federal Service Desk (FSD) (<https://www.fsd.gov/>). SAM account application status can be checked by entering your DUNS number online ([https://www.sam.gov/sam/helpPage/SAM\\_Reg\\_Status\\_Help\\_Page.html](https://www.sam.gov/sam/helpPage/SAM_Reg_Status_Help_Page.html)).

<sup>19</sup> Be sure to remember this number, as it will serve as a password in subsequent Grants.gov applications.

<sup>20</sup> Additional details about the SAM registration process can be found online: [https://www.sam.gov/sam/transcript/Quick\\_Guide\\_for\\_Grants\\_Registrations.pdf](https://www.sam.gov/sam/transcript/Quick_Guide_for_Grants_Registrations.pdf)

maximum grant awards, and establishes the minimum broadband grant speed. In 2014, the NOSA was published on December 17; however, publication typically occurs in the spring. Current minimum grant speeds are 5 Mbps (upload and download) and FY2015 grants may range from \$100,000 to \$3 million, though actual awards will vary with appropriations.

5. **Submit a grant application.** Grant applications may be filed electronically (<http://www.grants.gov>) or by mail (with electronic copies).<sup>21</sup> The following items must be included in grant applications:
  - a. **Schedule A-3 – USDA Rural Development State Director Notification Form.** This form must provide a brief project description and location of the PFSA.
  - b. **Standard Form 424, Application for Federal Assistance (SF 424).**<sup>22</sup> Both a DUNS number and SAM registration number are needed to complete the SF 424.
  - c. **Schedule A-4 – Survey Ensuring Equal Opportunity for Applicants.** Nonprofit organizations are invited to complete a simple (but optional) multiple-choice questionnaire.
  - d. **An executive summary of the project.** This is one of the most important parts of the application and is where applicants provide a general project overview and convey the importance of the project to the RUS. The summary should demonstrate that broadband is *not* available in the PFSA, using support from the National Broadband Map and from communications with local phone and video providers.<sup>23</sup> The summary should include a comprehensive list of participating critical community facilities, with documentation for any facilities that have *declined* service.
  - e. **System Design.** The applicant must submit a system design, including, a narrative with specifics about the proposal, associated costs, maps, engineering design studies, technical specifications and system capabilities, and the number of households/ individuals served. System design plans should include details about the existing network (if applicable). The system design will include a detailed Network Diagram

---

<sup>21</sup> First time Grants.gov users should go to the “Get Started” tab on the Grants.gov site and follow the steps listed. These steps need to be initiated early in the application process to avoid delays in submitting your application online.

<sup>22</sup> SF 424 available online ([http://www.rd.usda.gov/files/UTP\\_SF424\\_2016.pdf](http://www.rd.usda.gov/files/UTP_SF424_2016.pdf)) with online instructions available in the Application Guide at pp. 15-16.

<sup>23</sup> Lack of service can be illustrated with a brief table documenting outreach to area service providers (as laid out in the Application Guide at p. 21).

- (Schedule D-1), which must identify critical facilities, the distance between network elements, bandwidth capacity between network elements, and the location of any leased facilities. This section must also include an Environmental Questionnaire (Schedule D-2), which indicates the applicability and anticipated compliance with a suite of environmental laws. A copy of Schedule D-2 (with links to applicable laws) is available in the Application Guide (pp. 27-31). Because project construction is subject to local laws, the system design should be completed by an engineer that is registered in the state where the project will be constructed.
- f. **Service Area Demographics.** Applicants must provide a map of the PFSA using the RUS Mapping Tool.<sup>24</sup> This section of the application must also include demographic data, including the total population and the number of households and businesses that will be served by the project. Such data are available through the U.S. Census Bureau (<http://www.census.gov/>) and can be supplemented with more current information.
  - g. **Scope of Work.** The scope of work must delineate the specific activities and services to be performed under the proposal; identify who will carry out the activities and services; provide specific timeframes for completion; and outline a budget for all capital and administrative expenditures reflecting the line-item costs for all grant purposes, the matching contribution, and other sources of funds necessary to complete the project. The scope of work will include both the build-out schedule (Schedule F-1) and a detailed budget (Schedule F-2). Note that the budget must be consistent with the amount requested in the application for federal assistance (SF-424).
  - h. **Community-Oriented Connectivity Plan.** The applicant must provide a detailed community-oriented connectivity plan. Such a plan should include:
    1. A list of all critical community facilities located in the PFSA, including public schools, libraries, medical clinics, hospitals, community colleges, universities, law enforcement, and fire and ambulance stations. The applicant must provide documentation of consultation with these entities, including commitments to participate or not to participate in the proposed project. Such communications can be summarized in a single table.
    2. Services that will be available to residents/ businesses in the PFSA.

---

<sup>24</sup> Both the mapping tool (<http://broadbandsearch.sc.egov.usda.gov/>) and a detailed User Guide (<http://broadbandsearch.sc.egov.usda.gov/MappingToolUserGuide.pdf>) are available online.

3. Anticipated activities and hours of the community center and documentation of permission to use the community center. Note that the public must have weekend access to the community center.
  4. Description of consultations with local telecommunication carriers (demonstrating that broadband service is not available).
- i. **Schedule H – Financial Information and Sustainability.** Applicants must complete Schedule H-1 or H-2 along with a narrative description and financial statements demonstrating the project’s financial sustainability. Financial sustainability must be demonstrated by submitting audited financial statements and annual financial projections for at least five years (e.g., balance sheets, income statements, and statement of cash flow). This section of the application will be subject to scrutiny. In particular, applicants should ensure:
- That equipment purchases contemplated in the budget are consistent with those in the design plan;
  - That the financial audit is consistent with historical financial data;
  - That sufficient matching funds (15 percent, cash) are available for *all* submitted applications;
  - That detailed assumptions are provided for budget forecasts.<sup>25</sup>

Additional guidance on completing these forms is available in the Application Guide (pp. 39-52).

- j. **Statement of Experience.** Applicants must provide a written narrative describing their demonstrated capability and experience, if any, in operating a broadband telecommunications system. If a partnership with another entity is anticipated, the application must also include an agreement to this effect.
- k. **Evidence of Legal Authority and Existence.** Applicants must provide evidence of their legal existence and authority to enter into a grant agreement with RUS and to perform the activities proposed under the grant application. Such evidence may include articles of incorporation, bylaws, board resolutions, excerpts from state statutes, or an attorney’s opinion of counsel. Letters from the IRS granting tax-exempt status are not sufficient.

---

<sup>25</sup> RUS provides examples of the necessary level of budget detail in the program presentation ([http://www.rd.usda.gov/files/UTP\\_CC2015CombinedPresentation.pdf](http://www.rd.usda.gov/files/UTP_CC2015CombinedPresentation.pdf)) (slides 38-40).

- l. **Additional Funding.** Community Connect is subject to a modest (15 percent) cash match, which must be available at the time of closing. Applicants submitting multiple applications must be able to satisfy the match requirement for *each* application. The match cannot be satisfied with federal funding from another program. Funding availability can be demonstrated by submitting a recent bank statement in the applicant's name. Where supplemental funding from other sources is required (e.g., if project costs will exceed the maximum grant award), the applicant must provide evidence that funding agreements have been obtained to ensure completion of the project.
- m. **Federal Compliance.** Applicants must provide evidence that they have complied with a variety of other federal statutes and regulations. These requirements are enumerated in the Application Guide (pp. 55-66) and typically require a signature and very limited information to comply.

### 3.5 Evaluation Criteria

Applications are scored on a 100-point scale on three basic criteria (as detailed in 7 CFR §1739.17): PFSA challenges (50 points), local participation (40 points), and management experience (10 points). Additional "bonus" points (15) are available for projects located in trust or tribal areas and priority is given to areas with pervasive poverty (i.e., where more than 20 percent of the PFSA is living in poverty).

PFSA challenges (50 points) are assessed based on the following five factors:

1. Economic Characteristics (15 points) (median income, unemployment);
2. Educational Challenges (15 points) (e.g., consequences of inadequate access for educational institutions and lack of distance learning);
3. Healthcare Needs (10 points) (based on a list of medical facilities and letters from healthcare professionals documenting anticipated use of the proposed network);
4. Public Safety Issues (10 points) (Include a listing of police, fire and rescue services who service the PFSA); and
5. Small Area Income and Poverty Estimates (applications with at least 20 percent of the population living in poverty will receive the maximum – 50 points – for this category).<sup>26</sup>

---

<sup>26</sup> Poverty determination is based on U.S. Census data, available at:  
<http://www.census.gov/did/www/saipe/data/statecounty/data/2010.html>

Applicants should emphasize factors that demonstrate the unique need of the PFSA for the project, such as persistent poverty, out-migration, rurality, speed of existing broadband offerings, and presence of community members with disabilities.

Local participation is determined based on the evidence of support for the project by local residents, institutions, and critical community facilities, as well as historic community engagement in civic issues.

Management experience is based on the management team's level of experience and its past success operating broadband systems.

### 3.6 Common Mistakes

We urge applicants to contact USDA and carefully review the Application Guide before submitting their application. Some common mistakes that may disqualify applications or make them less competitive include:

- **Insufficient match funding.** Applicants must make a modest (15 percent) match. This match cannot be made in kind and must be available at the time the application is awarded. Where a single applicant applies for multiple awards, match funds must be available for *each* award.
- **Inadequate documentation that funding is available.** Applicants must demonstrate that the requisite match will be available at the time of closing.
- **Inadequate documentation or support from community leaders or organizations within the PFSA.** Applicants must demonstrate the need and desire for the proposed award. This demonstration should include letters from community leaders.
- **Insufficient or no historical financials provided.**
- **Inconsistent design.** The PFSA on the mapping tool does not match the PFSA described in the application
- **The entire PFSA is not rural.** While the PFSA need not be in the same community, the PFSA must be contiguous and cannot include communities with more than 20,000 residents or be adjacent to cities with more than 50,000 residents.
- **Inadequate service offerings.** All premises (households & businesses) in the PFSA must be offered service at the Broadband Grant Speed (5 Mbps upload plus download). Where applicable, documentation must be provided to demonstrate that critical facilities have been offered and declined such service.



- **Inadequate details about existing and proposed networks.** Applications must provide design plans and maps for all proposed networks and a complete survey of existing resources, including documentation of outreach to existing providers.
- **Critical community facilities and community center not located in PFSA boundaries.** The key community facilities must be in the PFSA – and eligibility is limited to rural areas.
- **Lack of details on the community center.** Grants must provide complementary access to a community center with at least two access points and weekend hours for at least two years. Applications must include details about the location, ownership, hours, number of work stations, and public access of the applicable center.
- **Inadequate assumptions, lack of specifics, or inconsistencies within the application.** Applications are reviewed carefully and must include detailed maps and financial/ budget information. Details must be specific enough to allow USDA to determine the technical feasibility of the proposed system. Submitted budgets must be consistent with the amount requested in the application for federal assistance (SF-424).

### 3.7 Important Resources

- The Community Connect Grant webpage is available at:  
<http://www.rd.usda.gov/programs-services/community-connect-grants>
- The Community Connect Field Representative for Kentucky (William H. Vogt) can be reached by phone (318-640-1407 or 318-451-0403) or email ([William.vogt@wdc.usda.gov](mailto:William.vogt@wdc.usda.gov)).
- The program is governed by 7 CFR §1739 (<http://www.law.cornell.edu/cfr/text/7/part-1739/subpart-A>)
- A comprehensive application guide is available at:  
<http://www.rd.usda.gov/files/utp2015CommConnectAppGuide.pdf>
- The 2014 Notice of Funds Availability is available at: <http://www.gpo.gov/fdsys/pkg/FR-2014-05-22/pdf/2014-11704.pdf>
- Frequently Asked Questions:  
<http://www.rd.usda.gov/files/utp2014CommConnectFAQs.pdf>
- A detailed presentation about Community Connect (with references and links) is available at: [http://www.rd.usda.gov/files/UTP\\_CC2015CombinedPresentation.pdf](http://www.rd.usda.gov/files/UTP_CC2015CombinedPresentation.pdf)

## 4 Distance Learning & Telemedicine (DLT) Loans and Grants

### 4.1 Introduction

Distance Learning and Telemedicine (DLT) is a competitive program that provides financial support for telecommunications, computer networks, and related advanced technologies to be used by students, teachers, medical professionals, and residents in rural areas, who are often not in the same location as the source of the educational or health care service. While DLT has historically provided both grants and loans, appropriations in recent years have been limited to grants. Accordingly, this guide is likewise limited to grants.

Grants (of \$50,000 to \$500,000) can be given to public or private entities to purchase equipment, rather than to build broadband networks or provide service; however, this may provide a good way for entities to leverage a new broadband network (e.g., by helping finance video-conferencing systems and medical units). Although the guiding regulations (7 CFR pt. 1703, Subparts D through G) allows for provision of both grants and loans, recent appropriations have been limited to grants. This guide assumes that trend will continue and is likewise limited. The program has been administered through the Rural Utilities Service (RUS) under the authority of the United States Department of Agriculture (USDA) since 1994.

### 4.2 Summary of Community Connect Process, Timeline, and Deadlines

The DLT process generally opens in the spring. The following are key dates that should be built into a prospective service provider's annual planning. However, recognizing that the funding calendar may fluctuate, we advise applicants to stay apprised of opportunities through Grants.gov (<http://www.grants.gov>):

- Early Spring: Prior to the opening of the application window, or as soon as possible thereafter, applicants should secure a DUNS number. This process is free and takes only one to two business days to complete. DUNS numbers can be secured through the web form (<http://fedgov.dnb.com/webform>) or by calling Dun & Bradstreet (800-526-9018).
- Early Spring: Prior to the opening of the application window, or as soon as possible thereafter, applicants should complete System of Award Management (SAM) registration or update their existing registration. To remain active, registrants must update their information annually. SAM registration is a prerequisite to the grant program and applications can take three to 12 days to process. The application is available online (<https://www.sam.gov>) and detailed instructions are provided below. A DUNS number is required for the SAM registration process and should be obtained first.

- **Early Spring:** Applications can be mailed or filed electronically (through Grants.gov). Grants.gov requires some one-time credentialing and online authentication procedures, which may take several business days to complete and should be initiated ahead of the application window.
- **Spring to summer:** The window during which applicants can apply to RUS for funding is typically announced in spring (between February and June), with a 60-day application window. The exact dates differ from year-to-year and are announced on the DLT website (<http://www.rd.usda.gov/programs-services/distance-learning-telemedicine-grants>) and through Grants.Gov. In FY 2014, grant availability was announced on May 22 and applications were due July 7, 2014.

The Notice of Funding Availability (NOFA) establishes the application window and the maximum and minimum award size (\$50,000 to \$500,000 in FY2014). Available appropriations fluctuate annually with \$30 million available in FY2010, \$25 million in FY2011, and \$15 million in FY2013. Current funding is up slightly, with \$19.3 million appropriated in FY2014.

- **Before Beginning the Application Process:** The Loan Origination and Approval staff is available to answer questions about the application process and program requirements. RUS encourages applicants to contact staff with questions *before* submitting applications (Phone: 202-690-4493 or Email: [dltinfo@wdc.usda.gov](mailto:dltinfo@wdc.usda.gov)). Applicants can also contact the General Field Representative that serves their area before attempting to fill out any forms or applications.<sup>27</sup> Field representatives are eager to provide assistance.
- **During the Application Window:** Applicants are provided 60 days to complete the application process. All applicants are scored based on a suite of objective and subjective criteria (elaborated in the table below). Eligibility requirements are rigorous and applicants can easily lose points for seeking grants for unsupported services. RUS provides a detailed Application Guide and Grant Toolkit, which provide an excellent overview of the program and expectations. We advise taking time to carefully review the Application Guide (which contains detailed examples) and Grant Toolkit (which includes templates for all forms) and to consult with agency staff before submitting applications. Applicants should also contact the RUS Field Representative (William Vogt) to confirm that they are reviewing the most current information and to verify deadlines.

---

<sup>27</sup> Kentucky is served by William Vogt ([William.vogt@wdc.usda.gov](mailto:William.vogt@wdc.usda.gov) or by phone (318-640-1407 or 318-451-0403 (cell))).

- **Summer:** Applications are due 60 days after publication in the Federal Register (July 7 in 2014). Applications can be submitted on paper or electronically (through Grants.gov). RUS cautions that the grant deadline is inflexible and urges applicants to file in advance of the deadline to allow time to resolve technical difficulties in the filing process. Paper applications must be *postmarked* by the application deadline (a label from a third-party postage meter is insufficient). Those submitting in this manner must submit both an original application and *two copies* to RUS. Applications can also be submitted electronically (via Grants.gov). Whether submitting by paper or electronically, applicants must also file an additional copy of the application with the state government point of contact (if designated). In Kentucky, such applications should be delivered to Lee Nalley ([Lee.Nalley@ky.gov](mailto:Lee.Nalley@ky.gov)) in the Governor's Office for Local Development.<sup>28</sup> Both paper and electronic applications should be completed using the comprehensive Grant Toolkit,<sup>29</sup> which includes fillable forms that are already populated for the DLT grant program.
- **Summer:** As elaborated below, the eligibility requirements are very nuanced. RUS may contact applicants for clarification or to request missing information necessary for the award of a grant. In such cases, the applicant will have fifteen calendar days to respond. If that response is satisfactory to the Agency, the applicant will be informed that its application is complete.
- **Fall:** RUS generally notifies by mail applicants whose projects are selected for awards in the fall. Such notice is followed with a second agreement that contains all the terms and conditions for the grant.<sup>30</sup> Applications that do not meet the minimum set of requirements will be returned as ineligible for funding along with a letter explaining this determination.

RUS will notify (by letter or email) all applicants of their score by individual score categories. Applicants can appeal this determination in writing. Letters of appeal must be delivered to RUS within ten calendar days from the date of the original correspondence. For this reason, an appeal of one or more of the *objective* scoring categories is more likely to result in a scoring change. Subjective scores are based on the agency's subjective evaluation of the supporting arguments made in the application. Such scores are subjective and relative to other applications submitted in the same year. This means that

---

<sup>28</sup> See [http://www.whitehouse.gov/omb/grants\\_spoc](http://www.whitehouse.gov/omb/grants_spoc) for an updated listing of State government single points of contact.

<sup>29</sup> Available online at [http://www.rd.usda.gov/files/UTP\\_2014-DLT-Grant-Toolkit-Fillable.pdf](http://www.rd.usda.gov/files/UTP_2014-DLT-Grant-Toolkit-Fillable.pdf)

<sup>30</sup> The standard grant agreement can be found at the DLT website (<http://www.rd.usda.gov/programs-services/distance-learning-telemedicine-grants>).

scores an applicant may have received for a similar project in prior years are not relevant. RUS may also adopt subjective internal criteria (e.g., limiting the number of grants awarded in a particular state, limiting the number of grants for a particular type of project, or selecting a less ambitious – i.e., cheaper – application receiving fewer points).<sup>31</sup>

- **Annually Thereafter:** All recipients of DLT financial assistance must provide annual reports to RUS until the project is complete and the funds are expended. Such submissions must include an annual performance activity report and audit, beginning with the first year a portion of the funds were expended. Recipients must also report compensation of their five most highly compensated executives (and those of any qualifying sub-recipients, as determined by 2 CFR part 170) by the end of the month following the month in which the award was made. (such reports must be submitted to <https://www.sam.gov/portal/public/SAM/>) With limited exception, First Tier Sub-Awards of \$25,000 or more must be reported by the Recipient to <http://www.fsrs.gov> no later than the end of the month following the month the obligation was made.
- **Annually Thereafter:** Grant recipients must maintain an active SAM registration. Accounts may be updated online and data must be reviewed in one sitting.<sup>32</sup>
- **At the Close of the Award Period:** DLT grants have a term of three years and cannot be extended (although grantees can submit applications for supplemental or complementary projects). Applicants must submit a final performance report, which may serve as the last annual report and must include an evaluation of the success of the project in meeting DLT Program objectives.

