
RURAL UTILITIES SERVICE

Distance Learning and Telemedicine Program Grant Application Guide Fiscal Year 2004



The U.S. Department of Agriculture prohibits discrimination in its programs on the basis of race, color, National origin, sex, religion, age, disability, political beliefs, and marital or family status. (Not all bases apply to all programs.)

Persons with disabilities who require alternative means for communications of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center on (202) 720-1127 (TDD).

USDA is an equal opportunity employer.



Rural Development
United States Department of Agriculture

TABLE OF CONTENTS

I. GENERAL INFORMATION	1
A. Types of Financial Assistance	2
B. FY 2004 Funding	2
C. Who's Eligible?	2
D. Rurality Requirement	3
E. Required Matching Funds	3
F. Scoring Criteria	3
G. DLT Program Contacts	4
H. DLT Resources on the Web	4
II. APPLICATION SUBMISSION PROCESS	4
A. New for 2004	4
B. How to Submit an Application	4
C. Deadlines	6
D. Intergovernmental Review	6
III. APPLICATION REVIEW PROCESS	6
A. Courtesy Review	6
B. Review Process	7
C. Appeals Process	7
D. Application Selection	7
IV. REQUIREMENTS FOR A COMPLETED APPLICATION	8
A. Standard Form 424	8
B. Executive Summary	8
C. Objective Scoring Worksheet	9
D. Rurality	9
E. Economic Need: NSLP	11
F. EZ/ECs & Champion Communities	12
G. Community Needs & Project Benefits	13
H. Project Innovation (Innovativeness)	15
I. Budget	16
J. Leveraging Financial Resources	19
K. Financial Information & Sustainability	20
L. Project Cost-Effectiveness	20
M. Telecommunications System Plan	21
N. Scope of Work	22
O. Statement of Experience	23
P. Contact with USDA State Director	23
Q. Certifications	23
R. Attachments & Supplemental Information	24
V. PUTTING IT ALL TOGETHER	24

Rural Utilities Service Distance Learning and Telemedicine Program

Advanced telecommunications services play a vital role in the economic development, education and health care of rural Americans. The Rural Utilities Service's (RUS) Distance Learning and Telemedicine (DLT) Program is specifically designed to meet the educational and health care needs of rural America through the use of advanced telecommunications technologies. With DLT loans, grants, and loan-grant combinations, RUS helps rural communities enjoy enhanced educational opportunities, improved health care services and greater economic development.

RUS' partnership with rural America is long-standing. For over 50 years, RUS has been at the forefront of providing the infrastructure financing that brought advanced telecommunications services to the most rural areas of our country. Today, RUS continues as an essential source of financing and technical assistance for rural telecommunication systems. The DLT Program strengthens that partnership and commitment by continuing to improve the quality of life for rural citizens.

Through its telecommunications infrastructure loan program and DLT Program, RUS has helped build community partnerships that provide both the infrastructure needed to reach the schoolhouse or clinic door and the equipment required inside that door.

Your organization is to be commended for its interest in providing rural residents—students, teachers, parents, patients and physicians—with innovative and affordable educational and health care opportunities which were once only available in urban areas. By submitting an application for financing under the DLT Program, you take a significant step toward improving the quality of life in rural America.

In this guide, you will find information on eligibility requirements; funding purposes and types of financial assistance; the how, when, and where to submit an application; and tips that will be useful in preparing your application.

I. GENERAL INFORMATION

This application guide will help you address the criteria identified in the DLT Program regulation, and complete your application for the DLT grant program. Where appropriate, the application guide includes suggestions and samples. Please note that the suggestions and samples are not a recipe for a successful application. Present your project in a clear and compelling manner, with the understanding that reviewers will score your project based on how well you address the scoring criteria. Proper documentation is critical.

The Code of Federal Regulations (7 CFR 1703, Subparts D through G, "Part 1703") sets forth the DLT Program regulation. Use Part 1703 in conjunction with this

application guide. Should there be any difference in interpretation between this guide and 7 CFR 1703, Subparts D through G, the regulation takes precedence.

