

The Coronavirus Aid, Relief, and Economic Security Act



COVID 19 - ReConnect Program – Informational Report

09801-0001-23 - September 2023

Reliable and affordable broadband¹ internet is fundamental for economic activity in a diverse set of industries throughout the rural United States.² The Consolidated Appropriations Act of 2018 established the Rural Utilities Service (RUS) Rural eConnectivity Pilot Program (now known as the ReConnect Program).³ As reported in 2020 (based on 2018 data) by the Federal Communications Commission (FCC), over 22 percent of Americans in rural areas lack coverage from fixed terrestrial broadband internet, as compared to only 1.5 percent of Americans in urban areas.⁴ In its 2021 (based on 2019 data) report, FCC noted the percentage of rural Americans with insufficient access to broadband had dropped to approximately 17 percent.⁵

The Coronavirus Disease 2019 (COVID-19) pandemic highlighted the gap between those with access to broadband and those without access, known as the “digital divide.”⁶ As stated in a United States Department of Agriculture (USDA) press release, “[t]he need for rural broadband has never been more apparent than it is now – as our nation manages the coronavirus national emergency. Access to telehealth services, remote learning for school children, and remote business operations all require access to broadband.”⁷ The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided funding to the ReConnect Program in response to the COVID-19 pandemic.⁸

As part of the Office of Inspector General’s oversight responsibility, we are issuing this informational report to provide general program information and highlight the CARES Act funding for the ReConnect Program.⁹

¹ Broadband service is defined as “any fixed terrestrial technology, including fixed wireless, having the capacity to transmit data to enable a subscriber to the service to originate and receive high quality voice, data, graphics and video.” See 7 C.F.R. § 1740.2.

² “Broadband” is another term for high-speed internet access.

³ Consolidated Appropriations Act, 2018, Pub. L. No. 115-141 § 779, 132 Stat. 348, 398 (2018).

⁴ Federal Communications Commission FCC 20-50, “2020 Broadband Deployment Report” (Apr. 24, 2020).

⁵ Federal Communications Commission FCC 21-18, “Fourteenth Broadband Deployment Report” (Jan. 13, 2021).

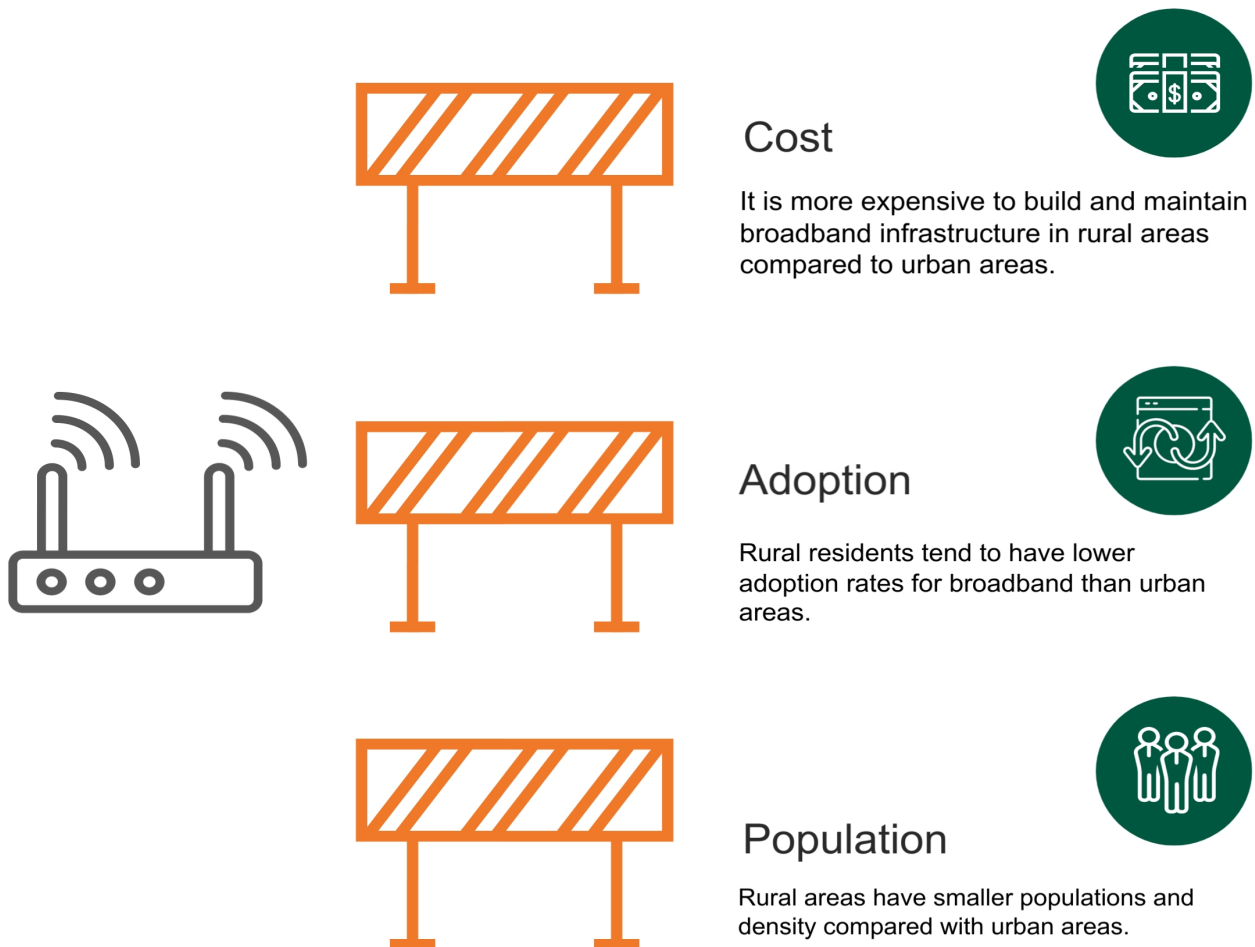
⁶ CRS, *USDA’s ReConnect Program: Expanding Rural Broadband*, R47017 (updated Dec. 14, 2022).