### 4.3 Projects and Entities Likely to Be Funded

DLT is a competitive grant program.

#### Entities Awarded:

Grants can be given to both public and private entities. Such entities including corporations or partnerships, tribes, state or local units of government (e.g., public schools, libraries, and hospitals), consortia, and private for-profit or not-for-profit corporations, so long as they provide the requisite services. Individuals are not eligible. Recipients may also not use grant funds to purchase equipment from themselves. Partnerships with other federal, state, local, private and

---

<sup>31</sup> Where RUS selects an application receiving fewer points than another application due to insufficient funding, the Administrator will provide applicants an opportunity to reduce the amount of their grant request to the amount of funds available.

<sup>32</sup> SAM registration updates can be completed online at:

[https://www.sam.gov/sam/helpPage/SAM\\_Reg\\_Status\\_Help\\_Page.html#step5content](https://www.sam.gov/sam/helpPage/SAM_Reg_Status_Help_Page.html#step5content) SAM registration will expire and become “inactive” if you do not log in and update the entity registration record at least once annually.

non-profit entities are encouraged. Eligible entities must either directly operate a rural community facility or deliver distance learning or telemedicine services to entities that operate a rural community facility or to residents of rural areas. Eligible entities must further deliver or propose to deliver such services for the term of the grant. Borrowers must have the legal capacity and authority to contract for a grant with the U.S. Government and to provide, construct, operate and maintain the proposed facilities or services.

Many DLT applicants are informal consortia. This means that they are an assemblage of individual legal entities (e.g., a collection of school districts), that are working together for the purpose of applying for a grant. As a group, such a consortium does not have a separate legal existence. Such an informal consortium is not eligible to receive a reward; however, there are several options available for such informal networks. Applicants should consult with their legal counsel to determine whether their consortium has the legal capacity to contract with the Federal government. Where such authority exists, the consortium will have to provide documentation of the creation of the consortium and responses to questions must be for the consortium as a whole. Consortia without such legal authority are still eligible to apply, but must submit the application under the name of a single host. In such cases, each member of the consortium must submit separate certifications (Tab H) with their grant materials. The consortia can subsequently become a legal entity if the grant is awarded. The Application Guide (pp. 18-21) provides details about how such consortium can apply for DLT grants.

#### Eligible Projects:

DLT is intended to enable rural communities to benefit from distance learning and telemedicine. Because eligibility varies dependent upon the way that a particular device is used, we recommend that all applicants closely review the eligibility requirements in the Application Guide (pp. 21-28) before submitting their applications.<sup>33</sup> The eligibility requirements are quite nuanced.

Grants can only be used to purchase equipment that is used for distance learning and telemedicine, but not the underlying broadband service nor infrastructure. Thus, grants cannot be used for a computer that is used at a rural medical facility to process patient information. Nor can they be used for a computer that is used to send data to another building within a multi-site campus. However, DLT grants *can* be used for computers that are used to support remote monitoring of patients off-site. Other eligible capital assets include:

- Audio, video and interactive video equipment;
- Terminal and data terminal equipment;

---

<sup>33</sup> Legal definitions and citations regarding eligibility can also be found in 7 CFR 61 1703.103(a)(1) & 1703.125(k).

- Computer hardware, network components and software; and
- Inside wiring and similar infrastructure that further DLT services.

Grants may also be used for necessary support to enable use of these resources, including:

- Acquisition of instructional programming that is a capital asset
- Acquisition of technical assistance and instruction for using eligible equipment

Some noteworthy eligibility requirements include:

- All facilities financed with the aid of DLT funds must be used for a public purpose.
- DLT grants are to be used to provide equipment that operates via telecommunications to organizations that provide telemedicine and distance learning to rural end-users. Grants cannot be used to fund the communications links nor Internet access connections. Funds may also not be used to pay for hardware that *could* be used to provide distance learning or telemedicine, but that is only being used on-site (e.g., a computer that is used for time-keeping or billing, rather than remote monitoring). Eligible telemedicine projects must provide medical care between hubs and rural end-users. Consequently, projects that connect physicians at home (regardless of location) so that they can complete paperwork or consult records are not eligible. Similarly, a picture archiving and communications system is not telemedicine if the technology does not support a telemedical link between a patient and a remote doctor.
- Projects must benefit rural areas, which are defined as those with a population less than 20,000 and that are not adjacent to cities with a population of 50,000. While individuals outside these areas may benefit from the project, preference is given to those proposals that offer the greatest benefit to rural communities (determined through objective scoring criteria, as elaborated below). Projects may be disqualified where the urban benefit is “more than incidental.”
- Distance learning projects must provide a direct video connection between a teacher and his students. Thus, an online course that can be accessed anytime (and by students located anywhere) is not eligible. Such proposals are ineligible because they do not support real-time communications and because it is impossible to determine the rural benefit of the project.
- RUS will favor applications for projects that persist beyond the three-year grant period. Consequently, demonstration and research projects are not eligible for DLT funds.

- All items to be funded must be provided by a third party (thus grant money cannot be used to purchase equipment from the applicant).
- Items acquired before the application deadline are not eligible for the grant or match. Similarly, grants can only be used for *initial* capital assets – and thus cannot be used to *renew* a lease.
- Salaries, administrative costs, and other recurring expenses of the applicant are not eligible for funding.
- Site construction or purchase is not eligible. Grants are limited to the tools (e.g., medical supplies, computers) that support distance learning and telemedicine.

Projects are scored using a combination of objective and subjective criteria, for a total of 220 possible points (see the table below for criteria and considerations). Specific guidance regarding each criterion is elaborated in the Application Guide (pages 38-63).

RUS ranks applications by their final scores following the appeals process. Recipients are ultimately selected based on a combination of scores, funding availability, and RUS priorities in a particular year. Regardless of the number of points an application receives, RUS may choose to limit the number of awards to a given state or for a particular type of project in a given year. Where there are insufficient funds available, RUS may also select a lower-scoring, less ambitious project.<sup>34</sup>

#### Successful Applications:

RUS provides a summary of recent DLT awards on its website.<sup>35</sup> Notably, Kentucky has received at least one award in each of the past three years. In 2012 (the most recent year for which public information is available), Kentucky received two grants:

- A rural community college was awarded \$243,836 to improve, upgrade and expand distance learning technology in five classrooms on five campuses. The award would connect students in rural eastern Kentucky with select degree programs offered by regional four-year colleges and universities. The award allowed two of the campuses to purchase video-conferencing equipment for the first time and would be used to update the capabilities and interoperability at the other sites.

---

<sup>34</sup> When this occurs, the higher-scoring applicant will be given an opportunity to reduce the size of the grant request to the amount of funds available.

<sup>35</sup> Brief descriptions of 2010-2012 awards available online at: <http://www.rd.usda.gov/programs-services/distance-learning-telemedicine-grants>



- A home health care agency supporting rural counties received \$118,716 to purchase and install home health equipment, such as telemonitors, blood pressure cuffs, pulse oximeters (for measuring oxygen in the blood), glucose meters (for checking insulin levels), and other devices. These devices are intended to benefit rural patients by reducing the time and costs associated with visits to the physician, patient hospitalization and emergency room visits. The devices will also enable rural patients to review their data on their home computers. The grant both expands the existing system and adds a cardiology component to the home care. Funds were also provided to purchase new software for case management and more expedient document review by physicians.

Table 1: DLT Scoring Criteria

Objective Criterion	Rural Area (Rurality)	45 pts	This criterion measures rural benefit, with points signed based on population of end-user sites (e.g., 45 points for “exceptionally rural” areas with fewer than 5,000 residents). The score threshold for the application to be considered is 20 points. This category is based on Census data and confirmed with documentation (available online at <a href="http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml">http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml</a> ). For fixed projects, points are assigned for each end-user location, with an average score determined for all end users. For non-fixed projects (e.g., a mobile ambulance unit), rurality is based on the average score for the entire service territory. Applicants must provide scores for hubs (where service originates) and end users, though only the latter is considered. Scores should be rounded to two decimals.
Objective Criterion	Economic Need (NSLP)	35 pts	This criterion measures the general economic need of the area through the use of statistics from the National School Lunch Program (NSLP). Scores are based on eligibility, rather than use. Scores are averaged across end-user sites throughout the service territory. Applicants must provide scores for hubs (where service originates) and end users, though only the latter is considered.
Objective Criterion	Matching Funds (Leveraging)	35 pts	The DLT program requires a minimum match of 15%. Higher matches receive more points. Although matches may be made in cash or in kind, RUS has a strong preference for cash matches. In-kind contributions are subject to the same eligibility requirements as items purchased with grant funds (e.g., computers must be used to service rural locations). In-kind contributions must be purchased <i>after</i> the application deadline.
Subjective Criterion	Additional NSLP	10 pts	An applicant with NSLP eligibility below 50% may request additional points if an applicant can document that the NSLP percentage is not an accurate indicator of the economic need of the area. The Grant Toolkit includes a special form for this purpose (T-23)
Subjective Criterion	Need for Services and Project Benefits (Needs & Benefits)	45 pts	This criterion compares the specific need for the technology in the proposed service territory, and how the proposed project will address those needs and benefit the residents of the area affected. Need can be demonstrated through letters and community participation in the grant process (e.g., attendance at community meetings).
Subjective Criterion	Innovativeness	15 pts	This criterion assesses how the objectives of the proposed project are met in new and creative ways. Preference may be given for new approaches to distance learning and telemedicine, such that scores may vary for similar programs from year-to-year.
Subjective Criterion	Cost Effectiveness	35 pts	This criterion evaluates the efficiency with which the proposed project and its technology deliver educational and/or medical benefits to beneficiaries. Applicants should explain, for instance, why a lease may be more cost effective than purchase (or vice versa). Applicants should also demonstrate that they are leveraging existing networks and grants.
Bonus Criterion (Objective)	Special Consideration Areas	15 pts	This “additional” value can be assigned to applications that contain at least one end-user site within a trust area or a tribal jurisdictional area.

#### 4.4 Description of the Full DLT Application

This section provides an overview of the application process and key application components. The DLT Toolkit includes all forms (with some basic information already entered), links, and additional guidance, with particularly important pages noted below.<sup>36</sup> The Application Guide includes detailed examples and illustrations for many of the application elements (e.g., budget and rurality calculations). RUS recommends modeling submissions after these components. The table below provides a complete list and the nature of application components.

**Table 2: Required Elements of a Completed Grant Application**

Sched.	Application Item	Comment
A	SF-424 (Application for Federal Assistance form)	<i>Completely</i> filled out
A	Site Worksheet	Agency worksheet
A	Survey on Ensuring Equal Opportunity for Applicants ( <i>optional</i> )	OMB Form
B	Evidence of Legal Authority to Contract with the Government	Documentation
B	Evidence of Legal Existence	Documentation
C	Executive Summary	Narrative
D	<b>Project Information</b>	
D-1	Telecommunications System Plan and Scope of Work	Narrative and Documentation (maps and diagrams)
D-2	Budget	Agency Worksheets with Documentation
D-3	Financial Information/ Sustainability	Narrative
D-4	Statement of Experience	Narrative (3 page, single-spaced limit)
E	<b>Objective Scoring Documentation</b>	
E-1	Rurality Worksheet	Agency Worksheet with Documentation
E-2	National School Lunch Program (NSLP) Worksheet	Agency Worksheet with Documentation
E-3	Leveraging Evidence and Funding Commitments from all Sources	Agency Worksheet and Source Documentation
F	<b>Subjective Scoring Documentation</b>	
	Empowerment Zone designation	Documentation
F-1	Request for Additional NSLP ( <i>optional</i> )	Agency Worksheet and Narrative
F-2	Need for Benefits derived from Project	Narrative & Documentation
F-3	Innovativeness of the Project	Narrative & Documentation
F-4	Cost Effectiveness of Project	Narrative & Documentation
G	Consultation with the USDA State Director, Rural Development, and evidence that application conforms to State Strategic Plan, if any	Documentation
H	<b>Certifications</b>	
	Equal Opportunity and Nondiscrimination	Form provided in FY2014 Application Toolkit

<sup>36</sup> RUS provides a DLT Toolkit, which contains all of the requisite forms, worksheets, and sample certifications. It can be found online at: [www.rurdev.usda.gov/UTP\\_DLResources.html](http://www.rurdev.usda.gov/UTP_DLResources.html).

Sched.	Application Item	Comment
	Architectural Barriers	Form provided in FY2014 Application Toolkit
	Flood Hazard Area Precautions	Form provided in FY2014 Application Toolkit
	Uniform Relocation Assistance and Real Property Acquisitions Act of 1970	Form provided in FY2014 Application Toolkit
	Drug-Free Workplace	Form provided in FY2014 Application Toolkit
	Debarment, Suspension, and Other Responsibility Matters – Primary Covered Transactions	Form provided in FY2014 Application Toolkit
	Lobbying for Contracts, Grants, Loans and Cooperative Agreements	Form provided in FY2014 Application Toolkit
	Non-Duplication of Services	Form provided in FY2014 Application Toolkit
	Environmental Impact/ Historic Preservation Certification Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants	Form provided in FY2014 Application Toolkit

- **Secure a DUNS Number** (“Data Universal Number System”).<sup>37</sup> DUNS numbers are available free of charge and take one to two business days to secure by visiting the Dun & Bradstreet (D&B) website or by phone (800-526-9018). The process is straightforward.
- **Apply for or update SAM registration.** All applicants must have an active SAM registration (previously known as the “Central Contractor Registry,” CCR).<sup>38</sup> The SAM registration process takes three to 12 business days and must be updated annually. Potential grant applicants should register before initiating the application process.

Applicants who are registering in SAM to apply for a federal financial assistance opportunity on Grants.gov (like DLT), will have a much shorter registration path. Applicants should select this “grants only path” by indicating that they do *not* wish to bid on contracts, but are only seeking “to be eligible for grants and other federal assistance.” To receive a SAM for grant applications, applicants will need to validate their DUNS information, enter business information (including Tax Identification Number), create a Marketing Partner Identification Number

<sup>37</sup> Q&A on DUNS numbers is available at: [http://www.rd.usda.gov/files/UTP\\_duns\\_qa.pdf](http://www.rd.usda.gov/files/UTP_duns_qa.pdf)

<sup>38</sup> SAM registration is available online at: <https://www.sam.gov> or by phone (877-332-8277). For help registering in SAM, contact the supporting Federal Service Desk (FSD) (<https://www.fsd.gov/>). SAM account application status can be checked by entering your DUNS number online ([https://www.sam.gov/sam/helpPage/SAM\\_Reg\\_Status\\_Help\\_Page.html](https://www.sam.gov/sam/helpPage/SAM_Reg_Status_Help_Page.html)).

(MPIN),<sup>39</sup> enter the CAGE code associated with the appropriate DUNS number, enter general information about the entity, provide relevant financial information (e.g., bank account and routing numbers), address executive compensation questions, and answer proceedings details.<sup>40</sup> After the SAM application is submitted, there will be a “congratulations” message, followed by external validation with the IRS and for CAGE Code assignment or validation. SAM.gov will send an email when registration is active.

- **Review the Notice of Solicitation of Applications.** The NOSA provides details about the application process, opens the grant window (45 to 60 days), announces minimum and maximum grant awards, and establishes the minimum broadband grant speed. Publication typically occurs in the spring (with 2014 publication on May 22, 2014). FY 2015 grants may range from \$50,000 to \$500,000.
- **Submit a grant application.** Grant applications may be filed electronically (<http://www.grants.gov>) or by mail (with electronic copies).<sup>41</sup> RUS cautions against using successful applications as a template, as program priorities change as technology evolves. Successful applications must include specific details that reflect the particular circumstances of the project area. The application process is fairly rigorous and applications must adhere to the formatting described in the Application Guide.<sup>42</sup> All materials must be submitted in the order and format described in the table.<sup>43</sup> Additional details about grant materials are provided below.

## Application Tabs

**TAB A - SF-424 – Application for Federal Assistance** (Site Worksheet & Optional Survey). Both a DUNS number and SAM registration number are needed to complete the SF 424 (which is included in the Grant Toolkit). Signers must provide documentation that they

---

<sup>39</sup> Be sure to remember this number, as it will serve as a password in subsequent Grants.gov applications.

<sup>40</sup> Additional details about the SAM registration process can be found online:

[https://www.sam.gov/sam/transcript/Quick\\_Guide\\_for\\_Grants\\_Registrations.pdf](https://www.sam.gov/sam/transcript/Quick_Guide_for_Grants_Registrations.pdf)

<sup>41</sup> First time Grants.gov users should go to the “Get Started” tab on the Grants.gov site and follow the steps listed. These steps need to be initiated early in the application process to avoid delays in submitting your application online. Paper applications must be accompanied with an electronic copy of all budget documents.

<sup>42</sup> The Application Guide includes detailed examples and illustrations for the more complex application components (particularly Rurality and Economic Need).

<sup>43</sup> Paper applications should be submitted in tabbed three-ring binders. Where applicants choose to file electronically, the tab identifier and page number should be placed on each page of the application so that RUS can easily print and assemble the materials in order.

have the authority to commit the organization's resources to carry out the project for the term of the project. The Application Guide (pp. 18-21) provides guidance for consortia that collectively seek DLT grants.

Applicants must supplement the SF-424 with a Site Worksheet, which provides additional details about the sites that will benefit from the project. Worksheet templates are provided in the Grant Toolkit (at T-12 to T-13 for fixed sites). These forms lay out basic details (county, school district, congressional district) and the nature of each site (e.g., hub or end user).<sup>44</sup> While most DLT projects operate at fixed sites (e.g., schools or medical facilities), some projects (e.g., home health monitoring systems and ambulances) involve non-fixed sites. Projects with non-fixed sites will be scored based on the features and conditions of the entire service area, which must be depicted on a detailed map that notes the project boundaries and all physical locations identified in the site worksheet (see Grant Toolkit at T-18 to 19 for non-fixed site worksheet).

**TAB B - Legal Eligibility.** Applicants must provide evidence of their legal eligibility to contract with the U.S. government. Such evidence may include articles of incorporation, bylaws, board resolutions, excerpts from state statutes, or an attorney's opinion of counsel. Letters from the IRS granting tax-exempt status are not sufficient. The Application Guide (pp. 18-21) provides specific guidance with respect to consortia, which may seek to establish themselves as a legal entity or to identify one member of the consortium to accept responsibility as the host organization. If the applicant is awarded a grant, the consortium arrangement would need to be formalized at that time.

**TAB C - Executive Summary.** The Executive Summary is a written narrative that provides reviewers their "first overall view of the project area, the problems that residents face, and how the proposed project will address those problems." The Executive Summary should include a brief (two-paragraph) abstract that describes the project (noting beneficiaries, the type of equipment that has been requested, services or courses that will be offered, and a projection of the number of people who will benefit annually). The Executive Summary should also identify the individual who is preparing the grant application and his or her relationship to the applicant's organization.