A. Types of Financial Assistance

The DLT Program provides three kinds of financial assistance:

1. 100% grant
2. 100% loan
3. combination loan-grant

This guide covers the application requirements for a 100% grant. Please use the *FY 2004 Loan and Combination Loan-Grant Application Guide* for combination loan-grant or loan applications.

B. FY 2004 Funding

For FY 2004, \$15 million in 100% grants is available for DLT projects serving rural America.

- Minimum grant request: \$50,000
- Maximum grant request: \$500,000

C. Who's Eligible?

To be eligible for a grant, your organization must meet three qualifications:

1. Currently deliver or propose to deliver distance learning or telemedicine services.
2. Be legally organized as an incorporated organization or partnership; an Indian tribe or tribal organization; a state or local unit of government; a consortium; or other legal entity, including a private corporation organized on a for profit or not-for profit basis. Please see 7 CFR 1703.103(i) for specific legal definitions and citations.
3. 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 at rates calculated to ensure that the benefit of the financial assistance passes through to such entities or to residents of rural areas.

Note: RUS electric or telecommunications borrowers are not eligible for grants, but are eligible for loans. See the *Loan and Combination Loan-Grant Application Guide* for more information.

D. Rurality Requirement

You must perform a rurality calculation to determine the extent to which your project serves rural areas. To be eligible for a DLT grant, your project must meet a minimum rurality requirement of **20 points**. The **Grant Application Guide Toolkit** (See Section IV, “Requirements for a Completed Application”) provides a sample Rural Calculation Table to help you determine your project’s rurality score.

E. Required Matching Funds

Your organization’s minimum matching contribution must equal at least 15% of the grant amount requested and be proposed for approved purposes. Please see Section IV.I, “Budget,” for a listing of approved purposes. Your application will score more points if you can secure additional leveraging beyond the required match. See Section IV.J, “Leveraging Financial Resources,” for an explanation of the scoring criterion.

Special Exemption: American Samoa, Guam, Virgin Islands and Northern Mariana Islands applications are exempt from the matching requirement up to a match amount of \$200,000.

F. Scoring Criteria

7 CFR 1703.126 identifies the criteria used for scoring grant applications. Of the seven scoring criteria, four are **objective** and three are **subjective**. Subsequent sections of this guide discuss each of the review criteria in more detail.

OBJECTIVE

- Rurality of the project service area
- Economic need—NSLP
- EZ/EC or Champion Communities project location
- Leveraging financial resources

SUBJECTIVE

- Documented need for services and benefits derived from the project
- Innovativeness of the project
- Cost-effectiveness of the project

Objective scoring criteria are straightforward indicators which measure the economic need and rurality of the areas proposed by the project, your organization’s ability to leverage resources, and the project’s participation in USDA Federal EZ/ECs or Champion Communities.

To address the **subjective scoring criteria**, describe the unique circumstances involving the proposed project, and how your organization proposes to use a DLT grant integrated with other resources to meet communities’ needs. When addressing these criteria, specifically discuss all aspects of the application that contribute to the scoring criteria.

KEY ELEMENTS TO REMEMBER

- Always provide source documentation to substantiate the data provided. (Reviewers may not have first-hand knowledge regarding your specific locale or circumstances.)
- Include all of the information concerning a particular subjective scoring criterion in one section titled by that criterion.

G. DLT Program Contacts

The DLT Program staff is available to answer questions about the application process and program requirements.

Telephone: (202) 720-0413
Fax: (202) 720-1051
Email: dltinfo@usda.gov

H. DLT Resources on the Web

RUS posts the latest developments concerning the DLT Program, including the FY 2004 application guides, program regulations, toolkits and the notice of application filing deadline on the DLT Web page:

<http://www.usda.gov/rus/telecom/dlt/dlt.htm>

II. APPLICATION SUBMISSION PROCESS

A. New for 2004

As required by the Office of Management and Budget, **all applicants for grants must now supply a Dun and Bradstreet Data Universal Numbering System (DUNS) number** when applying. The Standard Form 424 (SF-424) contains a space for your organization's DUNS number.

Obtaining a DUNS number costs nothing and requires a telephone call to Dun and Bradstreet (1-866-705-5711). Please see the DLT Web site or <http://www.grants.gov/RequestaDUNS> for more information on how to obtain a DUNS number or how to verify your organization's number.

