

**§§ 1738.303–1738.349**

**7 CFR Ch. XVII (1–1–25 Edition)**

**§§ 1738.303–1738.349 [Reserved]**

**§ 1738.350 OMB control number.**

The information collection requirements in this part are approved by the Office of Management and Budget (OMB) and assigned OMB control number 0572–0154.

**PART 1739—BROADBAND GRANT PROGRAM**

**Subpart A—Community Connect Grant Program**

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**Subpart B [Reserved]**

AUTHORITY: 7 U.S.C. 901 *et seq.*

SOURCE: 78 FR 25791, June 3, 2013, unless otherwise noted.

**Subpart A—Community Connect Grant Program**

**§ 1739.1 Purpose.**

(a) The provision of broadband service is vital to the economic development, education, health, and safety of rural Americans. The purpose of the Community Connect Grant Program is to provide financial assistance in the form of grants to eligible applicants that will provide, on a “community-oriented connectivity” basis, broadband service that fosters economic growth and delivers enhanced educational, health care, and public

safety benefits. The Agency will give priority to rural areas that have the greatest need for broadband services, based on the criteria contained herein and in the RUS Community Connect Program application guide and/or the Community Connect Program website and in the funding opportunity announcement (FOA) posted on *www.Grants.gov*.

(b) Grant authority will be used for the deployment of service to all premises in eligible rural areas at the Broadband Grant Speed on a “community-oriented connectivity” basis. In addition to providing service to all premises the “community-oriented connectivity” concept will stimulate practical, everyday uses and applications of broadband by cultivating the deployment of new broadband services that improve economic development and provide enhanced educational and health care opportunities in rural areas. Such an approach will also give rural communities the opportunity to benefit from the advanced technologies that are necessary to achieve these goals.

[78 FR 25791, June 3, 2013, as amended at 83 FR 45033, Sept. 5, 2018]

**§ 1739.2 Funding availability and application dates and submission.**

(a) The Agency will post a FOA on *www.Grants.gov* that will set forth the total amount of funding available; the maximum and minimum funding for each grant; funding priority; the application submission dates; and the appropriate addresses and agency contact information. The FOA will also outline and explain the procedures for submission of applications, including electronic submissions. The Agency may publish more than one FOA should additional funding become available. This information will also be made available in the RUS Community Connect Grant program application guide and on the RUS Community Connect Grant program website.

(b) Notwithstanding paragraph (a) of this section, the Agency may, in response to a surplus of qualified eligible applications which could not be funded from the previous fiscal year, decline to post a FOA for the following fiscal

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year and fund said applications without further public notice.

[83 FR 45033, Sept. 5, 2018]

### § 1739.3 Definitions.

As used in this subpart:

*Agency* or *RUS* shall mean the Rural Utilities Service, which administers the United States Department of Agriculture (USDA) Rural Development Utilities Programs.

*Broadband Grant Speed* means the minimum bandwidth described in the funding opportunity that an applicant must propose to deliver to every customer in the proposed funded service area in order for the Agency to approve a broadband grant. The Broadband Grant Speed may be different for fixed and mobile broadband services and from the minimum rate of data transmission required to determine the availability of broadband service when qualifying a service area.

*Broadband service* means any terrestrial technology having the capacity to provide transmission facilities that enable subscribers of the service to originate and receive high-quality voice, data, graphics, and video at the minimum rate of data transmission described in the funding opportunity. Satellite and mobile services are not considered broadband service. The broadband service speed may be different from the broadband grant speed for the Community Connect program.

*Community Center* means a building within the Proposed Funded Service Area that provides access to the public, or a section of a public building with at least two (2) Computer Access Points and wireless access, that is used for the purposes of providing free access to and/or instruction in the use of broadband Internet service, and is of the appropriate size to accommodate this purpose. The community center must be open and accessible to area residents before, during, and after normal working hours and on Saturdays or Sunday.

*Computer Access Point* means a new computer terminal with access to service at the Broadband Grant Speed.