---

<sup>44</sup> School district data available through the U.S. Census (<http://factfinder2.census.gov>) and congressional districts available at: <http://www.house.gov/legislative/>

## **TAB D - Project Information**

1. **D-1 - Telecommunications System Plan and Scope of Work.** The Telecommunications System Plan (TSP) is a detailed narrative and accompanying maps and diagrams of the proposed project.<sup>45</sup> The TSP must map *all* hubs and end-user sites, provide a narrative and technical description of all of the items in the budget (including brands and model numbers), an accounting of any non-rural sites that will benefit from the project, documentation with technical resources (e.g., equipment manufacturers), and any potential duplication with other services or RUS grants.
2. **The Scope of Work** provides a narrative and supporting charts that explain how the applicant intends to achieve the project goals. This document should identify specific activities to be completed under the project, the entities that will carry out the various activities, and a timeframe for doing so.
3. **D-2 - Budget.** The Grant Toolkit includes detailed budget worksheets (T-7 to T-11) and the Application Guide includes sample budgets (pp. 33-37).<sup>46</sup> Applicants must complete separate worksheets for eligible project activities, “other funds” that will be used for ineligible expenses outside the grant request (e.g., salaries, operational expenses, or equipment that is not itself connected to end-users to provide distance learning or telemedicine), and proposed in-kind matches. Where possible, we discourage applicants from relying on in-kind matches to provide the 15 percent match, as such items are subject to many more limitations than cash contributions. In particular, in-kind matches are limited to items that would have been eligible had they been purchased with grant awards (e.g., items that provide distance learning and telemedicine to rural end users). If RUS determines that the proposed in-kind match is *not* eligible, then applications may be invalidated for failure to satisfy the match requirement. In-kind matches must also be for items that are purchased *after* the application deadline (so, as a practical matter, may as well be offered as a cash match, which is not subject to as many restrictions). All applicants (even those who are otherwise submitting paper applications) must provide their budget worksheets electronically). RUS will review budgets carefully

---

<sup>45</sup> The Application Guide elaborates TSP requirements at pp. 29-31.

<sup>46</sup> In particular, the sample budget in the Application Guide provides some examples about approaches for including more rural areas to elevate a rurality score.

- and invalidate applications where the total in the budget summary does not match the amount requested in the Application for Federal Assistance (SF-424).
4. **D-3 - Financial Information and Sustainability.** Applicants must provide a narrative statement about the leadership and technical expertise of the project along with a description of the project's revenues and expenses, which demonstrates that it will be financially sustainable for at least three years (with preference given to projects that will be self-sustaining after the grant period).
  5. **D-4 - Statement of Experience.** Applicants must provide a brief (three-page single-spaced maximum) narrative describing the organization's capability and experience operating similar projects.

**TAB E - Objective Scoring.** DLT awards are based on a combination of objective and subjective criteria. Applicants must complete an agency worksheet (available in the Grant Toolkit) and provide documentation for each of the following three objective categories:

1. **E-1 - Rurality.** DLT grants are intended to benefit rural populations. Rural benefit is an objective determination based on the population of end-users (as detailed in the table below).<sup>47</sup> To assess rurality, applicants must provide maps and complete detailed worksheets identifying all end-user sites and hubs. While hubs need not be rural, population data on these sites is important in case RUS determines that a listed hub is receiving benefits (and more appropriately characterized as an end-user). Rurality is assessed by averaging the individual scores of all end-user sites (or considering the average rurality of the entire service territory for non-fixed projects). Applicants can receive up to 45 points for rurality; with a minimum rurality threshold of 20 points to be considered for DLT funding. Applicants should provide rurality data to two decimals, in case RUS disagrees with the hub designations and needs to recalculate rurality. The Application Guide provides detailed instructions (with examples) for assessing rurality for both fixed (pp. 40-45) and non-fixed (pp. 45-49) projects. We strongly encourage applicants to review these instructions and examples.

---

<sup>47</sup> Population information available at: <http://factfinder2.census.gov>. The Application Guide provides detailed instructions for assessing population at end-user sites.



Table 3: Rurality Determinations

Site Characterization	Population	Points
Exceptionally Rural	<5,000	45
Rural	5,001-10,000	30
Mid-Rural	10,001-20,000	15
Urban	>20,000	0

2. **E-2 – Economic Need (NSLP).** Applicants can receive up to 35 points based on Economic Need. To demonstrate such need, applicants must complete an NSLP worksheet (available in the Grant Toolkit at T-16 to T-17) for all sites.<sup>48</sup> Points are assigned to projects based on student eligibility for free and subsidized meals (as detailed in the table below). These worksheets should indicate the percent of *eligible* students (rather than those receiving the benefits) and, where possible, should be based on data for individual schools (rather than districts). Where projects benefit universities or hospitals, NSLP scores will be based on the district in which the site is located. This data, in turn, translates to an NSLP score for each site. As with rurality, NSLP scores are averaged across end-user sites and for the entire service territory for non-fixed projects. Data should be provided in the same order that sites are listed in other worksheets and provided for both hubs and end-user sites (in case RUS determines that hubs are receiving project benefits). Worksheets should be accompanied with support data from the NSLP website (highlighting the applicable schools or district) and a signed letter from the NSLP official referencing the submitted data and certifying that it is the most recent data available.

Table 4: NSLP Scoring

NSLP Eligibility	Points
0 $\geq$ NSLP < 25%	0
25% $\geq$ NSLP < 50%	15
50% $\geq$ NSLP < 75%	25
75% $\geq$ NSLP < 100%	35

3. **E-3 - Leveraging.** DLT applicants are required to provide a 15 percent match (in cash or in-kind, with a preference for cash matches). Applicants can earn up to 35 points for “leveraging” this minimum contribution (as detailed in the table below).

<sup>48</sup> A sample NSLP calculation is provided in the Application Guide (p. 52).

Matches must be documented with a letter of commitment for a specific dollar amount and purpose from an individual with the authority to commit the funds on behalf of the donor. Letters must also indicate that the match is available as of the date of the application deadline.<sup>49</sup> Proposed in-kind matches are limited to items that would have been eligible had they been purchased with grant awards (e.g., items that provide distance learning and telemedicine to rural end users). Conditional matches are not accepted. With the exception of counties that are eligible for funding through the Appalachian Regional Commission (ARC), matches cannot include federal funds.<sup>50</sup> Where non-federal grants are proposed as matching funds, applicants must include a letter from the grant recipient indicating that the money in the grant is available and can be applied to the purposes of the DLT grant. Communities that seek to offer ineligible resources to assist with a project (e.g., vehicles or technology, which are not directly used for distance learning and telemedicine), should report such contributions in Tab F as an indication of the community’s commitment to the project. Such contributions are not relevant to the leveraging calculation.

Table 5: Leveraging Scores

Percentage of Eligible Match Compared to Grant Request	Points
15% < Match % ≤ 30%	0
30% < Match % ≤ 50%	15
50% < Match % ≤ 75%	25
75% < Match % ≤ 100%	30
Match ≥ 100%	35

**TAB F - Subjective Scoring.** Applicants must draft a narrative and provide appropriate documentation (including copies of maps that may be included elsewhere in the application) for up to four subjective categories. Because scoring for these categories is subjective, applicants are cautioned *not* to look to applications that had been successful in previous years or to ask RUS to review comments from an unsuccessful application. First-time users will generally earn more points than applicants requesting an upgrade to

<sup>49</sup> Note that “phased” matches – e.g., \$100/ year for 10 years, will only be credited for the amount available at the time of the application deadline (\$100 in this example).

<sup>50</sup> See <http://www.arc.gov/counties> for a complete list of eligible counties (which includes a large portion of Kentucky). Notably, Where ARC funds are to be leveraged, applicants must contact the ARC State Program Manager early in the process to assess the feasibility of doing so. Peggy Satterly ([peggy.satterly@ky.gov](mailto:peggy.satterly@ky.gov)) is the Program Manager for Kentucky.

existing facilities. As suggested by the name, reviewers need not apply a systematic way of determining or documenting scores for these categories:

1. **F-1 - Request for Additional NSLP Points.** Applicants scoring below 50 percent for NSLP eligibility may complete a simple form requesting up to 10 additional NSLP points (available at T-23 in the Grant Toolkit). Applicants must then submit a narrative explaining why NSLP scores underestimate the relative economic need of the project area.
2. **F-2 – Need for Services and Project Benefits.** Applicants may score up to 45 points by demonstrating the unique economic, geographic, educational or health-care challenges faced by the project’s respective communities. Appropriate submissions include letters of support from potential end users, specific details about anticipated project benefits (e.g., number of lives or hours that could be saved, dropouts from school that could be avoided, or teachers employed), details about financial contributions by the community (that are not otherwise eligible for matching funds), and details about how previous awards in the service area have been used responsibly. Applicants should also provide documentation to explain away any perceived overlaps between this project and others in the same service area.
3. **F-3 – Innovativeness.** Applicants may score up to 15 points for innovative projects that demonstrate a new use of technology in the project area or that adapt existing technologies to the unique needs of the project area.
4. **F-4 - Cost-Effectiveness.** Applicants may score up to 35 points for demonstrating that a project is cost-effective. This can be demonstrated by explaining why particular budget decisions were made (e.g., leasing versus buying equipment, locating a hub in a particular area). Applicants should also explain how they are coordinating efforts with other service providers to leverage existing resources or telecommunications networks.

**TAB G - Contact with USDA State Director—Rural Development.** Applicants must provide documentation demonstrating that they contacted the State Director of Rural Development to identify alternative sources of state funding for the project.<sup>51</sup> If

---

<sup>51</sup> The Kentucky State Director can be reached at 859-224-7300.

applicable, the Director must further certify that the project conforms with the state strategic plan.

**TAB H – Special Consideration Areas.** Applicants can receive up to 15 points for projects that benefit special consideration areas (i.e., trust areas or tribal jurisdictions). Where applicable, applications must include a map and details (geographic coordinates and address) of the supporting end-user site(s).

**TAB I – Certifications.**<sup>52</sup> Applications must include a number of straightforward certifications, which are provided in the Grant Toolkit (pp. C-1 through C-10). Where a consortium does not have legal authority to submit a single application, each entity must prepare these certifications separately.

#### 4.5 Common Mistakes

We urge applicants to carefully review the examples provided in the Application Guide before submitting their application and to use the forms included in the Grant Toolkit. Some common mistakes that may disqualify applications or make them less competitive include:

- **Insufficient match funding.** Applicants must make a modest (15 percent) match. RUS notes that failure to properly document the minimum required match “is the single largest reason that an application is returned as ineligible for funding consideration.” Although this match can be made in kind, RUS expresses a strong preference for cash matches. In-kind matches are permissible, but must be purchased *after* the application deadline and must represent otherwise eligible services. Matches cannot be made with federal funds (unless projects are located in a county that is eligible for ARC funding).
- **Inadequate documentation that funding is available.** Applicants must demonstrate that the *entire* match will be available at the time of closing. Where proposed matches are paid out over a period of years (e.g., \$100/ year for 10 years), only the first installation will be counted toward the project match.
- **Project does not have sufficient rural benefit.** Eligible projects must receive at least 20 rurality points. Rurality is based on the *average* score of end-users. Rurality scores will be reduced where projects benefit both rural and urban areas.

---

<sup>52</sup> The Grant Toolkit identifies Certifications under Tab H; however, the Application Guide suggests that such forms should be submitted as Tab I.

- **Services do not satisfy DLT requirements.** Projects may not simply involve technology that *could* be used for distance learning or telemedicine, but must actually be used to provide such services to end-users who are located off site.
- **Inadequate assumptions, lack of specifics, or inconsistencies within the application.** Applications are reviewed carefully and must include detailed maps and financial/ budget information. Details must be specific enough to allow RUS to determine the technical feasibility of the proposed system. Submitted budgets must be consistent with the amount requested in the application for federal assistance (SF-424). All proposed matches must be included in the budget forms.

#### 4.6 Important Resources

- The DLT Grant webpage is available at: <http://www.rd.usda.gov/programs-services/distance-learning-telemedicine-grants>
- The DLT Field Representative for Kentucky (William H. Vogt) can be reached by phone (318-640-1407 or 318-451-0403) or email ([William.vogt@wdc.usda.gov](mailto:William.vogt@wdc.usda.gov)).
- The program is governed by 7 CFR §1703, Subparts D through G ([http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title07/7cfr1703\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title07/7cfr1703_main_02.tpl))
- A comprehensive Application Guide is available at: [http://www.rd.usda.gov/files/UTP\\_2014-DLT-App-Guide.pdf](http://www.rd.usda.gov/files/UTP_2014-DLT-App-Guide.pdf)
- The Grant Toolkit with fillable forms is available at: [http://www.rd.usda.gov/files/UTP\\_2014-DLT-Grant-Toolkit-Fillable.pdf](http://www.rd.usda.gov/files/UTP_2014-DLT-Grant-Toolkit-Fillable.pdf)
- The 2014 Notice of Funds Availability is available at 79 Fed. Reg. 29399: <http://www.gpo.gov/fdsys/pkg/FR-2014-05-22/pdf/2014-11700.pdf>

## 5 Economic Development Assistance (EDA) Programs

The Department of Commerce's Economic Development Administration oversees the Economic Development Assistance (EDA) program, which has provided economic assistance to distressed communities for many years. Public broadband projects in distressed communities are eligible for funding under both the Public Works and Economic Adjustment Assistance programs.

As an initial matter, we note that the Announcement of Federal Funding Opportunity (FFO) repeatedly emphasizes the importance of consulting with the appropriate regional EDA contacts. For Kentucky, the key contacts are:

- Atlanta Regional Office Director: H. Philip Paradice, Jr., Regional Director (404-730-3002)
- Kentucky Regional Director: Pamela Farmer ([pfarmer@eda.gov](mailto:pfarmer@eda.gov) or 404-730-3026)

Notably, regional staff are available to review project proposals, assess proposed cost shares, and preview all application materials. EDA recommends that applicants "seek feedback on their project and application package at least 30 days before the funding cycle deadline to allow adequate time to incorporate feedback received into their application before final submission." Though optional, we believe that such consultation will be very advantageous. Accordingly, we recommend pursuing a grant in funding cycle 3, rather than cycle 2.

EDA's materials on Public Works funding explicitly mentions broadband:

"Public Works investments help facilitate the transition of communities from being distressed to becoming competitive in the worldwide economy by developing key public infrastructure, such as technology-based facilities that utilize distance learning networks, smart rooms, and smart buildings; multitenant manufacturing and other facilities; business and industrial parks with fiber optic cable; and telecommunications and development facilities..."

This language appears to have been added into the program description in 2009. Despite this, it does not appear that broadband funding has been a significant part of the funding portfolio. In fact, the online annual reports (2007-2013) include only three references to relevant projects:

1. EDA awarded a grant in 2013 to the Vermont Digital Economy Project, a partnership between EDA and the Council on Rural Development, which "will help small rural communities affected by flood events to create new job opportunities,

- strengthen downtowns, and enhance municipal communications systems to support both businesses and emergency services. The project seeks to improve online access within twenty-five core communities and other targeted locations, strengthen online communications within the state, and enhance community and non-profit economic development functions.” The size of the award is unclear, although Vermont received a total of six grants totaling \$6.5 million in 2013.
2. During FY 2012, EDA awarded 10 grants in the State of Georgia totaling \$5.6 million. These included six Public Works projects for critical infrastructure —road improvements and rail spurs, increased sewer capacity, and installed fiber optic cable—that are helping communities across the state to support business expansion and the attraction of new industry. It is unclear what share of the state’s awards were directed to fiber.
  3. In FY 2012, “[the Tulalip Tribes] coordinated to create Tulalip Broadband and Tulalip Data Services, which offer technology services to Tribal members and businesses looking to locate near tribal lands. All of these businesses have brought jobs and income both to Tribal members and the surrounding community and serve as a strong example of how long-term, coordinated economic development planning can lead to increased prosperity.” Note that support for this effort was very modest; the total award to the Tulalip was \$48,000.

While broadband funding to date through the EDA appears to be modest, both construction and technical assistance are clearly eligible. Moreover, it appears that applicants can apply existing federal funds toward the requisite cost-share, which would allow the Commonwealth to leverage available resources. Given this, we highly recommend contacting the Regional EDA representatives to explore this opportunity.

A brief overview of the program follows (based on the FFO).

*The Economic Development Administration provides Public Works and Economic Adjustment Assistance grants to states, counties, cities, institutions of higher education, or nonprofits to support a wide array of projects that benefit distressed communities. Broadband infrastructure is eligible for funding.*

Entities Funded: Eligible applicants for EDA assistance include state or local units of government, Indian tribes, institutions of higher education, or public or private non-profit organizations.

Nature of Award: Grant with 50 percent match requirement.

FY 2015 Resources: For FY2015, Congress appropriated \$99 million for the Public Works program and \$35 million for Economic Adjustment Assistance (EAA).<sup>53</sup>

Typical Grant Award: The average Public Works award is \$1.4 million, with investments ranging from \$200,000 to \$3 million. EDA has historically awarded 80 to 150 Public works projects annually. The average EAA award is \$820,000, with investments ranging from \$100,000 to \$1.25 million. EDA has historically awarded funds for 70 to 140 EAA projects annually.

Cost-Share Requirement: Applicants must typically make a matching contribution of at least 50 percent of the total award. In cases of extreme economic distress (i.e., substantially lower per capita income or higher unemployment than the qualifying levels), this requirement may be reduced to only 20 percent. The cost-share can be provided through “in kind” contributions (which EDA will assess to ensure that they are accurately valued and available as needed). Other Federal financial assistance may be used to provide the match, if authorized by statute. We believe that this would allow the Commonwealth to leverage funding from the Appalachian Regional Commission.

Applicable Deadlines: EDA sets quarterly deadlines for submission of applications.

For FY 2015, the deadlines are March 12, 2015 and June 12, 2015. EDA encourages applicants to seek feedback on their project and application from state EDA representatives at least 30 days before the funding cycle deadline. EDA further encourages applicants to submit final applications via Grants.gov five days before the submission deadline to allow for the application to be accepted and validated in the system and to provide time for any errors to be corrected. Applicants are notified by the last day of the month following the submission deadline (i.e., April 30, 2015 and July 31, 2015).

Program Mission: EDA awards are intended to leverage existing regional assets and support the implementation of economic development strategies that lead to job creation and private investment in distressed communities.

Projects Funded: The FFO highlights two separate EDA funding opportunities. The Public Works program helps distressed communities build critical infrastructure, such as technology-based facilities that utilize distance learning networks, smart rooms, and

---

<sup>53</sup> In FY 2013, \$77.2 million was appropriated for Public Works and \$48 million was appropriated for Economic Adjustment Assistance. (FY 2013 Annual Report). This represents a decline from FY 2012, in which appropriations were \$112 million and \$50 million, respectively. (FY 2012 Annual Report).



smart buildings; multitenant manufacturing and other facilities; business and industrial parks with fiber optic cable; and telecommunications and development facilities. The Economic Adjustment Assistance program supports construction and non-construction activities, which may include infrastructure, design and engineering, technical assistance, and economic recovery strategies. Broadband infrastructure appears to be eligible under either program. Recent annual reports available on the EDA website indicate that Public Works funding has supported several broadband projects. EDA will only fund projects that align with at least one of their six investment priorities: collaborative regional innovation, public/ private partnerships, national strategic priorities (including information technology infrastructure), global competitiveness, environmentally-sustainable development, economically distressed and underserved communities.

Restrictions: Projects must be located in or benefit a region that meets EDA’s economic distress criteria:

1. Unemployment rate that is, for the most recent 24-month period for which data are available, at least one percentage point greater than the national average;
2. Per capita income that is, for the most recent period for which data are available, 80% or less of the national average; or
3. An area of “special need” as determined by EDA.<sup>54</sup>

Economic Assistance Awards are targeted to regions experiencing severe economic dislocations that may occur suddenly or over time.