B. How To Submit An Application

HOW TO SUBMIT AN APPLICATION ON PAPER

Mail or ensure delivery of an original and two copies of a completed application by the deadline date to the following address:

**Director, Advanced Services Division
Rural Utilities Service
1400 Independence Ave., SW
STOP 1550, Room 2845
Washington, D.C. 20250-1550**

Paper applications must show proof of mailing or shipping consisting of one of the following:

- A legibly dated U.S. Postal Service (USPS) postmark
- A legible mail receipt with the date of mailing stamped by the USPS
- A dated shipping label, invoice, or receipt from a commercial carrier

Note: Packages arriving at USDA via the USPS are irradiated, which can damage the contents. RUS encourages you to consider the impact of this procedure in selecting your application delivery method. Also, should there be a disruption in mail delivery service, we strongly encourage you to submit applications via express mail or commercial delivery to our office.

HOW TO SUBMIT AN APPLICATION ELECTRONICALLY

We will accept your electronic application if you submit it by the deadline through the Federal government's e-grants Web site (Grants.gov):

<http://www.grants.gov>

You will need a DUNS number and a Central Contractor Registry (CCR) registration before you can submit electronically. In addition, Grants.gov requires some one-time credentialing and online authentication procedures. These sign-up procedures may take several business days to complete.

Tip: If you want to submit an application on-line, RUS strongly encourages you to **obtain all the necessary sign-ups, credentials and authorizations in advance of the deadline.**

Please follow the instructions at Grants.gov. If you experience a technical problem retrieving or submitting an electronic application, make the Grants.gov customer support resources your first stop (click the "Customer Support" tab on any page of Grants.gov to get started). DLT Program staff doesn't control the technical aspects of Grants.gov and won't be able to help you if you experience a problem. However, we are happy to answer questions about the Program and the contents of an application.

RUS may request original signatures on electronically submitted documents later.

Applications will **not** be accepted via facsimile machine transmission or electronic mail.

C. Deadlines

All applications must have a postmark or proof of shipping (or electronic submission, if applicable) by the deadline date to be eligible for funding within the current fiscal year.

For FY 2004, the overall deadline for DLT grant applications is **April 30, 2004**.

If you want a courtesy review of your application's eligibility, please submit your application (on paper, not electronically) by March 31, 2004. (Please see III.A, "Courtesy Review," for an explanation.)

Late applications will not be considered for funding; they will be returned to applicants.

D. Inter-governmental review

The DLT Program is subject to Executive Order 12372, "Intergovernmental Review of Federal Programs." The Order requires consultation with State and local officials. You must submit a copy of your application to the State Single Point of Contact (SPOC), if one has been designated for your State, at the same time you submit an application to RUS.

Use this Web site to find the State Single Points of Contact:

<http://www.whitehouse.gov/omb/grants/spoc.html>

III. APPLICATION REVIEW PROCESS

A. Courtesy Review

If you submit your application early in the application window, we will review the eligibility of your organization and your project to compete for a DLT grant. Please see items I.C ("Who's Eligible?"), I.D ("Rurality Requirement") and I.E ("Required Matching Funds") for brief descriptions of the items we'll review. We also encourage you to read the detailed sections of this guide (and the DLT program regulation) that explain these requirements in more detail.

If we find eligibility problems, we'll tell you about them so that you can modify your application and resubmit it by the deadline. If we don't find basic eligibility problems, we'll tell you and move your application to the completeness review. (See III.B, "Review Process," the next section.)

Please submit your application early—within the first 30 days of the application window—if you want us to perform a courtesy review. See II.C, "Deadlines," for the courtesy review deadline and the overall grant application deadline. Applications that

have a proof of mailing or shipping dated after the courtesy review deadline (but within the overall application window) will proceed to the completeness review.

If you want a courtesy review, please submit your application on paper (see the first subhead, “How to Submit an Application on Paper,” in II.B, “How to Submit an Application,”). Electronically submitted applications will **not** receive a courtesy review. If you submit your application electronically (by the deadline), we will review the application for completeness. Grants.gov currently does not support a courtesy review or pre-application phase.