*Critical Community Facilities* means an essential community facility as defined pursuant to section 306(a) of the Con-

solidated Farm and Rural Development Act (7 U.S.C. 1926(a)).

*Eligible applicant* shall have the meaning as set forth in § 1739.10.

*Eligible grant purposes* shall have the meaning as set forth in § 1739.12.

*Funding opportunity announcement (FOA)* means a publicly available document by which a Federal agency makes known its intentions to award discretionary grants or cooperative agreements, usually as a result of competition for funds. FOA announcements may be known as program announcements, notices of funding availability, solicitations, or other names depending on the agency and type of program. FOA announcements can be found at *www.Grants.gov* in the Search Grants tab and on the funding agency's or program's website.

*Matching contribution* means the applicant's qualified contribution to the Project, as outlined in § 1739.14 of this part.

*Project* means the delivery of service at the Broadband Grant Speed financed by the grant and Matching Contribution for the Proposed Funded Service Area.

*Proposed Funded Service Area (PFSA)* means the contiguous geographic area within an eligible Rural Area or eligible Rural Areas, in which the applicant proposes to provide service at the Broadband Grant Speed.

*Rural area* means any area, as confirmed by the most recent decennial Census of the United States (decennial Census), which is not located within:

(1) A city, town, or incorporated area that has a population of greater than 20,000 inhabitants; or

(2) An urbanized area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants, and which excludes certain populations pursuant to 7 U.S.C. 1991(a)(13)(H) and (I). For purposes of the definition of rural area, an urbanized area means a densely populated territory as defined in the most recent decennial Census.

[78 FR 25791, June 3, 2013, as amended at 80 FR 9862, Feb. 24, 2015; 83 FR 45033, Sept. 5, 2018; 85 FR 14408, Mar. 12, 2020; 87 FR 38642, June 29, 2022]

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**§ 1739.8 Buy American requirement.**

Awardees shall use in connection with the expenditure of grant funds only such unmanufactured articles, materials, and supplies, as have been mined or produced in the United States or in any eligible country, and only such manufactured articles, materials, and supplies as have been manufactured in the United States or in any eligible country, substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States or in any eligible country. For purposes of this section, an “eligible country” is any country that applies with respect to the United States an agreement ensuring reciprocal access for United States products and services and United States suppliers to the markets of that country, as determined by the United States Trade Representative. The Buy American regulations may be found at, and any requests for waiver must be submitted pursuant to, 7 CFR part 1787.

[85 FR 14408, Mar. 12, 2020]

**§ 1735.9 USDA Rural Development State Director notification.**

Applicants shall complete a notification form which will be a public document that the RUS provides to USDA Rural Development State Directors and others in the state(s) of the PFSA. The notification shall include a brief project description and the location of the PFSA.

**§ 1739.10 Eligible applicant.**

To be eligible for a Community Connect competitive grant, the applicant must:

(a) Be legally organized as an incorporated organization, an Indian tribe or tribal organization, as defined in 25 U.S.C. 450b(e), a state or local unit of government, or other legal entity, including cooperatives or private corporations or limited liability companies organized on a for-profit or not-for-profit basis.

(b) Have the legal capacity and authority to own and operate the broadband facilities as proposed in its application, to enter into contracts and

to otherwise comply with applicable federal statutes and regulations.

(c) Register in the System for Award Management (SAM) (formerly Central Contractor Registry (CCR)).

(1) At the time of application, whether applying electronically or by paper, each applicant must have a Unique Entity Identifier (UEI) and an active registration in SAM before submitting its application in accordance with 2 CFR part 25. Instructions for obtaining the UEI are available at <https://sam.gov/>.

(2) The SAM registration must remain active, with current information, at all times during which an entity has an application under consideration by an agency or has an active Federal Award. To remain registered in the SAM database after the initial registration, the applicant is required to review and update, on an annual basis from the date of initial registration or subsequent updates, its information in the SAM database to ensure it is current, accurate and complete.