⁷ USDA Press Release, *Trump Administration Invests More Than \$3 Million in High-Speed Broadband in Rural North Carolina*, No. 0331.20 (July 27, 2020).

⁸ CARES Act, Pub. L. No. 116-136, § 11004, 134 Stat. 281, 510, (2020).

⁹ Audit Report 09601-0001-23, *Rural eConnectivity Pilot Program (ReConnect Program)—Award Process*, July 2023.

BARRIERS TO BROADBAND SERVICE IN RURAL AREAS



Graphic 1: Barriers to Broadband Service in Rural Areas.¹⁰

The Big Picture of the ReConnect Program

The ReConnect Program provides grants and low-interest loans to eligible internet service providers in areas without sufficient access to broadband.¹¹ USDA's Reconnect Program is an investment to bring reliable and affordable broadband to rural areas. The ReConnect Program offers three different funding categories for interested applicants (see below):

¹⁰ CRS, *USDA's ReConnect Program: Expanding Rural Broadband*, R47017 (updated Dec. 14, 2022).

¹¹ The CARES Act defines sufficient broadband as 10 Mbps downstream and 1 Mbps upstream.

100-Percent
Grant

50-Percent Grant /
50-Percent Loan
Combination

100-Percent
Loan

ReConnect Program—CARES Act

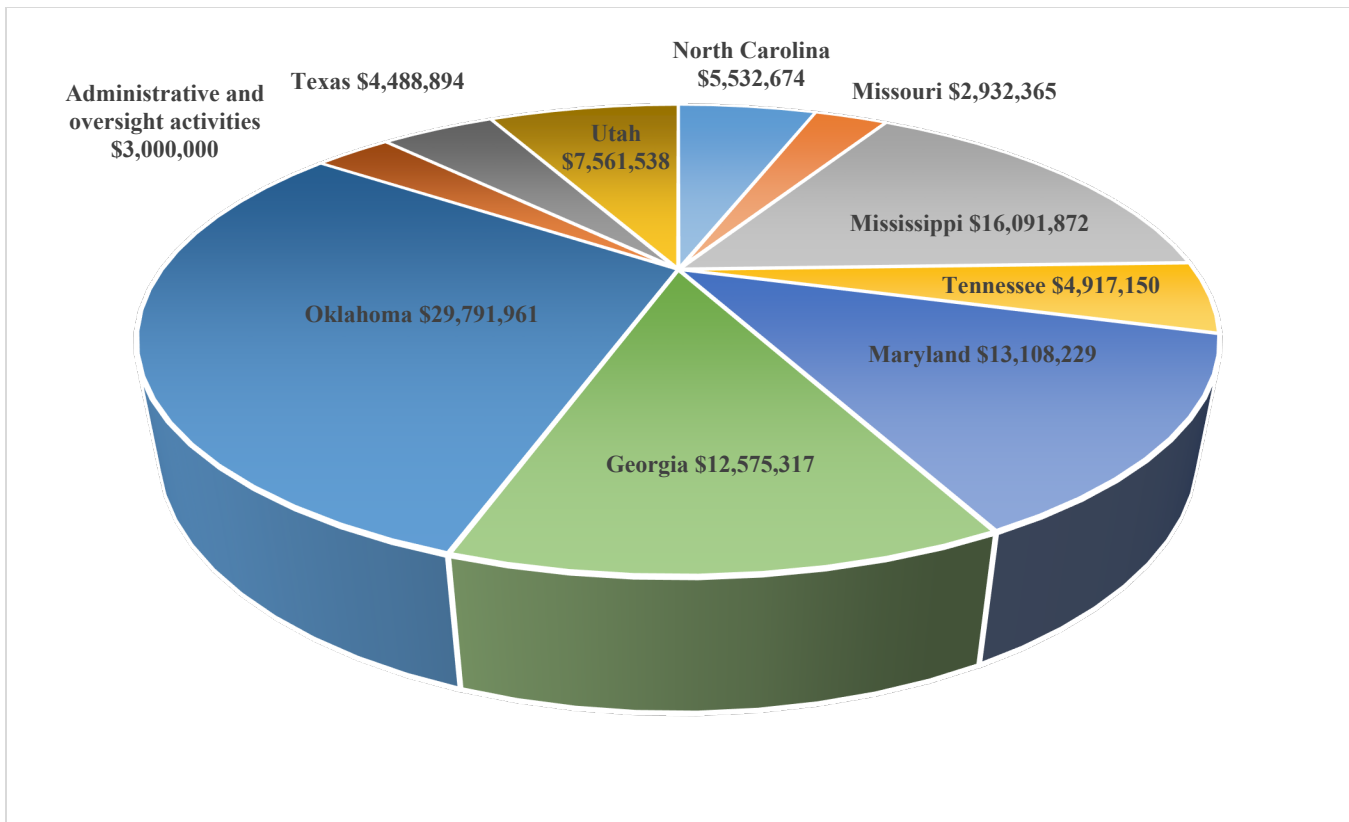
In March 2020, the CARES Act provided the ReConnect Program with \$100 million in funding for grants to prevent, prepare for, and respond to the coronavirus. These funds were to be used to cover the costs of construction, improvement, or acquisition of facilities and equipment needed to provide broadband service in eligible rural areas. The CARES Act funds were provided to serve the same purposes as regular program purposes, except that priority consideration was provided to previously rejected grant applicants. The program provided funding to support broadband connections, distance learning, telehealth, and telework.¹²