Other Requirements:<sup>55</sup> All applications (for both construction and non-construction projects) must include an Application for Investment Assistance (Form ED-900), an Application for Federal Assistance (Form SF-424), Certification Regarding Lobbying (CD-511), Disclosure of Lobbying Activities (Form SF-LLL), documentation confirming cost-share funding, comments from the state clearinghouse (“Intergovernmental Review of Federal Programs”). Applications for construction assistance must also include Budget Information-Construction Programs (Form SF-424C), Assurances-Construction Programs (Form SF-424D), maps of the project site, letters of commitment from beneficiaries of the proposed project, comments from the metropolitan area review, a preliminary

---

<sup>54</sup> “Special need” is defined at 13 CFR §300.3 and includes areas with extreme out-migration, underemployment, military base closures, natural disasters or emergencies, or extraordinary depletion or natural resources. (<http://cfr.vlex.com/vid/300-3-definitions-19630004>)

<sup>55</sup> Additional details regarding each of these requirements along with guidance for completing the project narrative is provided at pages 15-21 of the FFO.

engineering report, an environmental narrative that will enable EDA to comply with NEPA, copies of any correspondence with other agencies, and copies of any other environmental studies that have already been completed for the project site.

Key Resources:

- Funding Announcement and Application Guide:  
<http://www.grants.gov/web/grants/view-opportunity.html?oppld=273468> (click on “Full Announcement” for additional background).
- Public Works Program one pager: <http://www.eda.gov/pdf/about/Public-Works-Program-1-Pager.pdf>
- Economic Adjustment Assistance one pager:  
<http://www.eda.gov/pdf/about/Economic-Adjustment-Assistance-Program-1-Pager.pdf>
- EDA Annual Reports (provides examples of successful grant applications; see especially 2012 and 2013 for broadband awards): <http://www.eda.gov/annual-reports/>

Agency Contact:

EDA strongly encourages all applicants to consult with the EDA regional director prior to submitting application materials. Regional directors can also review applications and offer guidance prior to submission.

- Atlanta Regional Office (includes Kentucky): H. Philip Paradice, Jr., Regional Director (404-730-3002)
- Kentucky Regional Director: Pamela Farmer ([pfarmer@eda.gov](mailto:pfarmer@eda.gov) or 404-730-3026)

## 6 E-Rate Discounts for Schools and Libraries

### 6.1 Introduction

This document is intended as a brief overview of the federal Schools and Libraries universal service support mechanism (known as “E-Rate”) for service providers that are municipal or state organizations. The E-Rate program provides discounts to schools and libraries for telecommunications and Internet access. The program is administered through the Universal Service Administrative Company (USAC) under the authority of the Federal Communications Commission (FCC).

### 6.2 Summary of E-Rate Process, Timeline, and Deadlines

Generally, the E-Rate process begins in the fall and closes in the spring. The following are key dates that should be built into a prospective service provider’s annual planning:

- Fall to spring: The window during which schools and libraries (the “Customer”) can apply to USAC for funding is open from fall to spring preceding the start of the funding year.

USAC opens the application window in approximately October or November and closes the window the following March or April. The exact dates differ each year and are announced on the USAC website.

Prior to the opening of the window, or as soon as possible after the window opens, municipal and state entities that seek to become E-Rate “Providers” should obtain a SPIN ID and file Form 499-A to obtain a 499 Filer ID.<sup>56</sup>

Once the window opens, schools and libraries can post their RFPs (Form 470) describing the services they require—and properly registered, prospective Providers can bid on those RFPs. The schools and libraries must ensure that each RFP be posted and available for bid for at least 28 days. Funding will only be awarded to Customers that have completed competitive processes.

---

<sup>56</sup> Form 499 allows Providers to report revenues received from telecommunications services to the FCC. However, any Provider that is a municipal or state government providing services to government-owned buildings should consult with its lawyer while filling out the form. Generally, services provided by a municipal or state-based provider to its own buildings meet a *de minimis* threshold to be exempt from annual or quarterly Form 499-A filings. The Provider should review the form and a possible claim of exemption with its lawyer. Regardless of the qualification for the exemption, the Provider must still file the form claiming the exemption. USAC will follow up with instructions on further filing requirements.

In our experience, the volume of RFPs tends to increase over the course of the multi-month window, with an enormous amount of posting/bidding activity during the final month in which the window is open. There will therefore be a flurry of bidding and contracting activity in the early spring of each year.

Once a Customer selects a Provider (i.e., the winner of the competitive bidding process), the Customer must file a Form 471—within the E-Rate window—to request funding. A contract should be negotiated and executed by the Customer and the Provider before Form 471 is filed.<sup>57</sup> The Customer is responsible for filing Form 471, but the Provider should ensure it is filed in a timely and accurate manner.

- June 1: The Provider must file the Service Provider Annual Certification Form (Form 473) for each funding year before it may submit invoices to USAC.
- July 1 to June 30 is the E-Rate funding year: Service that will be subsidized by E-Rate during a funding year can begin no earlier than July 1 of each year and end no later than June 30 of the following year.
- July 1: As soon as services begin, the Customer should file Form 486, Certification of Start of Services, with USAC. Accurate and timely filing of this form (in addition to the Provider's own invoice to USAC) is a necessary prerequisite for the Provider to be paid/reimbursed by USAC for applied discounts. USAC will acknowledge receipt of the Form 486.

Each of these processes is discussed in more detail below.

### 6.3 Overview of Full E-Rate Process

The full E-Rate process entails 12 key steps, all of which must be followed in order for the Provider to receive the subsidy funding for its services:

1. The Provider must apply for and receive a SPIN ID.<sup>58</sup>

---

<sup>57</sup> In the recent E-Rate Modernization Order (FCC 14-99 at Para. 203-204), the requirement to negotiate and execute a contract prior to submitting FCC Form 471 was removed effective for the 2015 funding year (beginning July 1, 2015). The FCC has directed "USAC to consider the existence of a written offer from the service provider containing all material terms and conditions and a written acceptance of that offer as evidence of the existence of a legally binding agreement."

<sup>58</sup> The SPIN ID is not required to search and bid on posted RFPs; however, according to the program rules, the SPIN must be in place in order to qualify for funding. In order to apply for a SPIN ID, the service Provider will be required to obtain an FCC Registration Number (FRN). Form 498 (for the SPIN ID) gives instructions on how to do this; the process is very simple.

2. The Provider must file Form 499-A to obtain a 499 Filer ID.<sup>59</sup>
3. The Provider must bid on RFPs (Form 470) posted by schools and libraries (Customers) that it seeks to serve.
4. Once the Customer selects the Provider, the two entities will enter into a contractual relationship.<sup>60</sup>
5. The Customer, with the Provider's input, must submit Form 471 to USAC notifying USAC of the selection of the Provider.
6. USAC will send confirmation of the submission of Form 471 to both the Customer and the Provider ("Receipt Acknowledgement Letter" or RAL) while reviewing the request.
7. The Provider and the Customer must review the confirmation of filing of Form 471 for accuracy.
8. If errors are found in the Form 471 data, the Provider must report them to the Customer for correction.
9. USAC will send the Funding Commitment Decision Letter.
10. The Provider must begin providing service to the Customer no later than July 1<sup>st</sup> of the funding year.
11. The Customer must file Form 486, Certification of Start of Services; USAC will send confirmation of filing.
12. The Provider must file Form 473, certifying compliance with program rules.
13. The Provider will begin invoicing the Customer for services provided.

The overall process, as it will be undertaken by the service Provider, is illustrated in the flowchart below:<sup>61</sup>

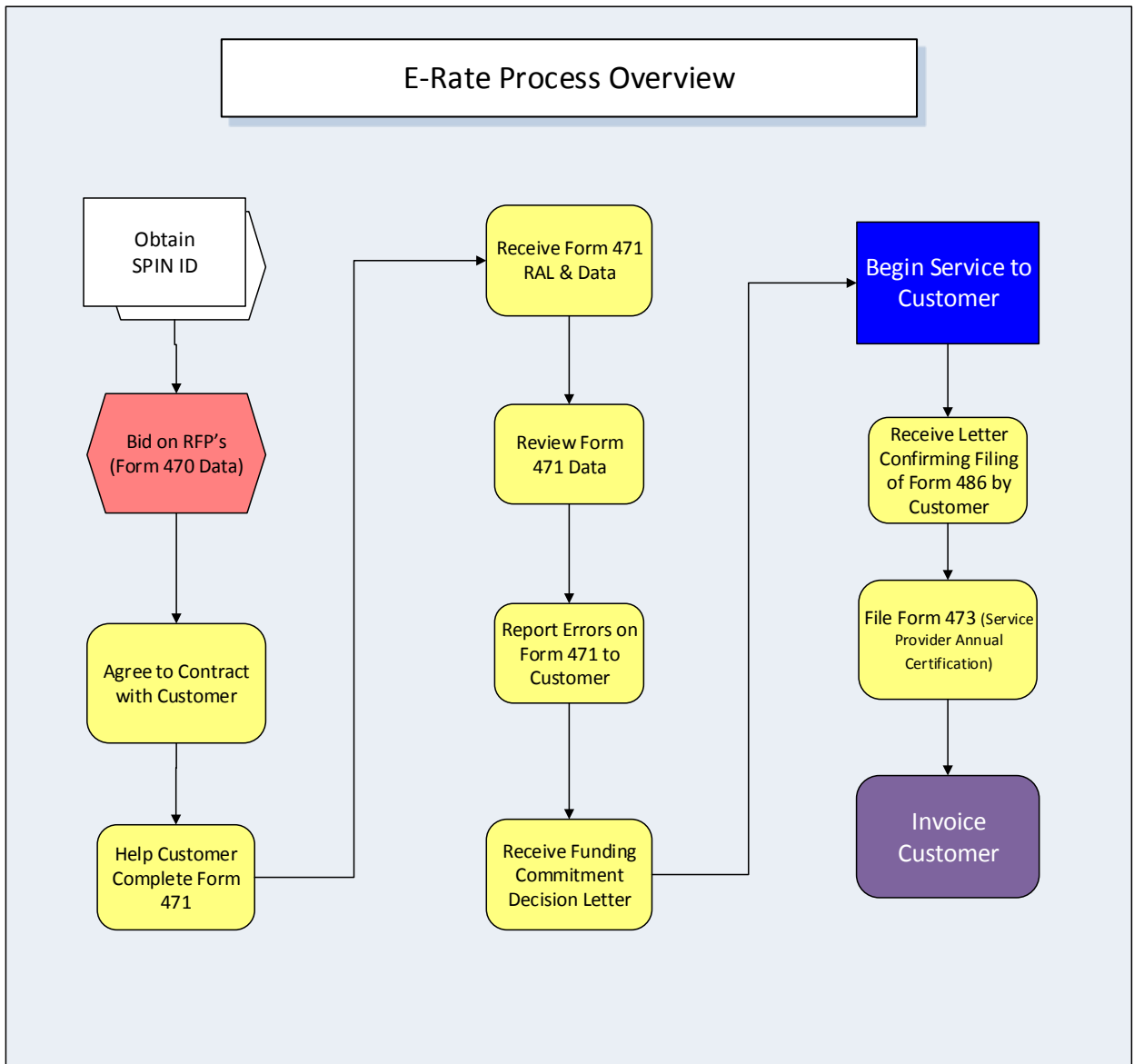
---

<sup>59</sup> It is important that an initial Form 499-A is filed. The purpose of the initial filing is to secure a 499 Filer ID, which USAC may require when processing Form 471.

<sup>60</sup> See Footnote 1.

<sup>61</sup> Per FCC 14-99 (E-Rate Modernization Order), all filings will be required to be electronic as of the 2017 funding year.

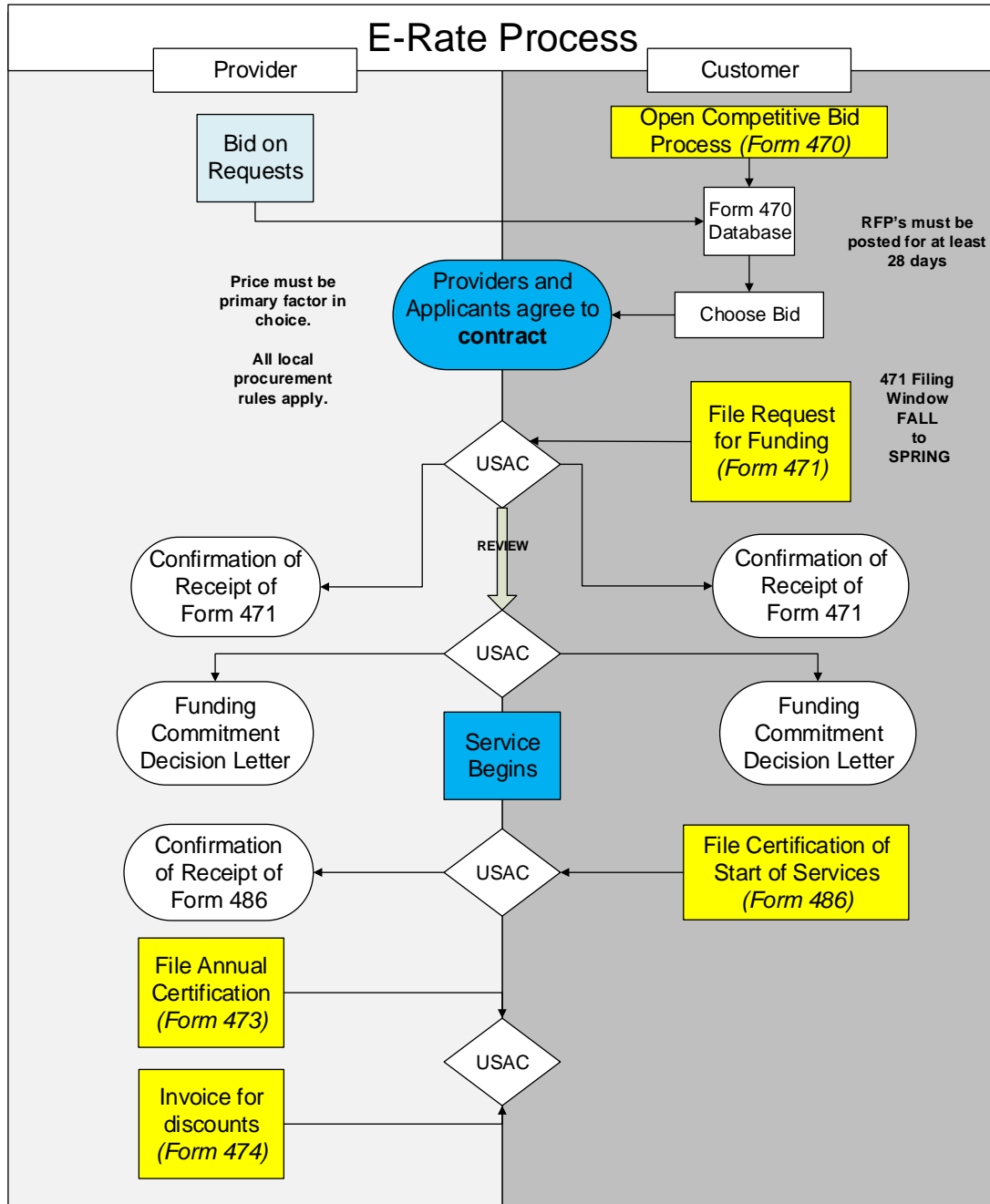
Figure 1: E-Rate Process Overview for Providers



#### 6.4 Overview of Customer Steps in E-Rate Process and How Service Providers Should Assist

The full E-Rate process entails significant steps on the part of the schools and libraries that will be the Customers. Those steps, and how schools and libraries interact with Providers, are illustrated below.

Figure 2: E-Rate Process for Provider and Customers



The steps to be undertaken by the Customers are important because they are necessary prerequisites to the Provider being able to receive payment from USAC for services to these entities. Two of the most important steps will require the service Provider's effort even though the steps are the responsibility of the Customer:

- First, after selection by the Customer, the Provider can assist with and verify the accuracy and completion of Form 471, Request for Funding—an essential process that will enable use of E-Rate.
- Second, after service begins, the Provider should verify that the Customer has filed Form 486, Certification of Start of Services, to notify USAC that service has begun—another essential step in enabling the Provider to invoice for its services.

Each of these key steps is described in more detail below.

#### **6.4.1 The Provider should assist with and verify completion of Form 471**

After the Provider is awarded the business, the Customer must file the Form 471, Request for Funding (*Services Ordered and Certification Form*), in a timely and accurate fashion. This is an essential document that establishes not only the discount percentage for the Customer but also who the Provider will be.

It is the Customer's responsibility to complete and file Form 471 but the Provider may supply basic information at the request of the school/library and USAC to aid with completion of the Item 21 Attachment (Description of Services) to Form 471.

Before this form can be filed, a contract between the Provider and the Customer must be executed.<sup>62</sup>

The Provider should take steps to ensure that the Form 471 is accurate and enables the Provider and the Customer to use E-Rate funds to subsidize Customer services (the procedure is also illustrated in the graphic below):

1. Contact the Customer and request a review of the Form 471 data prior to submission.
2. Provide the Customer with basic information about the Provider (as well as with information for the Item 21 Attachment<sup>63</sup> to Form 471, which is the description of services and products for which schools and libraries are seeking discounts).
3. USAC will send a Receipt Acknowledgement Letter (RAL) to the Provider and the Customer filing Form 471.
4. Notify Customer of receipt of RAL.

---

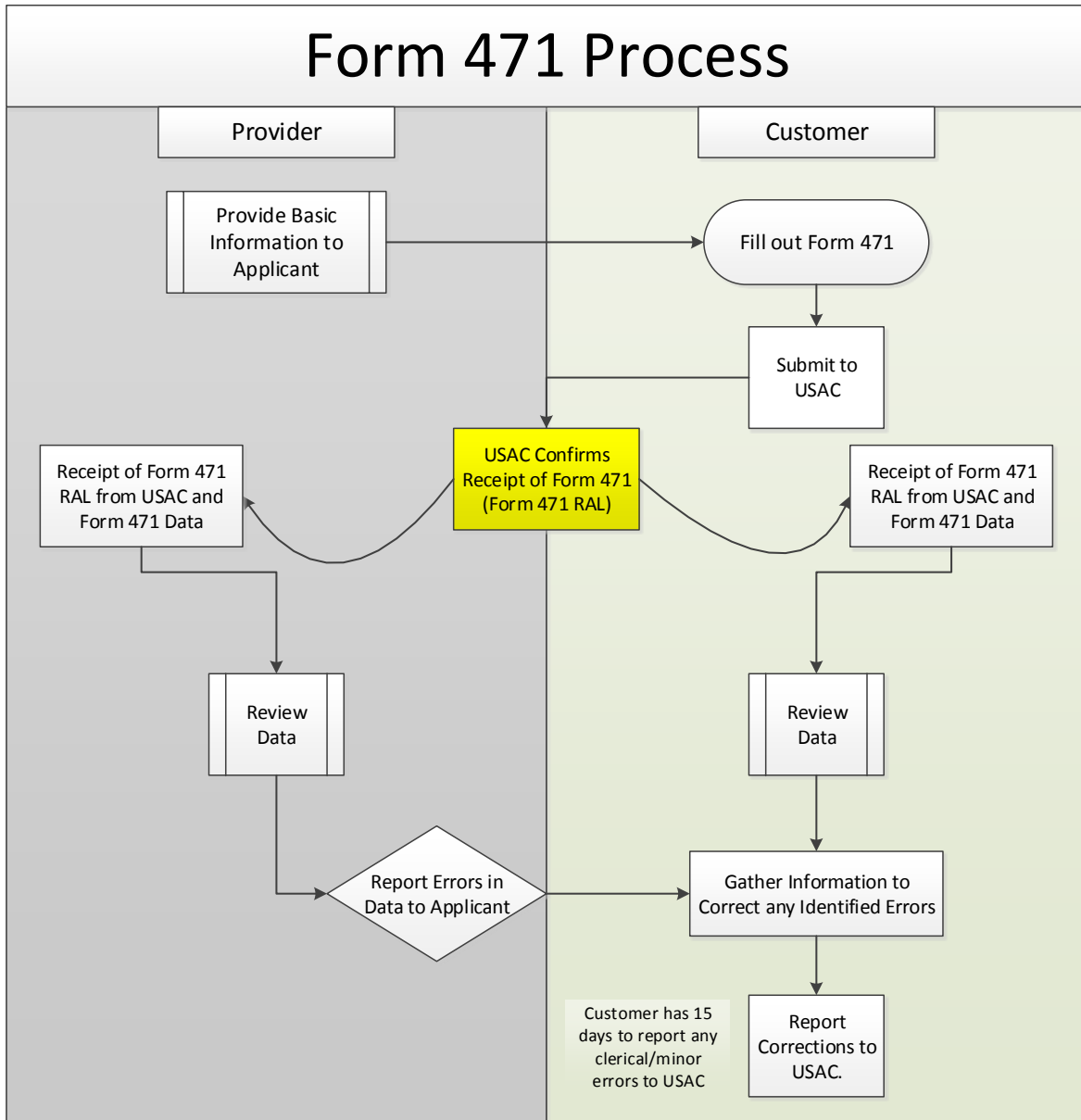
<sup>62</sup> See Footnote 1.