[78 FR 25791, June 3, 2013, as amended at 89 FR 34958, May 1, 2024]

**§ 1739.11 Eligible Community Connect Competitive Grant Project.**

To be eligible for a Community Connect competitive grant, the Project must:

(a) Serve a PFSA in which Broadband Service does not currently exist;

(b) Offer service at the Broadband Grant Speed to all residential and business customers within the PFSA ;

(c) Offer free service at the Broadband Grant Speed to all Critical Community Facilities located within the PFSA for at least 2 years starting from the time service becomes available to each Critical Community Facility;

(d) Provide a Community Center with at least two (2) Computer Access Points and wireless access at the Broadband Grant Speed, free of all charges to all users for at least 2 years; and

(e) Not overlap with the service areas of current RUS borrowers and grantees.

**§ 1739.12 Eligible grant purposes.**

Grant funds may be used to finance the following:

(a) The construction, acquisition, or leasing of facilities, including spectrum, land or buildings, used to deploy service at the Broadband Grant Speed to all residential and business customers located within the PFSA and all participating Critical Community Facilities, including funding for up to ten Computer Access Points to be used in the Community Center. Buildings constructed with grants funds must reside on property owned by the awardee. Leasing costs will only be covered through the advance of funds period included in the award documents;

(b) The improvement, expansion, construction, or acquisition of a Community Center and provision of Computer Access Points. Grant funds for the Community Center will be limited to ten percent of the requested grant amount. If a community center is constructed with grant funds, the center must reside on property owned by the awardee;

(c) The cost of providing the necessary bandwidth for service free of charge to the Critical Community Facilities for 2 years.

**§ 1739.13 Ineligible grant purposes.**

Operating expenses not specifically permitted in §1739.12.

**§ 1739.14 Matching contributions.**

(a) At the time of closing of the award, the awardee must contribute or demonstrate available cash reserves in an account(s) of the awardee equal to at least 15% of the grant. Matching contributions must be used solely for the Project and shall not include any financial assistance from federal sources unless there is a federal statutory exception specifically authorizing the federal financial assistance to be considered as such. An applicant must provide evidence of its ability to comply with this requirement in its application.

(b) At the end of every calendar quarter, the award must submit a schedule to RUS that identifies how the match contribution was used to support the project until the total contribution is expended.

**§ 1739.15 Completed application.**

Applications should be prepared in conformance with the provisions of this part and all applicable regulations, including 2 CFR part 200, as adopted by USDA through 2 CFR part 400. Applicants must also conform to the requirements of the FOA posted on *www.Grants.gov*, the RUS Community Connect Grant program application guide, and the Community Connect Grant program website. Applicants should refer to the FOA and the application guide for submission directions. The application guide contains instructions and forms, as well as other important information needed to prepare an application and is updated on an annual basis. Paper copies of the application guide can be requested by contacting the Loan Origination and Approval Division at 202-720-0800. Completed applications must include the following documentation, studies, reports and information, in form and substance satisfactory to the Agency:

(a) *An Application for Federal Assistance.* A completed Standard Form 424;

(b) *An executive summary of the Project.* A general project overview that addresses the following categories:

(1) A description of why the Project is needed;

(2) A description of the applicant;

(3) An explanation of the total Project costs;

(4) A general overview of the broadband telecommunications system to be developed, including the types of equipment, technologies, and facilities to be used;

(5) Documentation describing the procedures used to determine the unavailability of existing Broadband Service; and

(6) A list of the Critical Community Facilities that will take service from the Applicant at the Broadband Grant Speed, and evidence that any remaining Critical Community Facility located in the PFSA has rejected the offer;

(c) *Scoring Criteria Documentation.* A narrative, with documentation where necessary, addressing the elements listed in the scoring criteria of §1739.17;

(d) *System design.* A system design of the Project that is economical and

practical, including a detailed description of the facilities to be funded, technical specifications, data rates, and costs. In addition, a network diagram detailing the proposed system must be provided. The system design must also comply with the environmental review requirements in accordance with 7 CFR part 1970 and as supplemented by 7 CFR 1738.108;