Distribution of CARES Act ReConnect Program Funding

According to RUS press releases, sufficient broadband access would be made available to households, farms, and over 400 businesses due to the CARES Act funds received. Also, the funded projects would provide broadband access to educational, healthcare, and essential community facilities. There were 11 ReConnect Program applications that were designated by RUS for CARES Act funding. Between June and September of 2020, RUS announced funding awards for 9 projects that totaled nearly \$85 million.¹³ Two additional projects were funded in 2021 that totaled more than \$12 million using CARES Act funds. Additionally, RUS designated \$3 million for oversight and underwriting activity administrative expenses.

¹² CARES Act, Pub. L. No. 116-136, 134 Stat. 281 (2020).

¹³ The other two applications were rejected and received no CARES Act or regular program funds.



Graphic 2: Distribution of \$100 Million CARES Act ReConnect Program Funds Awarded to Service Providers for Projects Within Each State. Graphic created by USDA OIG.

Recent USDA OIG Broadband Audit

We issued an audit report on July 28, 2023, on the USDA RUS ReConnect Program.¹⁴ In the report, we concluded that RUS' mapping tool had a systemic programming error that caused the number of households without sufficient access to broadband to be overstated for some applications. Specifically, when an applicant adjusted or redrew their Proposed Funded Service Area (PFSA), the programming error allowed multiple underserved areas to be drawn on top of each other and allowed the system to count households without sufficient access to broadband more than once. As a result, we questioned two approved applications, valued at more than \$17.8 million, in which the number of households without sufficient access to broadband in a PFSA was larger than the total number of households in the PFSA. One of the questioned applications, in the amount of more than \$16 million, was awarded CARES Act funds.

We recommended that RUS: (1) implement a process to test mapping software to ensure that the software programming error found does not exist in new systems; and (2) review and confirm the percentage of households without access to broadband was within the eligibility parameters for approved applications in ReConnect Program Round 1, Round 2, and the CARES Act to ensure that only eligible projects received ReConnect Program funding.

¹⁴ Audit Report 09601-0001-23, *Rural eConnectivity Pilot Program (ReConnect Program)—Award Process*, July 2023.

RUS officials agreed with our findings and recommendations, and we accepted management decision on all two recommendations.

Scope and Methodology

This informational report provides general information and highlights CARES Act funding as of June 30, 2023. This informational report does not contain any findings or recommendations, and it was prepared using information obtained during the audit work and from public sources. We provided a draft of this product to RUS management for their review and technical comments; no comments were provided.

We conducted this inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. We believe the evidence obtained is sufficient and appropriate to support the information in this report.

ReConnect program broadband installation (banner photo). USDA photo by Preston Keres. All photographs are from USDA's Flickr site and are in the public domain. They do not depict any particular audit or investigation.

Abbreviations

CARES Act.....	Coronavirus Aid, Relief, and Economic Security Act
COVID-19.....	coronavirus disease 2019
FCC.....	Federal Communications Commission
PFSA.....	Proposed Funded Service Area
RUS.....	Rural Utilities Service
USDA.....	United States Department of Agriculture

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