<sup>63</sup> Refer to <http://usac.org/sl/applicants/step07/form471-attachments.aspx?r44b=no> for detailed examples of the Item 21 Attachment.



5. Within 48 hours of receipt from USAC, review the data included with the RAL.
6. Notify Customer via e-mail about any errors in the data.
7. The Customer has 15 days from receipt of the Form 471 RAL to notify USAC of corrections to minor errors.
8. USAC will send a copy of the Funding Commitment Letter (FCL) to the Provider.
9. Begin services no sooner than July 1 of indicated funding year.
10. USAC will send a Confirmation of Receipt of Form 486 to the Provider.

Figure 3: Form 471 Process



#### 6.4.2 The Provider must verify that the Customer has filed Form 486 acknowledging start of services

After services begin, the Customer must file Form 486, Certification of Start of Services, with USAC. Accurate and timely filing of this form is a necessary prerequisite for the Provider to invoice USAC for the E-Rate portion of the Provider’s invoice to the Customer. The Provider should check with the Customer regarding this form as soon as services

begin and request a copy of the final document that was provided to USAC. Providers cannot invoice without receipt of a confirmation of filing of Form 486 from USAC.

### **6.5 The Provider Must File Form 473 to Certify Compliance with Program Rules**

On June 1<sup>st</sup> of each year, the Provider should file Form 473, the Service Provider Annual Certification. This form should only be filed once per funding year and is required in order to invoice USAC for reimbursement of the E-Rate portion of the Provider's invoice to the Customer.

Form 473 is not eligible for online submission at this time. Completed forms should be sent to:

SLD Form 473  
P. O. Box 7026  
Lawrence, Kansas 66044-7026

### **6.6 Overview of Invoicing**

The Provider may invoice the Customer only after services have been provided (and a Form 473 certification has been filed as noted in Section 5). USAC offers two invoicing options for reimbursements: Form 472 or Form 474. The method of invoicing is at the discretion of the service Provider and the Customer; however, once chosen, the method of invoicing cannot be changed during the contract term. The Provider should establish the method of invoicing in the service contract with the Customer.

Using Form 472 (also known as the Billed Entity Applicant Reimbursement, or 'BEAR' form), the Customer requests reimbursement from USAC for the subsidy amount after it has paid the Provider in full for its services. The use of this form of reimbursement requires the Provider to certify the payment. Providers will also certify via Form 473 that they are in compliance with rules regarding invoicing.

Using Form 474 (also known as the Service Provider Invoice), the Provider bills the Customer at the pre-determined discount rate approved by USAC and then bills USAC for the difference (i.e., the subsidy amount) .

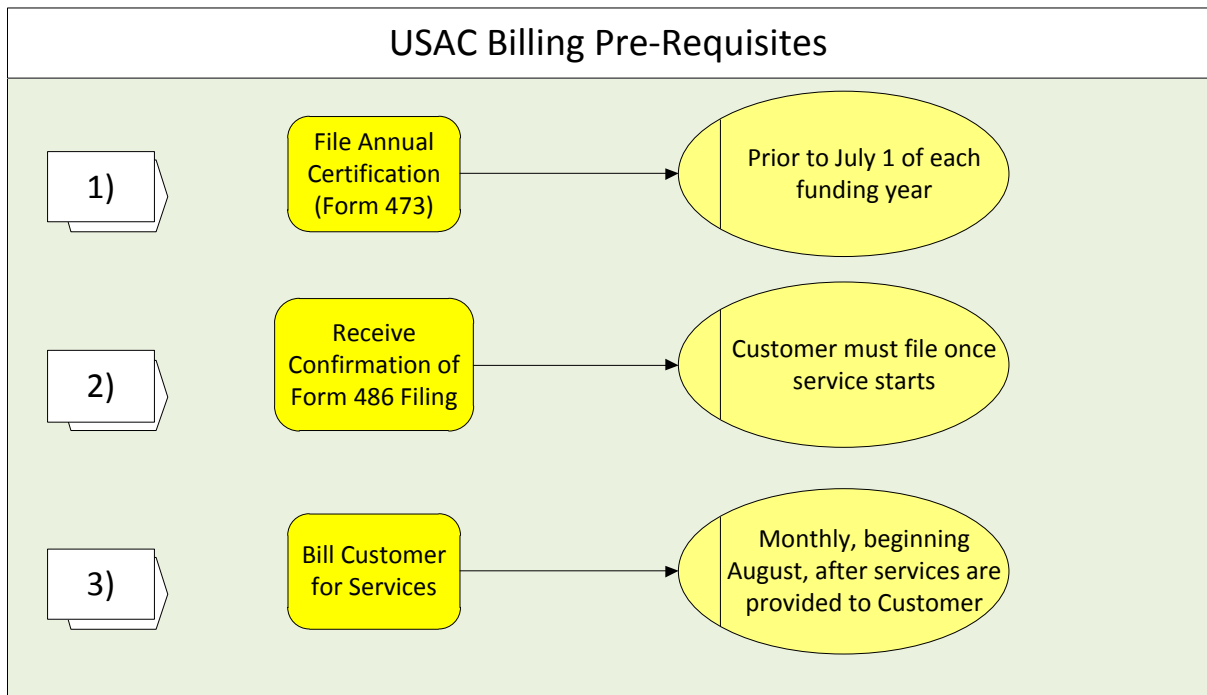
Therefore, the Form 474 process requires Providers to send two bills—one to the Customer and one to USAC—while the BEAR form puts the greater burden on the Customer.

Invoices to USAC must be timely—they can be postmarked no later than 120 days after the date of the Form 486 Notification Letter or 120 days after the last date the Customer receives service, whichever is later. These dates set outside parameters, but should never be at issue so long as invoicing is done consistently and reliably on a monthly basis.

Electronic filing of USAC invoices will entail use of Form 474. Online submissions can be made by following the step-by-step process provided at:

<http://www.slforms.universalservice.org/form474/menu.aspx>.

Figure 4: Billing Pre-Requisites



## 6.7 Overview of Provider Recordkeeping and Internal Audit Recommendations

Providers are required to maintain extensive records for each of their E-Rate Customers for at least 10 years following termination of services for each funding year. The files should include bids, contracts, records, correspondence, receipts, vouchers, delivery information, memoranda, and other data related to provision of services to each Customer for each funding year.

Also, because USAC performs audits of Customers that receive E-Rate discounts, Providers should perform an internal audit of their E-Rate Customer files to ensure

compliance. Generally, the following tasks should be included in Providers' audit processes:

- Ensure ineligible charges are not submitted to USAC.
- Ensure that all invoicing to USAC is consistent with the customer contract and details of Form 471.
- Ensure that substituted services or products are noted prominently on invoices submitted to the customer and to USAC.
- Ensure that any substitutions are properly documented and approved prior to provision of substitutions.
- Provide supporting documentation to evidence services provided were approved by the FCDL and provided to the customer.
- If E-Rate eligible services and/or installation or equipment costs are included as part of a larger contract or service/equipment billing, support for the allocation of E-rate eligible amounts and reconciliation of that total to the total amount billed should be documented.
- If E-Rate eligible services or equipment are allocated to multiple sites, support for the allocation consistent with the amount and locations identified in Form 471 should be documented.
- Provide documentation of provision of E-Rate funded services during the allowable contract period and program year.
- Charging of proper FRN(s) should be documented.
- Ensure invoices and USAC forms are submitted in a timely manner.
- Ensure USAC forms are filled out completely and accurately in a timely manner.
- Maintain a list of E-Rate supported equipment provided to the customer, with detailed information for each item.

## 6.8 Service Provider Checklist

- ✓ Apply for and receive a SPIN ID<sup>64</sup> using FCC Form 498
- ✓ File initial FCC Form 499<sup>65</sup>
- ✓ Search for and bid on RFPs posted by schools and libraries (Customers) using the online system
- ✓ Enter into a contractual relationship with Customer<sup>66</sup>
- ✓ File Form 473, certifying compliance with program rules
- ✓ Review Form 471 with Customer prior to Customer filing
- ✓ Receive confirmation from USAC of the submission of Form 471
- ✓ Review Form 471 confirmation/data filed<sup>67</sup>
- ✓ Receive a copy of the Funding Commitment Decision Letter (FCDL)
- ✓ File Form 486 (confirmation of start of services) and USAC will send confirmation of filing
- ✓ Begin invoicing Customers for services provided
- ✓ Set up recordkeeping to store 10 years of data related to services and billing

---

<sup>64</sup> The SPIN ID is not required to search and bid on posted RFPs; however, the SPIN must be in place in order to qualify for funding.

<sup>65</sup> The purpose of the initial filing is to secure a 499 Filer ID, which USAC may require when processing Form 471. We recommend reviewing the filing with your attorney prior to filing. USAC will notify you of your future Form 499 filing requirements.

<sup>66</sup> See Footnote 1.

<sup>67</sup> If errors are found in the Form 471 data as filed with USAC, the Provider should report them to the Customer for correction.

## 7 Healthcare Connect Fund

### 7.1 Introduction

This document provides a brief overview of the federal Healthcare Connect Fund for service providers that are municipal or state organizations. The Healthcare Connect Fund (HCF) provides a 65 percent subsidy for broadband service to eligible health care providers and facilities. While the focus is on serving rural facilities, teaching hospitals and urban/suburban facilities will be eligible if they are part of an in-state consortium that includes rural facilities. The program is administered through the Universal Service Administrative Company (USAC) under the authority of the Federal Communications Commission (FCC). This document considers the steps required of municipal and state service providers (vendors) who are interested in seeking support through HCF.

The Healthcare Connect Fund (HCF) is intended to provide Health Care Providers (HCP) access to broadband services, particularly in rural areas, and to encourage the formation of state and regional broadband networks linking HCPs. Significantly, while the program is intended to benefit rural providers, consortia of urban and rural providers may also participate, so long as the majority of the members of the consortia (at least 51%) are rural.<sup>68</sup> HCPs may include public or nonprofit entities including post-secondary schools offering health care instruction (e.g., teaching hospitals or medical schools); community health centers or health centers providing health care to migrant; a local health department or agency; a community mental health center; a not-for-profit hospital; a rural health clinic, or a dedicated emergency room of a rural for-profit hospital.

In particular, the HCF is intended to achieve three goals:

1. Increase broadband access to primarily rural HCPs.
2. Encourage the development of interconnected broadband health care networks.
3. Maximize the cost-effectiveness of the federal Universal Service dollars spent on services for health care.<sup>69</sup>

The HCF is intended to help expand health care providers' access to the high-bandwidth connections they need for modern telemedicine by:

---

<sup>68</sup> Applicants can determine if an HCP is located in a rural area by using the Rural Health Care (RHC) Program's Eligible Rural Areas Search Tool.

<sup>69</sup> Oliver, L., Jan. 10, 2013, "The FCC's Healthcare Connect Fund," <http://www.usac.org/res/documents/rhc/training/2013/healthcare-connect-fund-webcast.pdf>

- Addressing the artificial limitations on broadband connection types that have been a part of Universal Service support;
- Fostering the creation of consortia among rural and urban HCPs to share resources;
- Increasing the participants' portion of financial responsibility, but reducing their overall costs by improving buying power through the creation of a more competitive marketplace;
- Supporting a broad range of broadband services from a diverse set of providers and encouraging HCPs to build their own broadband networks where cost-effective;
- Including service upgrades that are required to support new health care applications.<sup>70</sup>

Significantly, the FCC order creating the HCF states that the fund will, in addition to expanding broadband access for rural HCPs, “encourage the creation of state and regional broadband health care networks.”<sup>71</sup>

States and municipalities can benefit from the Healthcare Connect Fund by being selected as service providers to build broadband networks using federal funding. Unlike grants, which offer one-time money, the HCF offers a sustainable source of financial subsidy for rural HCPs, just as E-Rate does for schools and libraries. Moreover, because funding is provided through the Universal Service Fund, it is not subject to annual appropriations. This means that HCF provides an ongoing funding stream for rural broadband projects. The FCC has capped funding for all Rural Health Care (RHC) programs, including HCF, at \$400 million per year on a first-come, first-served basis. Note that this cap is seldom reached. In FY 2014, for instance, funding requests in FY 2014 totaled roughly \$101 million.<sup>72</sup>

---

<sup>70</sup> See FCC, USAC, Dec. 12, 2013, Press Release: “FCC Creates Healthcare Connect Fund to Expand Access to Robust Broadband Healthcare Networks, Improve Care and Lower Costs for Patients Nationwide.” (<http://www.fcc.gov/document/new-healthcare-connect-fund-expands-access-broadband-healthcare>).

<sup>71</sup> In the Matter of Rural Healthcare Support Mechanism, Dec. 12, 2012, Report and Order, WC Docket No. 02-60, at 3 ([https://apps.fcc.gov/edocs\\_public/attachmatch/FCC-12-150A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/FCC-12-150A1.pdf)).

<sup>72</sup> USAC, Rural Healthcare, “Funding Information” (<http://www.usac.org/rhc/healthcare-connect/funding-information/default.aspx>) (visited Feb. 25, 2015).



## 7.2 Summary of Healthcare Connect Process, Timeline, and Deadlines

The HCF funding cycle runs from July 1 through June 30.<sup>73</sup> Key dates in the FY 2015 funding cycle follow. Because USAC programs are funded through the Universal Service Fund, resources are essentially guaranteed and not dependent on Congressional action.<sup>74</sup>

- January 1, 2015. This is the first day applicants may submit the FCC Form 461 (“Request for Services”) and supporting documentation for the upcoming (July-June) funding year. Although applications are accepted on a rolling basis throughout the funding cycle, USAC encourages applicants to file during the initial funding request filing period (i.e., January through March). If a consortium is formed, additional information will be required to qualify for funding, including the submission of Form 460 (“Eligibility and Registration Form”) and Letters of Agency (LOA), which provide governance power to the consortia and establish a network plan. Once Health Care Providers (HCP) and consortia (“applicants”) submit their initial Form 461 to USAC, they must leave them posted and available for bid for at least 28 days.
- March 1 – June 1, 2015. This is the period during which applicants may submit FCC Form 462 (“Funding Request Form”) and supporting documentation within the initial funding request filing period for the upcoming funding year (i.e., requests submitted during this window will not receive funding until July 1). Applicants can submit Form 462 until the end of the funding cycle (i.e., until June 30, 2016); however, awards will be prorated to reflect the time remaining in the funding cycle. The FCC will continue to review funding requests until the program cap (\$400 million) is reached. Given the historical use of the program, this is extremely unlikely to occur.
- June 2, 2015. This is the deadline for posting an FCC Form 461 (“Request for Services”) to receive the full 12 months of funding. Support is prorated if either the FCC Form 461 or 462 is posted after this date. In other words, if an applicant submits a request on January 1 request for services during the current funding year, it will only be eligible for 6 months of funding.

---

<sup>73</sup> FY 2015 (7/1/2015 to 6/30/2016) timeline available online at:

<http://www.usac.org/res/documents/rhc/pdf/hcf/RHC-Snail-FY2015-HCF-Program.pdf>

<sup>74</sup> We recommend that prospective service providers sign up for e-mail updates about the program and upcoming deadlines at: <http://www.usac.org/about/tools/publications/subscription-center.aspx>

- July 1, 2015. This is the first day of the funding year. As noted above, funding requests may still be submitted after this date and will be reviewed on a rolling basis until funds are expended. As noted above, requests received after this date will be prorated.
- June 30, 2016. This is the last day of the funding year and the deadline to submit the FCC Form 462 and supporting documentation for a current fiscal year.
- Variable. Service providers may submit FCC Form 463 (“Invoice and Request for Disbursement”) after the following conditions are met:
  - The applicant receives a funding commitment;
  - The service provider has installed the equipment or started services;
  - The applicant has received services and a bill from the service provider;
  - The applicant has submitted its 35 percent contribution to the service provider;
  - The service provider and applicant certify and sign the invoice (FCC Form 463).

Applicants are encouraged to start this process as soon as possible after services have started.

- Six months after funding commitment. Service providers must submit FCC Form 463 (“Invoice and Request for Disbursement”) to invoice USAC within six months after the last day covered by the funding commitment. For example, if a consortium receives a multi-year funding commitment for services that end on May 30, 2016, the applicant must submit its invoice to USAC by November 30, 2016. This deadline will be indicated in the USAC funding commitment letter.

### 7.3 Overview of the Full Healthcare Connect Process

The process for securing funding through Health Care Connect includes determining eligibility of HCPs, submitting a request for services, participating in the competitive bidding process, selecting the most cost-effective bid, starting services, and invoicing for those services. This process is elaborated below:

1. If it doesn’t already have one, the Provider should apply for and receive a Service Provider Identification Number (SPIN) ID using Form 498.<sup>75</sup> Although service

---

<sup>75</sup> A SPIN ID is required to serve as a Service Provider under any Universal Service Fund programs. In order to apply for a SPIN ID, the Service Provider will be required to obtain an FCC Registration Number (FRN). Form 498 (for the SPIN ID) gives instructions on how to complete this simple process. Note that Form 498 can be found on the USAC website: <http://www.usac.org/rhc/healthcare-connect/tools/forms/default.aspx>

- providers can search for funding opportunities without obtaining a SPIN ID, SPINs must be assigned before USAC can authorize support payments. Therefore, all service providers intending to submit bids will need to complete Form 498 before funding commitments can be made. Service providers must certify on Form 498, as a condition of receiving support, that they will provide to HCPs, on a timely basis, all information and documents regarding the supported services that the HCP needs to respond to FCC or USAC inquiries. Note that service providers who already been assigned a SPIN ID to allow participation in another program need not complete Form 498; though, revisions can be filed electronically.<sup>76</sup>
2. The provider must file and initial Form 499-A to obtain a 499 Filer ID.<sup>77</sup>
  3. HCPs must confirm their eligibility to participate in the Healthcare Connect Fund by filing Form 460. To be eligible for support under HCF, an applicant must be classified as a Health Care Provider (HCP) and be one of the following:
    - Public or non-profit hospital,
    - Rural HCP,
    - Community health center,
    - Local health department or agency,
    - Post-secondary educational institution (teaching hospital, university, etc.), or
    - A consortium of the above types of institutions. (Non-rural providers may participate in this way, so long as a majority of the consortium members are rural.)
  4. Once determined eligible, the HCP must put out a Request for Proposal (using FCC Form 461) to solicit bids.<sup>78</sup> The Request for Proposal must be posted for at least 28 days before applicants make a commitment to a service provider to allow for a competitive bidding process. The HCF allows applicants to seek subsidized services for expenses related to network design, engineering, operations, installation, and construction. Connections to, and equipment located at, eligible off-site data

---

(listed under Service Provider Forms). Any questions about Form 498 can be directed to USAC ([CustomerSupport@usac.org](mailto:CustomerSupport@usac.org) or 888-641-8722).