(e) *Service Area Demographics.* The following information about the PFSA:

(1) A map, submitted electronically through RUS' web-based Mapping Tool, which identifies the Rural Area boundaries of the PFSA; and

(2) The total population, number of households, and number of businesses located within the PFSA;

(f) *Scope of work.* A description of the scope of work, which at a minimum must include:

(1) The specific activities and services to be performed under the Project;

(2) Who will carry out the activities and services;

(3) A construction build-out schedule and project milestones, showing the time-frames for accomplishing the Project objectives and activities on a quarterly basis; and

(4) A budget for all capital and administrative expenditures reflecting the line item costs for Eligible Grant Purposes and other sources of funds necessary to complete the Project;

(g) *Community-oriented connectivity plan.* A community-oriented connectivity plan consisting of the following:

(1) A listing of all participating Critical Community Facilities to be connected. The applicant must also provide documentation that it has consulted with the appropriate agent of every Critical Community Facility in the PFSA, and must provide statements from each one as to its willingness to participate, or not to participate, in the proposed Project;

(2) A description of the services the applicant will make available to local residents and businesses; and

(3) A list of any other telecommunications provider (including inter-exchange carriers, cable television operators, enhanced service providers, wireless service providers and providers of satellite services) that is partici-

pating in the delivery of services and a description of the consultations and the anticipated role of such provider in the Project;

(h) *Financial information and sustainability.* A narrative description demonstrating the sustainability of the Project: from the commencement of construction to completion, and beyond the grant period; the sufficiency of resources; how and when the matching requirement is met; and the expertise necessary to undertake and complete the Project. The following financial information is required:

(1) If the applicant is an existing company, it must provide complete copies of audited financial statements, if available, for the two fiscal years preceding the application submission. If audited statements are unavailable, the applicant must submit unaudited financial statements for those fiscal years. Applications from start-up entities must, at minimum, provide an opening balance sheet dated within 30 days of the application submission date; and

(2) Annual financial projections in the form of balance sheets, income statements, and cash flow statements for a forecast period of five years, which prove the sustainability of the Project for that period and beyond. These projections must be inclusive of the applicant's existing operations and the Project, and must be supported by a detailed narrative that fully explains the methodology and assumptions used to develop the projections, including details on the number of subscribers projected to take the applicant's services. Applicants submitting multiple applications for funding must demonstrate that each Project is feasible and sustainable on its own, funds are available to cover each of the matching requirements and that all Projects for which funding is being requested are financially feasible as a whole;

(i) *Statement of experience.* A statement of experience which includes information on the owners' and principal employees' relevant work experience that would ensure the success of the Project. The applicant must also provide a written narrative demonstrating its capability and experience, if any, in

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operating a broadband telecommunications system;

(j) *Legal authority.* Evidence of the applicant's legal authority and existence, and its ability to enter into a grant agreement with the RUS, and to perform the activities proposed under the grant application;

(k) *Additional funding.* Evidence that funding agreements have been attained, if the Project requires funding commitment(s) from sources other than the grant. An applicant submitting multiple applications for funding must demonstrate its financial wherewithal to support all applications, if accepted, and that it can simultaneously complete and operate all of the Projects under consideration. Additionally, commitments for outside funding must be explicit that they will be available if all applications are not funded;

(1) *Public notice.* The Agency will publish a public notice of each application requesting assistance under this part. The application must provide a summary of the information required for such public notice. The information required can be found in 7 CFR 1738.106.

(m) *Federal compliance.* Evidence of compliance with other federal statutes and regulations including, but not limited to the following:

(1) 7 CFR part 15, subpart A—Non-discrimination in Federally Assisted Programs of the Department of Agriculture—Effectuation of Title VI of the Civil Rights Act of 1964;

(2) 2 CFR part 200, as adopted by USDA through 2 CFR part 400.

(3) 2 CFR part 417—Nonprocurement Debarment and Suspension;

(4) 2 CFR part 418—New Restrictions on Lobbying;

(5) 2 CFR part 421—Requirements for Drug-Free Workplace (Financial Assistance);

(6) Certification regarding Architectural Barriers;

(7) Certification regarding Flood Hazard Precautions;

(8) Environmental review documentation prepared in accordance with 7 CFR part 1970 and as supplemented by 7 CFR 1738.108.

(9) A certification that grant funds will not be used to duplicate lines, fa-

cilities, or systems providing Broadband Service;

(10) Federal Obligation Certification on Delinquent Debt; and

(11) Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants.

[78 FR 25791, June 3, 2013, as amended at 79 FR 76004, Dec. 19, 2014; 81 FR 11027, Mar. 2, 2016; 83 FR 45033, Sept. 5, 2018; 85 FR 14409, Mar. 12, 2020]

### § 1739.16 Review of grant applications.

(a) All applications for grants must be delivered to the Agency at the address and by the date specified in the FOA, the Community Connect Grant program application guide and the Community Connect Grant program website (*see* §1739.2) to be eligible for funding. The Agency will review each application for conformance with the provisions of this part, and may contact the applicant for clarification of information in the application.

(b) Incomplete applications as of the deadline for submission will not be considered. If an application is determined to be incomplete, the applicant will be notified in writing and the application will be returned with no further action.

(c) If the Agency determines that the Project is technically or financially infeasible or unsustainable, the Agency will notify the applicant, in writing, and the application will be returned with no further action.

(d) Applications conforming with this part will be evaluated competitively by the Agency and will be ranked in accordance with §1739.17. Applications will then be awarded generally in rank order until all grant funds are expended, subject to paragraphs (e) and (f) of this section.

(e) In addition to scoring, the Agency may take geographic distribution into consideration when making final award determinations.

(f) An award may be made out of rank order if a higher ranked application would require an award that exceeded available funding or would consume a disproportionate amount of funds available relative to its ranking.

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(g) The Agency reserves the right to offer an applicant a lower amount than proposed in the application.

[78 FR 25791, June 3, 2013, as amended at 83 FR 45033, Sept. 5, 2018]

### § 1739.17 Scoring of applications.

The ranking of the “community-oriented connectivity” benefits of the Project will be based on documentation in support of the need for services, benefits derived from the proposed services, characteristics of the PFSA, local community involvement in planning and implementation of the Project, and the level of experience of the management team. In ranking applications the Agency will consider the following criteria based on a scale of 100 possible points:

(a) An analysis of the challenges of the following criteria, laid out on a community-wide basis, and how the Project proposes to address these issues (up to 50 points):

- (1) The economic characteristics;
- (2) Educational challenges;
- (3) Health care needs; and
- (4) Public safety issues;

(b) The extent of the Project’s planning, development, and support by local residents, institutions, and Critical Community Facilities. Documentation must include evidence of community-wide involvement, as exemplified by community meetings, public forums, and surveys. In addition, applicants should provide evidence of local residents’ participation in the Project planning and development (up to 40 points).

(c) The level of experience and past success of operating broadband systems for the management team. (up to 10 points)

(d) In making a final selection among and between applications with comparable rankings and geographic distribution, the Administrator may take into consideration the characteristics of the PFSA. Only information provided in the application will be considered. Applicants should therefore specifically address each of the following criteria to differentiate their applications:

(1) Persistent poverty counties that will be served within the PFSA;

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(2) Out-migration Communities that will be served within the PFSA;

(3) The rurality of the PFSA;

(4) The speed of service provided by the project;

(5) Substantially underserved trust areas that will be served within the PFSA;

(6) Community members with disabilities that will be served within the PFSA; and

(7) Any other additional factors that may be outlined in the FOA, the Community Connect Grant program application guide, and the Community Connect Grant program website.