<sup>76</sup> Form 498 revisions can be filed electronically at: <http://www.usac.org/sp/about/498/default.aspx>

<sup>77</sup> It is important that an initial Form 499-A is filed. The purpose of the initial filing is to secure a 499 Filer ID, which USAC may require when processing the Invoice (Form 463).

<sup>78</sup> Form and instructions available online: [http://www.usac.org/\\_res/documents/rhc/pdf/forms/FCC-Form-461-Form-and-Instructions.pdf](http://www.usac.org/_res/documents/rhc/pdf/forms/FCC-Form-461-Form-and-Instructions.pdf)

centers and administrative offices are also eligible for support (see the table below for a list of eligible services).

**Table 6: Eligible Services**

	<b>Individual Applicants</b>	<b>Consortium Applicants</b>
<b>Eligible Services</b>	Yes	Yes
<b>Reasonable and Customary Installation Charges</b> ( $\leq$ \$5,000 undiscounted cost)	Yes	Yes
<b>Lit Fiber Lease</b>	Yes	Yes
<b>Dark Fiber</b>		
<ul style="list-style-type: none"> <li>Recurring charges (lease of fiber and/ or lighting equipment, recurring maintenance charges)</li> </ul>	Yes	Yes
<ul style="list-style-type: none"> <li>Upfront payments for IRUs leases, equipment</li> </ul>	No	Yes
<b>Connections to Research &amp; Education Networks</b>	Yes	Yes
<b>HCP Connections Between Off-Site Data Centers &amp; Administrative Offices</b>	Yes	Yes
<b>Upfront Charges for Deployment of New or Upgraded Facilities</b>	No	Yes
<b>HCP-Constructed and Owned Facilities</b>	No	Yes
<b>Eligible Equipment</b>		
<ul style="list-style-type: none"> <li>Equipment Necessary to Make Broadband Service Functional</li> </ul>	Yes	Yes
<ul style="list-style-type: none"> <li>Equipment necessary to manage, control, or maintain broadband service or dedicated health care broadband network</li> </ul>	No	Yes

The Form 461 must be posted for 28 days before applicants may select a service provider. This is the “allowable contract selection date,” or ACSD). The ACSD will

- be noted on Form 461. FCC recommends that service providers contact the person listed as the point of contact on Form 461 (line 13(a)) before submitting a bid for services to ensure that they understand the applicant's needs.
5. The HCP will select a service provider and develop a contract. Applicants purchasing services and/or network equipment from a Master Services Agreement (MSA) previously negotiated by federal, state, Tribal, or local government entities on behalf of applicant HCPs and others are exempt from the competitive bidding requirements, but only if such MSAs were awarded pursuant to applicable federal, state or local competitive bidding requirements. Such MSAs may take the form of a multi-year agreement that contractually obligates the vendor to offer certain services to HCPs at specified pricing.
  6. After the bidding process is complete, the HCP will prepare a funding request for USAC using Form 462.<sup>79</sup> This form identifies the service(s), rates, service provider(s), and date(s) of service provider (vendor) selection. Both individual and consortium applicants must submit a separate Form 462 for each service provider, and that form should list the relevant information for all services or circuits for which the applicant is seeking support.
  7. The service provider should review Form 462 and certify its accuracy before it is submitted to USAC. The HCP applicant is responsible for submitting the form. As noted above, the applicant must submit Form 462 before the end of the funding year (June 30). USAC will not grant funding requests for previous years; only funding requests for current or upcoming funding years will be accepted.
  8. Within 21 calendar days of the receipt of a complete Form 462, USAC will notify the applicant in writing of any errors in the form or ineligible network components. The applicant will have 14 calendar days from the date of receipt of the USAC written notice to amend or re-file its Form 462 to address these errors or omissions (without violating the June 30 filing deadline).
  9. Upon completion of the review process, USAC will issue a funding commitment letter ("FCL") that informs both the applicant and the service provider that they are eligible for the support specified in the letter. The letter will indicate whether a multi-year commitment has been issued. Service providers should be sure to

---

<sup>79</sup> Form and instructions available at <http://www.usac.org/res/documents/rhc/pdf/forms/FCC-Form-462-Form-and-Instructions.pdf>.

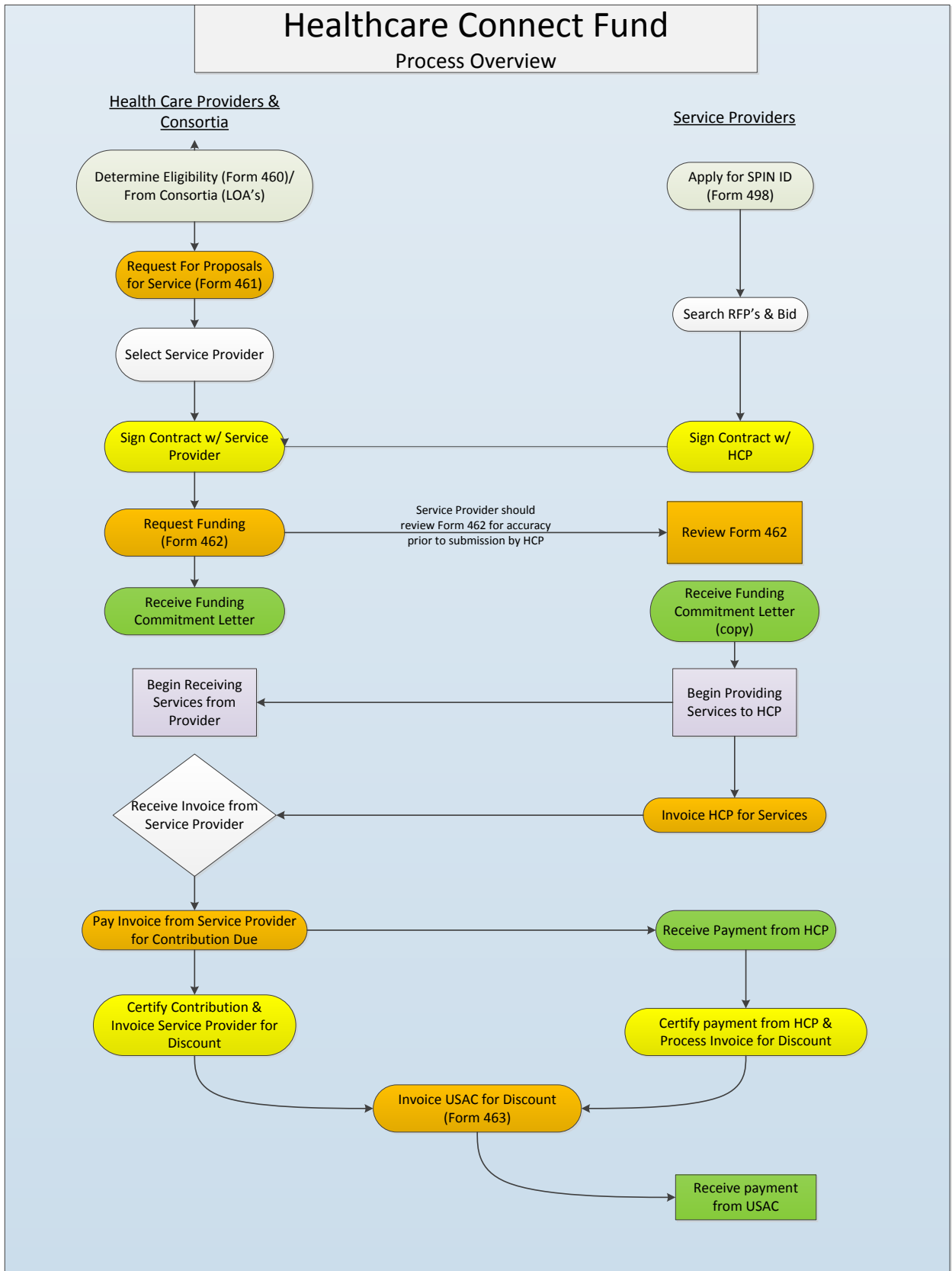
validate the SPIN noted on the FCL to ensure that the support amount is being credited to the appropriate account.

10. The service provider should provide an invoice in arrears of services provided or (for a consortium) a bill with the credit applied for the services provided.
11. The applicant will create an invoice (using Form 463) for the services it has received. Form 463 serves as the request for the disbursement of funding from the HCF for the services, equipment, and/or facilities set forth in an applicant's funding commitment letter.
12. If approved by the vendor (service provider), the applicant will pay its contribution (35 percent) to the service provider. The applicant must certify that the form is accurate and that it has paid the required 35 percent contribution. Once certified, the applicant must send the invoice back to the service provider.
13. The service provider, in turn, must certify the accuracy of the form and submit it to USAC for payment (see figure below).<sup>80</sup> The invoice (FCC Form 463) can only be submitted after:
  - The applicant receives a funding commitment;
  - The service provider has installed/started services, network equipment, and or/facilities, if applicable;
  - The applicant has received services (and a bill) from the service provider;
  - The applicant has remitted its 35 percent portion of the amount due to the service provider; and
  - The service provider and applicant certify and sign the FCC Form 463.

The service provider has six months from the end date of the funding commitment to submit the invoice (Form 463) to USAC. The overall process, as it will be undertaken by the service provider, is illustrated in the figure below.

---

<sup>80</sup> Guidance for Service Providers who are reviewing Form 463 is available online: <http://www.usac.org/res/documents/rhc/pdf/forms/2013/FCC-Form-463-Service-Provider-Guide.pdf>  
USAC can address any remaining questions about the invoicing process ([RHC-assist@usac.org](mailto:RHC-assist@usac.org) or 800-453-1546)



## 7.4 Service Provider Checklist

- ✓ Apply for and receive a SPIN ID<sup>81</sup> using FCC Form 498
- ✓ File initial FCC Form 499<sup>82</sup>
- ✓ Search for and bid on RFPs posted by health care providers (applicants) using the online system
- ✓ Enter into a contractual relationship with the HCP (Applicant)
- ✓ Review and certify Form 462
- ✓ Receive Funding Commitment Letter from USAC and validate SPIN ID
- ✓ Complete work and send bill to applicant for services provided
- ✓ Review Form 463 (invoice), certify and submit to USAC

## 7.5 Key Resources

- Healthcare Connect Fund Program Website:  
<http://www.usac.org/rhc/healthcare-connect/default.aspx>
- Frequently Asked Questions: Healthcare Connect Fund:  
<http://www.usac.org/res/documents/rhc/pdf/fcc/FCC-HCF-FAQs.pdf>
- RHC Program Website <http://www.fcc.gov/encyclopedia/rural-health-care>
- Rural Healthcare Order (Dec. 12, 2012)  
[http://www.usac.org/res/documents/rhc/pdf/fcc/13.02.25\\_Linked\\_Order.pdf](http://www.usac.org/res/documents/rhc/pdf/fcc/13.02.25_Linked_Order.pdf)
- Sample forms and templates (RFPs, LOAs, and third-party authorization)  
<http://www.usac.org/rhc/healthcare-connect/tools/sample-documents.aspx>
- Paloma Costa, Manager of Outreach for Rural Health Care Program, Universal Service Administrative Company ([pcosta@usac.org](mailto:pcosta@usac.org) or 202-772-6274)

---

<sup>81</sup> The SPIN ID is not required to search and bid on posted RFPs; however, the SPIN must be in place in order to qualify for funding.

<sup>82</sup> The purpose of the initial filing is to secure a 499 Filer ID, which USAC may require when processing Form 462. We recommend reviewing the filing with your attorney prior to filing. USAC will notify you of your future Form 499 filing requirements.



## 8 Housing and Urban Development (HUD) Programs

The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a nationwide formula basis, primarily driven by census data to more than 1,200 units of local government and states.

### 8.1 Background on HUD Support

To date, HUD resources have not been used to support broadband deployment; however, we believe that this could be a tremendous untapped opportunity. Notably, the current Secretary of HUD Julián Castro is a broadband champion. In February 2015, he declared that broadband access “is important because the world requires a connection to the Internet.”<sup>83</sup> This declaration accompanied an announcement about HUD’s interest in launching a new program with private-sector telecommunication companies to improve access in 20 major metropolitan areas.<sup>84</sup> The previous HUD Secretary, Shaun Donovan, likewise acknowledged the critical role of broadband, publicly noting that “broadband is essential to building the economy of the 21<sup>st</sup> century,” and announcing a collaboration with “Connect2Compete” (C2C), a national digital literacy coalition. Secretary Donovan described a HUD initiative to bring broadband to federally assisted housing.<sup>85,86</sup> These initiatives demonstrate a growing recognition within HUD about the importance of expanding broadband availability for all. What’s more, agency staff confirms that HUD CDBG grant recipients have tremendous flexibility to determine the best use of agency funds and that installing broadband infrastructure can be consistent with the programs guidelines and mission in meeting a “National Objective.”

Consistent with this flexibility, HUD’s Louisville Field Office Director of Planning and Community Development, Roger Leonard, has initiated conversations with Governor Beshear and the mayors of Lexington and Louisville to explore interest in using HUD CDBG entitlement capacity to develop a high-speed fiber corridor along Interstate 64 linking Lexington, Louisville and Frankfort, with the Universities of Louisville and Kentucky as

---

<sup>83</sup> Freddie Allen, Feb. 16, 2015, Pittsburgh Courier, “HUD Chief Seeks Broadband Access for the Poor” (<http://newpittsburghcourieronline.com/2015/02/16/hud-chief-seeks-broadband-access-for-the-poor/>).

<sup>84</sup> Secretary Castro was formerly the Mayor of San Antonio and has a deep understanding of the importance of infrastructure projects for economic development.

<sup>85</sup> The American Genius, March 14, 2010, “HUD Secretary Donovan on the Importance of Broadband to Housing” (<http://agbeat.com/politics-and-news/hud-secretary-donovan-on-the-importance-of-broadband-to-housing/>).

<sup>86</sup> Connect2Compete has since been rebranded as “EveryoneOn” (see <http://everyoneon.org/>).

community anchor institutions. He reports that the Governor, Mayor Jim Gray (Lexington), Mayor Greg Fischer (Louisville), and John Gant (Louisville's Economic Development Director) are supportive.

HUD requires that 70 percent of CDBG funds benefit low- and moderate-income populations. The proposed broadband network readily satisfies this requirement. As an initial matter, jobs would be created in the design, construction and installation of the network. Low- and moderate-income households would further benefit from potential telehealth and distance learning opportunities supported by the network. Leonard further notes that the low wage base in Kentucky, coupled with the presence of FedEx, UPS-Worldport (the worldwide air hub for UPS) in Louisville,<sup>87</sup> and the Port of Indiana make broadband a particularly attractive economic development option. Indeed, the proposed network would expand e-commerce, which could stimulate shipping (and associated jobs) along undeveloped land in the I-64 corridor.

As elaborated below, broadband could be funded through Community Development Block Grant entitlement capacity to the cities (i.e., "entitlement grants") and non-entitlement state funding, or indirectly through Section 108 loans (which would be financed through CDBG allocations or from income associated with the project). CDBG grants and related loans are available for infrastructure, housing and economic development; a broadband fiber plan would thus fit squarely into the program mission.<sup>88</sup> Aggregate annual appropriations for the state, Louisville, and Lexington are roughly \$35 million. The state could use a fraction of these resources (e.g., \$5 million annually) to finance a \$100 million Section 108 loan to be repaid over 20 years. Although future CDBG allocations would be committed as security on the loan, Leonard notes that the debt could likely be repaid through service fees as "Program Income." While this would not independently fund the broadband corridor Leonard envisions, HUD funds could provide this support and be designed to leverage additional public and private layered capital. Indeed, each dollar of HUD funding has historically supported \$4 in additional investments.

---

<sup>87</sup> Worldport is the largest fully automated package handling facility in the world and the largest capital project in UPS' history. The operation currently processes an average of 1.6 million packages and turns over approximately 130 aircraft a day. See UPS Worldport Facts for more (<http://www.pressroom.ups.com/Fact+Sheets/UPS+Worldport+Facts>).

<sup>88</sup> To date, CDBG funds have *not* been used to finance broadband; however, such projects are clearly consistent with program regulations.

## 8.2 Community Development Block Grants (CDBG):

Three related HUD programs hold significant promise for broadband deployment:

1. CDBG Entitlement Grants

The CDBG entitlement program applies a statutory formula to allocate annual grants to larger cities and urban counties (i.e., greater than 50,000) to improve housing, infrastructure, and economic development, particularly for low- and moderate-income persons. There are nine recognized entitlement areas in Kentucky.<sup>89</sup>

2. State CDBG

In 1981, Congress expanded HUD authority to give states the flexibility to allocate CDBG funds to non-entitlement areas. Also known as the Small Cities CDBG program, States may use these funds to smaller units of general local government that implement community-development activities based on a state's designated funding priorities.

3. Section 108 Loans

CDBG entitlement communities can leverage their grants by using them as security for Section 108 loan guarantees to support economic development, housing rehabilitation, public facilities, and large-scale physical development projects. Non-entitlement communities are also eligible to participate using state CDBG funds (providing the state agrees to pledge its current and future CDBG funds as security for the loan). As elaborated below ("**Nature of Award**"), loans are awarded over a 20-year term and can represent as much as five times the area's annual CDBG allocation. In this way, Section 108 Loan Guarantees allow local governments to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue large-scale physical and economic revitalization projects.

## 8.3 Entities Funded

CDBG allocations support 1,200 communities and 7,250 local governments each year. The program is intended to benefit local governments ("grantees" or "recipients"). As noted

---

<sup>89</sup> Ashland, Bowling Green, Covington, Elizabethtown, Henderson, Hopkinsville, Lexington-Fayette, Louisville, and Owensboro.

above, the “Entitlement Program” benefits large metropolitan areas – cities with more than 50,000 residents, designated principal cities of metropolitan statistical areas, or urban counties with more than 200,000 people. The “States and Small Cities Program” distributes HUD funds to states, which in turn can reallocate resources to small cities or non-entitled communities (also referred to as units of general local government). Recipients under either program can pass allocations to sub-recipients to help implement and administer the program. Sub-recipients are generally nonprofit organizations that help implement the awarded activity (e.g., administering a home rehabilitation loan program or managing a job training program). Section 108 loan guarantees can be used by states, metropolitan cities and urban counties (i.e., CDBG entitlement recipients), and non-entitlement communities that are selected by the state. HUD has recently proposed changing the Section 108 program to allow for user fees, which would offset the cost of loan guarantees and allow the agency to make Section 108 loan-guarantee commitments without appropriated subsidies.<sup>90</sup>

#### 8.4 Nature of Award

CDBG awards through both the Entitlement Program and States and Small Cities Program are provided as grants. Allocations have been fairly stable over time. The awards are intended to supplement other resources as either seed or capstone money. In fact, HUD reports that each dollar of CDBG allocations has been leveraged to support an additional four dollars in state, federal, foundation or private support.<sup>91</sup> CDBG allocations can also be used to provide the non-federal share of grants (i.e., matching funds or cost shares) for other federal programs.<sup>92</sup>

Section 108 loans allow recipients to finance up to five times their CDBG allocation. The principal security for the loan guarantee is a pledge by the applicant or the state (in the case of a non-entitlement public entity) of its current and future CDBG funds. Such loans are financed through underwritten public offerings, which can be provided through an interim lending facility established by HUD.