[78 FR 25791, June 3, 2013, as amended at 83 FR 45033, Sept. 5, 2018]

### § 1739.18 Grant documents.

The terms and conditions of grants shall be set forth in grant documents prepared by the Agency. The documents shall require the applicant to own all equipment and facilities financed by the grant. Among other matters, the Agency may prescribe conditions to the advance of funds that address concerns regarding the Project feasibility and sustainability. The Agency may also prescribe terms and conditions applicable to the construction and operation of the Project and the delivery of service at the Broadband Grant Speed to eligible Rural Areas, as well as other terms and conditions applicable to the individual Project. Dividend distributions will not be allowed until all grant funds and matching contributions have been expended.

### § 1739.19 Reporting and oversight requirements.

(a) A project performance activity report will be required of all recipients on an annual basis until the Project is complete and the funds are expended by the applicant. The reporting period will start with the calendar year the award is made and continue for every calendar year through the term of the award. The report must be submitted by January 31 of the following year of the reporting period. Recipients are to submit an original and one copy of all project performance reports, including, but not limited to, the following:

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(1) A comparison of actual accomplishments to the objectives established for that period;

(2) A description of any problems, delays, or adverse conditions which have occurred, or are anticipated, and which may affect the attainment of overall Project objectives, prevent the meeting of time schedules or objectives, or preclude the attainment of particular Project work elements during established time periods. This disclosure shall be accompanied by a statement of the action taken or planned to resolve the situation; and

(3) Objectives and timetable established for the next reporting period.

(b) A final project performance report must be provided by the recipient. It must provide an evaluation of the success of the Project in meeting the objectives of the program. The final report may serve as the last annual report.

(c) The Agency will monitor recipients, as it determines necessary, to assure that Projects are completed in accordance with the approved scope of work and that the grant is expended for Eligible Grant Purposes.

(d) Recipients shall diligently monitor performance to ensure that time schedules are being met, projected work within designated time periods is being accomplished, and other performance objectives are being achieved.

(e) The applicant must have the necessary processes and systems in place to comply with the reporting requirements for first-tier sub-awards and executive compensation under the Federal Funding Accountability and Transparency Act of 2006 in the event the applicant receives funding unless such applicant is exempt from such reporting requirements pursuant to 2 CFR 170.110(b). The reporting requirements under the Transparency Act pursuant to 2 CFR part 170 are as follows:

(1) First Tier Sub-Awards of \$25,000 or more in non-Recovery Act funds (unless they are exempt under 2 CFR part 170) 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.

(2) The Total Compensation of the Recipient's Executives (5 most highly compensated executives) must be re-

ported by the Recipient (if the Recipient meets the criteria under 2 CFR part 170) to <http://www.sam.gov> by the end of the month following the month in which the award was made.

(3) The Total Compensation of the Subrecipient's Executives (5 most highly compensated executives) must be reported by the Subrecipient (if the Subrecipient meets the criteria under 2 CFR part 170) to the Recipient by the end of the month following the month in which the subaward was made.

(f) Entities that receive assistance from the Agency under this part to provide retail broadband service must submit annual reports for 3 years after project completion. The information required can be found in 7 CFR 1738.107(a) and (c).

[78 FR 25791, June 3, 2013, as amended at 85 FR 14409, Mar. 12, 2020]

### § 1739.20 Audit requirements.

A grant recipient shall provide the Agency with an audit for each year in which a portion of the financial assistance is expended, in accordance with the following:

(a) If the recipient is a for-profit entity, an electric or telecommunications cooperative, or any other entity not covered by the definition of "non-Federal entity" in 2 CFR 200.1, the recipient shall provide an independent audit report in accordance with 7 CFR part 1773 and the grant agreement. Please note that the first audit submitted to the Agency and all subsequent audits must be comparative audits as described in 7 CFR part 1773.

(b) If the recipient is a non-Federal entity, as defined in 2 CFR 200.1, the recipient shall provide an audit in accordance with subpart F of 2 CFR part 200.

[78 FR 25791, June 3, 2013, as amended at 79 FR 76004, Dec. 19, 2014; 88 FR 7561, Feb. 6, 2023]

### § 1739.21 OMB control number.

The information collection requirements in this part are approved by the Office of Management and Budget (OMB) and assigned OMB control number 0572-0127.

### Subpart B [Reserved]