Interest rates on interim borrowing are priced at the three-month London Interbank Offered Rate (LIBOR) plus 20 basis points (0.2%). Permanent financing is pegged to yields on U.S. Treasury obligations of similar maturity to the principal amount. A small additional

---

<sup>90</sup> HUD, Feb. 5, 2015, 80 Fed. Reg. 6470, “Section 108 Loan Guarantee Program: Payment of Fees To Cover Credit Subsidy Costs” ([http://www.gpo.gov/fdsys/pkg/FR-2015-02-05/pdf/2015\\_02262.pdf](http://www.gpo.gov/fdsys/pkg/FR-2015-02-05/pdf/2015_02262.pdf)).

<sup>91</sup> HUD, “About the Community Development Block Grant Program” (<https://www.hudexchange.info/resources/documents/About-the-CDBG-Program.pdf>).

<sup>92</sup> 24 CFR § 570.201(g).

basis point spread, depending on maturity, will be added to the Treasury yield to determine the actual rate. Each annual principal amount will have a separate interest rate associated with it. Loans can be repaid over a period of up to 20 years, with payment based upon the fixed interest rate determined in the public offering for that specific year, resulting in the borrower paying the weighted average interest rate corresponding to the project principal amortization schedule.

To date, there has been no default under Section 108 resulting in a repayment by HUD. In the event of such a default, HUD would continue to make payments on the loan in accordance with its terms. The source of payments by HUD pursuant to its guarantee would almost always be pledged CDBG funds (which are assumed to be stable in perpetuity). However, HUD does have borrowing authority with the U.S. Treasury if the pledged funds are insufficient.

## **8.5 Program Resources**

Congress has appropriated \$144 billion in CDBG program funds since its inception in 1974. Each dollar of HUD funding typically leverages an additional \$4 in state, federal and foundation support. CDBG entitlement allocations are determined based on a statutory formula that considers several objective measures of community need, including poverty, population, housing overcrowding, age of housing, and growth lag. Seventy percent of program funds are allocated to metropolitan cities and urban counties (i.e., with populations greater than 50,000). Additional funds are allocated directly to states to reallocate to non-entitlement local jurisdictions.

Though resources fell during the recent economic downturn, they have been relatively stable throughout the program's 40-year existence. Recent national appropriations are noted in Table 7, below. This stability is recognized in the Section 108 program, and loans are financed for up to 20 years assuming a stable contribution from annual CDBG awards.

Significantly more resources are available for Section 108 loan guarantees. Recipients may apply for up to five times the latest approved CDBG allocation, minus any outstanding Section 108 commitments and/or principal balances of Section 108 loans for which the state (or entity) has pledged its CDBG funds as security.

Table 7: CDBG Appropriations (2012-2015)

	2012 Enacted	2013 Enacted	2014 Enacted	2015 Enacted
<b>Community Development Block Grants (CDBG)</b>				
Entitlement	2,058,763	2,149,837	2,116,100	2,095,100
Non-Entitlement	882,327	921,358	906,900	897,900
<i>Subtotal</i>	<i>2,941,090</i>	<i>3,071,195</i>	<i>3,023,000</i>	<i>2,993,000</i>
Insular Areas	7,000	7,000	7,000	7,000
Set Asides - (PIH) Native Americans	60,000	56,862	70,000	66,000
<b>Total CDBG</b>	<b>3,008,090</b>	<b>3,135,057</b>	<b>3,100,000</b>	<b>\$3,066,000</b>

There are nine CDBG entitlement areas in Kentucky. 2015 allocations to these entitlement areas along with statewide allocations for the State and Small Cities Program are depicted in Table 8 (FY 2015) and Table 9 (FY 2014).

Table 8: Kentucky - FY 2015 CDBG Allocations

Entitlement Area	Allocation
Ashland	\$521,355
Bowling Green	\$522,215
Covington	\$1,393,330
Elizabethtown	\$181,365
Henderson	\$211,179
Hopkinsville	\$267,431
Lexington-Fayette	\$2,047,931
Louisville	\$10,303,957
Owensboro	\$408,012
<b>Kentucky Non-entitlement</b>	<b>\$23,137,162</b>

Table 9: Kentucky - FY 2014 CDBG Allocations

Entitlement Area	Allocation
Ashland	\$526,197
Bowling Green	\$521,283
Covington	\$1,420,110
Elizabethtown	\$167,323
Henderson	\$210,578
Hopkinsville	\$278,762
Lexington-Fayette	\$2,044,247
Louisville	\$10,401,455
Owensboro	\$411,628
Kentucky Non-entitlement	\$23,581,426

## 8.6 Applicable Deadlines

HUD allocations to entitlement participants are determined in February and executed in June, with a program year of July 1 through June 30. Recipients must comply with both annual and five-year reporting/ planning requirements. These include both periodic strategic plans and more frequent spending plans, which identify programs and projects that will be supported with CDBG awards.

## 8.7 Program Mission

The primary objective of the authorizing legislation for CDBG (i.e., Title I of the Housing and Community Development Act of 1974) is the development of viable urban communities. To that end, CDBG funds should be used to provide decent housing, a suitable living environment, and expanded economic opportunities.

## 8.8 Projects Funded

Entitlement communities are given tremendous flexibility to develop their own programs and funding priorities and consult with local residents before making final decisions. CDBG funds have been used for property acquisition; rehabilitating existing residential and nonresidential properties; providing public facilities and improvements, such as water and sewer, streets, and neighborhood centers; supporting public services; clearance;

homeownership assistance; and assistance to for-profit businesses for economic development activities. Although CDBG funds have historically been used to support infrastructure projects (e.g., flood control, wastewater treatment), to date, no awards have been used for broadband. Table 10 delineates CDBG spending by activity since 2001. HUD maintains a collection of detailed project profiles, which provide a sense of the range and scale of supported activities.<sup>93</sup>

Table 10: CDBG Spending by Activity (FY2001-FY2013)<sup>94</sup>

Activity	Percentage of Allocations
Acquisition	5.7%
Housing	24.1%
Administrative & Planning	14.9%
Repayment of Section 108 Loans	3.1%
Public Services	11.4%
Economic Development	8.6%
Public Improvements	31.7%

The vast majority of these funds (approximately 95 percent) have been invested in activities that primarily benefit low and moderate-income persons.

## 8.9 Eligible Activities

CDBG offers grantees a high level of flexibility in choosing program activities. With limited restrictions, grantees are free to select those activities that best meet the needs of their communities, in accordance with the national objectives and other requirements of the CDBG Program. Each entitlement grantee proffers a Consolidated Plan (five-year strategic planning document) and an Action Plan (one-year implementation plan) defining proposed projects for HUD review and approval.

All CDBG activities must benefit low- and moderate-income persons (typically demonstrated with an LMI job-creation strategy and plan), aid in the prevention or elimination of slums and blight, or address an urgent need that poses a serious and immediate threat to the health or welfare of the community that occurred within the last 18 months and for which no other funds are available.<sup>95</sup>

<sup>93</sup> HUD, CDBG Project Profiles (<https://www.hudexchange.info/community-development/cdbg-ta-products/project-profiles/>); see also CDBG Project Profiles, Infrastructure, Public Facilities and Public Services (<https://www.hudexchange.info/community-development/cdbg-ta-products/project-profiles/>).

<sup>94</sup> HUD, "About the Community Development Block Grant Program" (<https://www.hudexchange.info/resources/documents/About-the-CDBG-Program.pdf>).

<sup>95</sup> *Id.*



CDBG funds may be used for the acquisition, construction, reconstruction, rehabilitation, or installation of public improvements or public facilities. Public improvements are defined to include — but are not limited to — improvements to streets, sidewalks, water and sewer lines, and parks. Public facilities include — but are not limited to — neighborhood or community facilities and facilities for persons with special needs (e.g. homeless shelters, group homes, and halfway houses).

CDBG funds may also be used for activities related to economic development (e.g., microenterprise assistance, commercial rehabilitation, and special economic development activities) and payment of the non-federal share of grants required for CDBG-eligible activities.

### 8.10 Restrictions

While recipients have tremendous flexibility to determine the appropriate use of CDBG grants (or Section 108 loans), these funds are subject to several restrictions. First, at least 70 percent of the funds expended over a period specified by the grantee, not less than three years, must be used for activities that benefit low- and moderate-income persons. In addition, funds cannot be used:

- To construct buildings for the general conduct of government;
- To finance general government expenses or political activities (though a building assisted with CDBG funds can be used for political meetings, candidate fora, or voter registration, if it is available to all community organizations on an equal basis);
- To purchase equipment;
- To purchase personal property (e.g., furnishings or motor vehicles); or
- To finance operating and maintenance expenses.

### 8.11 Key Resources

- Authorizing legislation (Title 1 of the Housing and Community Development Act of 1974, Public Law 93-383, as amended; [42 U.S.C. 5301](#) et seq.) and regulations governing the Section 108 loan guarantee program ([24 CFR 570](#), Subpart M, Loan Guarantees).
- Fact Sheet  
<https://www.hudexchange.info/resources/documents/About-the-CDBG-Program.pdf>
- CDBG general background  
<http://portal.hud.gov/hudportal/HUD?src=/hudprograms/entitlement>

- CDBG overview  
<https://www.hudexchange.info/resources/documents/Basically-CDBG-Chapter-1-Overview.pdf>
- CDBG flowchart  
([http://www.hud.gov/offices/cpd/economicdevelopment/toolkit/CDBG\\_flowchart.pdf](http://www.hud.gov/offices/cpd/economicdevelopment/toolkit/CDBG_flowchart.pdf)).
- Economic development toolkit  
<https://www.hudexchange.info/resource/2376/cdbg-economic-development-toolkit/>
- Section 108 guide and toolkit  
<https://www.hudexchange.info/section-108/guides>

## 8.12 Agency Contact

- Roger Leonard, Louisville Field Office, Director of Planning and Community Development, Region IV (502-618-8143)

## 9 Rural Utilities Service (RUS) Loans

The U.S Department of Agriculture (USDA) Rural Utilities Service (RUS) provides loans for telecommunications and electric infrastructure, which may support broadband deployment in the Commonwealth. Unfortunately, the broadband loan program is currently on hold pending a federal rulemaking. Although the electric loan program offers loans at competitive rates, the program is notoriously paperwork and labor intensive. As such, it may be preferable to rely on public bonds or private loans.

### Rural Broadband Access Loan and Loan-Guarantee Program

Rural Broadband Access Loan and Loan Guarantee Program (Rural Broadband Loan Program) has historically been the RUS program with the greatest promise for broadband. In fact, 100 loans in 43 states (representing a total value of \$2-billion) have been provided through the program from 2003 through 2013. Awards range from \$100,000 (minimum) to \$100 million (maximum), with an average award of \$640,000.<sup>96</sup> The application process is not onerous and there is some flexibility in what loans can cover. Unfortunately, with the recent enactment of the Agricultural Act of 2014 (Farm Bill), changes to the program will require a formal rulemaking. RUS is not accepting loan applications pending these changes.<sup>97</sup> Program staff does not know when the rulemaking will be complete.

### Electric Loan Program

While not as targeted as Broadband Loans, rural electric utilities (wholesale and retail providers of electricity) that serve customers in rural areas may be able to benefit from the RUS Electric Loan Program pending the completion of the Broadband Loan rulemaking process.

Since its origin in May 1935, the electric program has makes insured loans and loan guarantees to nonprofit and cooperative associations, public bodies, and other utilities. Insured loans primarily finance the construction of electric distribution facilities in rural areas. The guaranteed loan program has been expanded and is now available to finance generation, transmission, and distribution facilities, including system improvements and replacement required to furnish and improve electric service in rural areas, as well as demand-side management, energy conservation programs, and on-grid and off-grid renewable energy systems. These systems can be repurposed to support broadband.

Entities Funded: Loans are made to cooperatives as well as to corporations, states, territories and subdivisions and agencies such as municipalities, people's utility districts,

---

<sup>96</sup> (See 76 Fed. Reg. 13771 for details on previous awards.)

<sup>97</sup> <http://www.rd.usda.gov/programs-services/farm-bill-broadband-loans-loan-guarantees>

and nonprofit, limited-dividend, or mutual associations that provide retail electric service needs to rural areas or supply the power needs of distribution borrowers in rural areas.

Nature of Award: RUS provides both loans and loan guarantees for rural electric providers. Loan guarantees may cover up to 100 percent of construction costs to qualified borrowers in rural areas. Presently, borrowers may take advantage of either FFB or Hardship loans, though the former offer much lower rates. The figure below provides current interest rates for the FFB loan program. Hardship loans may be used by retail providers who meet rate disparity thresholds and whose consumers either fall below average per capita and household income thresholds or have suffered a severe, unavoidable hardship. Interest rates are fixed at 5 percent for up to 20 years.

**Figure 5: Current Treasury and FFB Interest Rates**

<b>Issue Date: 03/06/15</b>									
03/05/15 TREASURY YIELD CURVE SEMIANNUAL RATES									
3-mo	6-mo	1-yr	2-yr	3-yr	5-yr	7-yr	10-yr	20-yr	30-yr
0.02	0.08	0.25	0.65	1.05	1.57	1.90	2.11	2.49	2.71
APPROXIMATE FFB QUARTERLY RATES*									
3-mo	6-mo	1-yr	2-yr	3-yr	5-yr	7-yr	10-yr	20-yr	30-yr
0.02	0.18	0.37	0.77	1.15	1.60	1.88	2.06	2.37	2.46

FY2015 Resources: Funding for the RUS loan program is not based on appropriations, and available resources far exceed demand. In FY 2015, the program has \$5.5-billion in available lending and loan-guarantee authority. As of March 2015, RUS had received applications seeking \$750 million in federal loans. (See table below.)

Figure 6: Fiscal Year 2015 Loans and Appropriations<sup>98</sup>

<b>Fiscal Year 2015 Loans and Appropriations</b>					
<b>Appropriations</b>	<b>FFB</b>		<b>Guarantee</b>		<b>Total</b>
<b>Program Level</b>	\$	5,000,000,000	\$	500,000,000	\$ 5,500,000,000
Allocation	\$	5,000,000,000	\$	500,000,000	\$ 5,500,000,000
Obligated	\$	72,299,000	\$	\$0	\$ 72,299,000
Remaining Allocation	\$	4,927,701,000	\$	500,000,000	\$ 5,427,701,000
<b>Remaining Authority</b>	\$	4,927,701,000	\$	500,000,000	\$ 5,427,701,000
<b>Surplus/Deficiency of funds</b>	\$	<b>4,249,211,000</b>	\$	<b>500,000,000</b>	\$ <b>4,749,211,000</b>
<b>Applications</b>					
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b> <b>\$</b>
On Hand for FY2015	22	\$ 750,789,000	\$	-	22 \$ 750,789,000
Approved	6	\$ 72,299,000	\$	-	6 \$ 72,299,000
Remaining for FY2015	16	\$ 678,490,000	\$	-	16 \$ 678,490,000

Cost-Share Requirement: N/A (loan).

Applicable Deadlines: Loan applications are accepted year-round. The lending process is notoriously slow and RUS funds will take longer to secure than private sector sources of financing. Applicants should expect to secure a loan 12 to 18 months following their initial application and must either submit a loan well before resources are needed or arrange for alternate resources in the near term (e.g., by borrowing from private lending institutions and repaying using the long-term RUS funds).

Program Mission: The RUS Electric Program provides capital and leadership to maintain, expand, upgrade and modernize rural electric infrastructure.

Projects Funded: The loans and loan guarantees finance maintenance, upgrades, expansion, or replacement of electric distribution, transmission (bulk and sub-transmission), generation, and headquarters (office, service and warehouse) facilities in rural areas. The Electric Program also provides funding to support demand-side management, energy efficiency and conservation programs, and on-and off-grid renewable energy systems. Rural utilities may be able to repurpose this infrastructure to support broadband.

<sup>98</sup> [http://www.rd.usda.gov/files/UEP\\_Boxscore.pdf](http://www.rd.usda.gov/files/UEP_Boxscore.pdf) ; Historic lending data is available at [http://apps1.eere.energy.gov/tribalenergy/pdfs/tribal\\_business/usda\\_rus\\_0811.pdf](http://apps1.eere.energy.gov/tribalenergy/pdfs/tribal_business/usda_rus_0811.pdf)

Restrictions: There are a number of restrictions for the RUS Electric Loan program. In particular:

- Loans are limited to eligible rural communities (i.e., an area with less than 20,000 inhabitants and not adjacent to an urbanized area with more than 50,000 inhabitants).
- Borrowers must have the legal authority to provide, construct, operate and maintain the proposed facilities or services.
- All facilities receiving federal financing must be used for a public purpose

#### Key Links

- General background on Broadband Loan Program:  
[www.rurdev.usda.gov/utp\\_farmbill.html](http://www.rurdev.usda.gov/utp_farmbill.html) (including application materials) and  
<http://edocket.access.gpo.gov/2011/pdf/2011-5615.pdf>
- Application guide (Broadband Loan Program):  
[http://www.rurdev.usda.gov/UTP\\_FarmBillAppGuide.html](http://www.rurdev.usda.gov/UTP_FarmBillAppGuide.html)
- Farm Bill loan program brochure:  
[http://www.rurdev.usda.gov/supportdocuments/BBLoanProgramBrochure\\_8-11.pdf](http://www.rurdev.usda.gov/supportdocuments/BBLoanProgramBrochure_8-11.pdf)
- Presentation on the Broadband Loan Program:  
<http://www.rurdev.usda.gov/supportdocuments/FarmBillRegulationPresentation.pdf>
- RUS Electric Infrastructure Loan & Loan Guarantee website:  
<http://www.rd.usda.gov/programs-services/electric-infrastructure-loan-loan-guarantee-program>
- Rules governing the RUS Electric loan program 7 CFR §1714
- Presentation with additional background on the program:  
[http://apps1.eere.energy.gov/tribalenergy/pdfs/tribal\\_business/usda\\_rus\\_0811.pdf](http://apps1.eere.energy.gov/tribalenergy/pdfs/tribal_business/usda_rus_0811.pdf)

#### Agency Contacts

- Ken Kuchno (202-690-4673); [Kenneth.kuchno@wdc.usda.gov](mailto:Kenneth.kuchno@wdc.usda.gov)
- Kentucky General Field Representative (Broadband Loans): James E. Wilson (859-335-5483 or [james.wilson@wdc.usda.gov](mailto:james.wilson@wdc.usda.gov))
- Kentucky General Field Representative (Rural Electric Loans): Kentucky General Field Representative: Mike Norman (859-253-4653)

## 10 Telehealth Network Grant Program

For several years, the U.S. Department of Health and Human Services (HHS) has recognized the key role that telecommunications can have in expanding healthcare opportunities. In a 2010 opinion piece, former HHS Secretary Kathleen Sebelius wrote: “Over the last 30 years, we've watched information technology revolutionize industry after industry, dramatically improving the customer experience and driving down costs. ... Now that government and stakeholders are coming together, we are finally poised to make the same transformation in health care.”<sup>1</sup>

This transformation is supported through the Health Resources and Services Administration’s (HRSA) Telehealth Network Grant Program (“TNGP”), a competitive grant program that funds projects that demonstrate the use of telehealth networks to improve healthcare services for medically underserved populations in urban, rural, and frontier communities.

TNGP networks are used to: (a) expand access to, coordinate, and improve the quality of health care services; (b) improve and expand the training of health care providers; and/or (c) expand and improve the quality of health information available to health care providers, and patients and their families, for decision-making.

While annual appropriations vary, TNGP typically supports fewer than a dozen awards with three-year grants of roughly \$250,000 per year.<sup>99</sup>

### 10.1 Summary of TNGP Process, Timeline, and Deadlines

- **Pre-Application:** Prior to the opening of the application window, or as soon as possible thereafter, Applicants should secure a DUNS number. This process is free and takes only one to two business days to complete. DUNS numbers can be secured through the web form (<http://fedgov.dnb.com/webform>) or by calling Dun & Bradstreet (800-526-9018).
- **Pre-Application:** Prior to the opening of the application window, or as soon as possible thereafter, Applicants should complete System of Award Management (SAM) registration or update their existing registration. To remain active, registrants must update their information annually. SAM registration is a prerequisite to the grant program and applications can take three to 12 days to process. The application is available online (<https://www.sam.gov>) and detailed

---

<sup>99</sup> In 2013, HRSA offered nine awards of \$250,000, with funding in the second and third year contingent upon appropriations.

instructions are provided below. A DUNS number is required for the SAM registration process and should be obtained first.

- Application Window: Applicants are given 60 days to respond to an initial grant notice, with awards announced six-months later. In 2013, the grant notice was provided in December, applications were due in February, and awards were announced in September. The grant calendar varies, however, dependent on appropriations. In 2015, notice is anticipated in late April or May. Recognizing that the funding calendar may fluctuate, we advise applicants to stay apprised of opportunities through Grants.gov (<http://www.grants.gov>). Grant materials must be submitted electronically via grants.gov. To avoid technical difficulties, HRSA recommends submitting two days before the deadline. For guidelines on electronic submission process, see HRSA Electronic Submission User Guide <http://www.hrsa.gov/grants/apply/userguide.pdf>
- During the Application Window: HRS offers grant support through a pre-application conference call, which will be announced on the agency website and available for replay until the application deadline.
- After Filing Application Materials: Applications must be filed electronically. Throughout this process, applicants will receive a series of emails from HRSA confirming receipt, completion of application, and assigning an agency tracking number.
- After Filing Application Materials: Successful applicants will receive letters of notification of award, which may include conditions for funding. This letter is not an authorization to begin performance. Rather, the letter will establish the size of the award, terms and conditions, the effective date of the award, the budget period for which initial support will be given, the non-federal share to be provided (if applicable), and the total project period for which support is contemplated.
- Throughout Award Period: Recipients are subject to a number of reporting requirements. In particular, recipients must:
  - Satisfy audit requirements of Office of Management and Budget (OMB) Circular A-133. ([http://www.whitehouse.gov/omb/circulars\\_default](http://www.whitehouse.gov/omb/circulars_default)).
  - Submit a quarterly electronic Federal Financial Report (FFR) (SF-425) – identifying cash expenditures against the authorized funds. FFRs must be



- filed within 30 days of the end of each calendar quarter and provide an accounting of expenditures under the project that year.
- Submit progress reports to HRSA on a semiannual basis. Applicants must submit two progress reports: the “Non-Competing Continuation Progress Report (NCCPR)” and an end of year progress report. These reports demonstrate the grantee’s ability to meet program specific goals and provide measurement data.
  - Participate in the Office for the Advancement (OAT) of Telehealth’s data collection/evaluation efforts. This includes filing six-month progress reports, annual reports, submitting information for the grantee directory, and filing final grant project reports.
  - Grant recipients must update their SAM registration annually. Accounts may be updated online and data must be reviewed in one sitting.<sup>100</sup>
- At the Close of the Award Period:
    - Applicants must submit a final performance report including Telehealth Outcome Measures within 90 days after the project period ends. This report provides information on program-specific goals and progress on strategies; core performance measurement data; impact of the overall project; the degree to which the grantee achieved the mission, goal and strategies outlined in the program; grantee objectives and accomplishments; barriers encountered; and responses to summary questions regarding the grantee’s overall experiences over the entire project period.
    - If applicable, awardees must submit the Tangible Personal Property Report (SF-428) and any related forms. The report must be submitted within 90 days after the project period ends. The SF-428 is required for any equipment purchased with award funds that cost more than \$5,000.
    - Grantees must also report information for each first-tier subaward of \$25,000 or more in Federal funds and provide executive total

---

<sup>100</sup> SAM registration updates can be completed online ([https://www.sam.gov/sam/helpPage/SAM\\_Reg\\_Status\\_Help\\_Page.html#step5content](https://www.sam.gov/sam/helpPage/SAM_Reg_Status_Help_Page.html#step5content)). SAM registration will expire and become “inactive” if you do not log in and update the entity registration record at least once annually.

compensation for the recipient's and subrecipient's five most highly compensated executives.

The application materials are discussed in more detail below.

## **10.2 Projects and Entities Likely to Be Funded**

### Entities Awarded

The TNGP program is intended to benefit underserved, rural communities. Although beneficiaries must be located in rural areas,<sup>101</sup> the applicants themselves need not. Services can be provided in any of a variety of settings including long-term care facilities, community health centers or clinics, physician offices, hospitals, schools, and assisted living facilities.

The program is designed to support geographic expansion of telehealth. Accordingly, grants will not be given to the same service area within the three-year grant cycle; however, areas and entities that previously received awards may be eligible in future cycles for an expanded or different project.

Eligible applicants include rural or urban nonprofit and for-profit entities that will provide services through a telehealth network. Faith-based, community-based organizations, and tribal organizations are eligible to apply. In particular, eligible Telehealth Networks must include at least two of the following entities (at least one of which shall be a community-based health care provider):

- Community or migrant health centers or other federally qualified health centers
- Health care providers, including pharmacists, in private practice;
- Entities operating clinics, including rural health clinics;
- Local health departments;
- Nonprofit hospitals, including community (critical) access hospitals;
- Other publicly funded health or social service agencies;
- Long-term care providers;
- Providers of health care services in the home;
- Providers of outpatient mental health services and entities operating outpatient mental health facilities;
- Local or regional emergency health care providers;

---

<sup>101</sup> TNGP defines rural areas as counties that are not designated as parts of Metropolitan Areas (MAs) by the Office of Management and Budget (OMB). In addition, OAT is using the Rural Urban Commuting Area Codes (RUCAs), developed by the WWAMI Rural Research Center at the University of Washington and the Department of Agriculture's Economic Research Service, to designate "Rural" areas within MAs. Applicants can assess rural eligibility using the Rural Health Grant Eligibility Analyzer (<http://datawarehouse.hrsa.gov/RuralAdvisor/ruralhealthadvisor.aspx>).

- Institutions of higher education; or
- Entities operating dental clinics.

A list of previous grantees is available online.<sup>2</sup>

Grantees must have a network of partners in place and be committed to the project as of the date of application. Each participant in the network:

- Must have a clearly defined role and a specific set of responsibilities;
- Provide defined resources (e.g., funding, space, staff) to benefit the network
- Participate in the planning and implementation of the telehealth project;
- Have a successful track record in implementing telehealth technology (i.e., start-up projects with no demonstrable telehealth experience will be at a competitive disadvantage); and
- Have a signed and dated Memorandum of Agreement (MOA) that delineates this role and resource contribution, along with decisions on equipment placement and responsibility for maintenance throughout the funding period and beyond.

#### Projects Likely to Be Funded

TNGP supports grants for both “telehealth” and “telehomecare” networks. The former can be used to finance electronic information and telecommunications technologies to support and promote long-distance clinical health care, patient and professional health-related education, public health, and health administration. The latter can be used to support programs that remotely monitor vital signs of individual patients or deliver healthcare services to individuals in their place of residence (including assisted-living facilities) by a healthcare provider.

Eligible projects must:

- Be ready to be implemented within 3-6 months of the grant award; and
- Identify which clinical areas of telehealth will be surveyed and provide clinical services for which performance measures can be developed. Preference will be given to projects that support a chronic condition (e.g., congestive heart failure, cancer, respiratory conditions, or diabetes). For example, if a project focuses on diabetes management, applicants must develop a baseline of blood-sugar levels for their patient population and assess how improved access to care will improve outcomes over the course of grant funding.<sup>102</sup>

---

<sup>102</sup> Other “measurable” outcomes might include improving access to health care services for residents of communities that did not have such services locally before the program; reducing hospitalization rates

In addition to these eligibility criteria, a number of factors will make applicants more likely to receive funding:<sup>3</sup>

- Where applicants have significant experience with telehealth networks and who are seeking support for a network expansion or to increase the breadth of services;
- The eligible entity is a rural community-based organization;
- Funds will be used to provide mental health, public health, long-term care, home care, preventive, or case management services;
- The project will leverage other federally funded projects in the area;
- The project includes a public library, an institution of higher education, or a local government entity that provides clinical health care or educational services;
- The project promotes local connectivity within communities to be served; or
- The project integrates health care information.

Awards cannot be used:

- To acquire real property;
- To purchase or install transmission equipment (such as laying cable or telephone lines, or purchasing or installing microwave towers, satellite dishes, amplifiers, or digital switching equipment);
- To purchase or install general purpose voice telephone systems;
- To pay for any equipment or transmission costs not directly related to the purposes for which the grant is awarded; or
- For construction. Moreover,
- Expenditures to purchase or lease equipment cannot exceed 40 percent of the total award; and
- Indirect costs cannot exceed 15 percent of the total award.<sup>103</sup>

### 10.3 Overview of the TNGP Application

The Funding Opportunity Announcement provides detailed filing instructions. These include a number of technical/ administrative requirements (enumerated in Section 1, above). Application materials are delineated in Table 11, below. The total size of all materials may not exceed 10 MB and the equivalent of 80 pages when printed by HRSA (though, not all application materials are counted toward the page limit, as noted in Table 11).

---

and emergency room visit rates for a variety of chronic diseases (e.g., congestive heart failure, stroke, cancer, or chronic respiratory disease); improving the efficiency of health care (e.g., time before treatment or diagnosis); avoiding readmissions; and reducing medical errors.

<sup>103</sup> Note that reimbursing clinicians is considered a direct expense and clinicians can be funded at up to \$90/ telehealth transaction.

These materials will be scored on a 100-point scale using the following seven review criteria:<sup>104</sup>

1. **Need** (5 points). Project need will be assessed based on a demonstration that the project will be used, that it is aligned to the demand of the target communities (considering existing use), the analyzed health needs of the community (based on population-specific data), identified unmet healthcare problems within the community, a demonstration that the technology is the most medically effective and cost-effective way to address the identified health problem(s), documentation of the community's willingness to support the telehealth solution, and demonstrated knowledge of human and technical resources in the community.
2. **Response** (16 points). This criterion is comprised of two parts: "Goals and Objectives" (8 points) and "Benefits" (8 points). Goals and objectives are assessed based on the extent to which the project facilitates the collection of data on the impact of telemedicine; responds to community problems, needs, and demand; includes goals that are achievable, measurable, time-limited and clearly stated; and compatible with the applicant organization's goals and objectives. Benefits are based on the extent to which the application proposes quantifiable benefits of the clinical services being delivered by the project, and how the benefits relate to the mission of the applicant and the needs of the community; the actual community demand for the proposed services; and, the extent to which the chosen technology is the optimum solution that justifies the costs of its deployment.
3. **Evaluative Measures** (18 points). Applicants must provide a plan to measure process and outcomes, with the ability to gather quantitative information about the impact on quality of care, the appropriateness of the technology, whether access and clinical outcomes were improved, and the cost of service delivery.
4. **Impact** (13 points). Impact is determined based on the extent to which project results may be replicated nationally (5 points) and the sustainability of the program beyond the grant period (8 points).
5. **Resources/ Capabilities** (25 points). Resources and capabilities are measured based on network experience (9 points), project management and work plan (11 points), and clinician acceptance and support (5 points). Network experience considers the applicants technical and organizational ability to implement the project and the

---

<sup>104</sup> Additional details about review criteria is available in the FY 2013 FOA (pp. 32-37).

evidence (through MOAs) that each network member is committed to participating. The work plan must be realistic and feasible, with clearly detailed responsibilities for key personnel. Clinician acceptance is assessed based on evidence of clinician's understanding of the project and the support of senior management in operating the budget.

6. **Support Requested** (15 points). This criterion considers whether the budget is realistic and justified, documents realistic budget costs, is complete and detailed, and provides demonstrable experience.
7. **Assessing technology and integrating clinical and administrative systems** (8 points). The final review criterion considers the appropriateness of the technology as the optimum approach to meet the identified need. This criterion also considers whether the project adequately protects patient privacy.

**Table 11. Telehealth Network Grant Program Application Materials<sup>105</sup>**

<b>Application Section</b>	<b>Form Type</b>	<b>Instruction</b>	<b>HRSA/Program Guidelines</b>
Application for Federal Assistance (SF-424)	Form	Form provided in the application package. Pages 1, 2 & 3 of the SF-424 face page.	Not counted in the page limit
Project Summary/ Abstract	Attachment	Can be uploaded on page 2 of SF-424 – Box 15. Includes details on service area; needs, objectives and projected outcomes; clinical services to be provided; actual patients served (previously); number of sites to be served; evaluation (anticipated outcomes); and sustainability (how the network will be maintained when federal funding ceases). Written to be distributed as a stand-alone document.	Required attachment. Limited to one page; counted in the page limit. Refer to FOA for detailed instructions.
Additional Congressional District	Attachment	Can be uploaded on page 2 of SF-424 – Box 16	As applicable to HRSA; counted in page limit
Project Narrative Attachment Form	Form	Supports upload of Project Narrative	Not counted in the page limit
Project Narrative <sup>106</sup>	Attachment	Can be uploaded in Project Narrative Attachment form. Provides a comprehensive description of all aspects of the proposed program, needs assessment, network partner sites, and range of activities for which telehealth will be used (with quantitative evaluation details). Refer to FOA (pp. 18-24) for detailed instructions.	Required. Counted in the page limit. Provide table of contents specific to this document only as the first page
SF-424A Budget Information – Non-Construction Programs	Form	Form provided in the application package. Page 1 & 2 supports structured budget for the request of non-construction related funds. Line-item budget required for all 3 years of the project, including information on salaries, revenues by site, personnel/ fringe benefits, travel, equipment, supplies, and subcontracts, along with a narrative	Not counted in the page limit

<sup>105</sup> Table provided in Funding Opportunity Announcement (FOA) for TNGP FY2013 (pages 8-10). Additional details regarding application components in FY FOA (pp. 11-28). Some application requirements may change in FY2015.

<sup>106</sup> Detailed instructions for Project Narrative are provided in FOA for FY2013 (pp. 18-24).

Guide to Broadband Funding Strategies for Communities and Utilities  
 May 2015

Application Section	Form Type	Instruction	HRSA/Program Guidelines
		that explains the amounts requested for each line in the budget. The FOA includes detailed instructions for preparing the budget.	
Budget Narrative Attachment Form	Form	Supports the upload of Project Narrative document	Not counted in the page limit
Budget Narrative	Attachment	Can be uploaded in Budget Narrative Attachment form	Required attachment. Counted in the page limit. Refer to the funding opportunity announcement for detailed instructions
SF-424 B Assurances – Non-Construction Programs	Form	Supports assurances for non-construction programs	Not counted in the page limit
Project/ Performance Site Location(s)	Form	Supports primary and 29 additional sites in structured form	Not counted in the page limit
Additional Performance Site Location(s)	Attachment	Can be uploaded in the SF-424 Performance Site Location Form(s). Single form with all additional site location(s)	Counted in the page limit
Disclosure of Lobbying Activities (SF-LLL)	Form	Form provided in the application package. Supports structured data for lobbying activities	Not counted in the page limit
Rural ID Eligibility	Attachment 1	Must submit in this sequence. Note that applicant sites may be in rural or urban areas, as urban area may serve as network hub (rather than spoke site). Must demonstrate how funds are needed at the hub site to benefit the spoke sites.	Counted in the page limit
Detailed Budget Information	Attachment 2	Must submit in this sequence	Counted in the page limit
Work Plan	Attachment 3	Must submit in this sequence	Counted in the page limit
Network Identification Information	Attachment 4	Must submit in this sequence. Includes information about number of beds, location, nature of site's activities (DLT, informatics, etc.), of each network site.	Counted in the page limit
Memorandum of Letters of Agreement and/ or Description(s) of Proposed/ Existing Contracts	Attachment 5	Must submit in this sequence. Includes documents (on letterhead of each spoke site) that describe working relationships between the applicant agency and each proposed spoke site. MOUs required from all spoke sites.	Counted in the page limit



Guide to Broadband Funding Strategies for Communities and Utilities  
 May 2015

<b>Application Section</b>	<b>Form Type</b>	<b>Instruction</b>	<b>HRSA/Program Guidelines</b>
Position Descriptions of Key Personnel	Attachment 6	Must submit in this sequence. Include details on training, language fluency, and experience working with target population.	Counted in the page limit (< 1 page each position)
Biographical Sketches of Key Personnel	Attachment 7	Must submit in this sequence	Counted in the page limit
Project Organizational Chart	Attachment 8	Must submit in this sequence	Counted in the page limit
Letters of Support	Attachment 9	Must submit in this sequence. Demonstrates interest in using network.	Counted in the page limit
Proof of Non-Profit Status	Attachment 10	Must submit in this sequence	Counted in the page limit
Grantee information from previously funded projects (if applicable)	Attachment 11	Must submit in this sequence	Counted in the page limit
Indirect Cost-Rate Agreement (if applicable)	Attachment 12	Must submit in this sequence	Counted in the page limit
Other documents, as needed	Attachments 13-15	Must submit in this sequence	Counted in the page limit

## 10.4 Important Resources

- TGNP is authorized by Public Health Service Act ((42 U.S.C. § 254c-14, Section 330I(d)(1)), as amended by the Health Care Safety Net Amendments of 2002 (Public Law 107-251)
- The 2013 Funding Opportunity Announcement with detailed application guide is available at: <http://apply07.grants.gov/apply/opportunities/instructions/oppHRSA-13-166-cid5431-instructions.pdf>. An updated FOA will be published for FY 2015.
- Background on telehealth is available at: <http://www.hrsa.gov/healthit/toolbox/RuralHealthITtoolbox/Telehealth/index.html>
- The TGNP program contact (Carolos Mena) can be reached by phone (301-443-3198) or email ([cmena@hrsa.gov](mailto:cmena@hrsa.gov)).

---

<sup>1</sup> Kathleen Sebelius, Aug. 26, 2010, Kaiser Health News, “The New Momentum Behind Electronic Health Records” (<http://kaiserhealthnews.org/news/082610sebelius/>)

<sup>2</sup> Active Grants for HRSA Programs (TNGP) ([https://ersrs.hrsa.gov/ReportServer/Pages/ReportViewer.aspx?/HGDW\\_Reports/FindGrants/GRANT\\_FIND&ACTIVITY=H2A&rs:Format=HTML4.0](https://ersrs.hrsa.gov/ReportServer/Pages/ReportViewer.aspx?/HGDW_Reports/FindGrants/GRANT_FIND&ACTIVITY=H2A&rs:Format=HTML4.0)).

<sup>3</sup> Public Health Service Act (42 U.S.C. § 254c-14, Section 330I(d)(1)) (<https://www.law.cornell.edu/uscode/text/42/254c>).