B. Review Process

RUS reviews each grant application submitted on time for completeness to determine whether you included all of the items required in 7 CFR 1703.125. RUS scores all completed applications according to the criteria in 7 CFR 1703.126.

C. Appeals Process

Following the review process, RUS will notify you in writing of your application’s total score, as well as the score for each scoring criterion. Included in the notification is an estimate of the minimum score necessary to receive financial assistance.

In accordance with 7 CFR 1703.129, you have the right to appeal your application’s score. You must base an appeal on erroneous scoring of the application by RUS. **New information that was not included in the original application will not be considered**. You must appeal in writing, within ten days after RUS notifies you of your application’s scoring results.

D. Application Selection

Following the appeals process, RUS ranks applications by the final scores. Applications are selected for funding based on scores assigned, availability of funds, and 7 CFR 1703.127.

Regardless of the number of points your application receives, the RUS Administrator may take any of the following actions:

1. Limit the number of applications selected for projects located in any one State during a fiscal year.
2. Limit the number of selected applications for a particular project.
3. Select an application receiving fewer points than another application if there are insufficient funds during a particular funding period to select the higher scoring application. If the Administrator makes this kind of selection and it affects your application, RUS will provide you an opportunity to reduce the amount of your grant request to the amount of funds available.

IV. REQUIREMENTS FOR A COMPLETED APPLICATION

An application that includes all items listed in this section will be complete and considered for DLT grant financing.

Tip: Use the *Grant Application Guide Toolkit (Toolkit)*. It contains forms, sample certifications and worksheets that will help you assemble your application. Get a copy of the *Toolkit* at the DLT Web site.

A. Standard Form 424

The SF-424 (Standard Form 424, Application for Federal Assistance) is the standard form used to apply for DLT grants. You must include a copy of your governing body's authorization, indicating that the official signing the application is empowered to do so. You can find a copy of the form in the *Toolkit*. Please fill the form out **completely**, including your organization's DUNS number.

B. Executive Summary

The Executive Summary is one of the most important parts of the application. It gives reviewers their first overall view of the project area, the problems that residents face, and how the proposed project will address those problems. It should contain a **concise** description of the project. This is your opportunity to discuss the core aspects of the project:

- project goals
- communities in the project area
- project partner organizations
- proposed technologies

The executive summary must provide a **general project overview** covering the following **nine categories**. Number each paragraph as shown below.

1. A description of **why the project is necessary**.
2. An explanation of **how the project will address community needs, why your organization requires financial assistance, the types of educational or medical services proposed, and the benefits to the rural residents**.
3. A description of your organization's eligibility. You must provide evidence of legal existence, and legal authority to contract with the Government and perform the proposed activities. Include these items **attachments to your application**:
 - Evidence of legal existence. Demonstrate that your organization is legally recognized under state and Federal law. Satisfactory documentation includes but is not limited to, certificates from the Secretary of State, or state statutes or laws establishing your

organization. Letters from the IRS awarding tax-exempt status are **not** considered adequate evidence.

- Evidence of legal authority to contract with the Government. Satisfactory documentation includes but is not limited to, articles of incorporation, bylaws, board resolutions, excerpts from state statutes, or an attorney's opinion of counsel.
4. An explanation of the total project cost including a breakdown of the grant required, the source of matching contributions, and other financial assistance for the remainder of the project.
 5. A statement that the project is either for a distance learning or telemedicine purpose. If the project provides both distance learning and telemedicine services, you must identify the predominant use of the system.
 6. A general **overview** of the telecommunications system to be developed, including the types of equipment, technologies, and facilities proposed.
 7. A description of the participating hubs and end-user sites, and the number of rural residents who will be served at each end-user site.
 8. A certification that the facilities purchased or constructed using financial assistance do not duplicate adequate, established telemedicine or distance learning services. See the **Toolkit** for a Nonduplication of Services Certificate.
 9. A listing of the location of each end-user site (city, town, village, borough, or rural areas, including counties served and state). You may **cross-reference** the Rural Calculation Table (see the **Toolkit**).

C. Objective Scoring Worksheet

The **Toolkit** contains an Objective Scoring Worksheet that summarizes the rurality, National School Lunch Program (NSLP) eligibility, leveraging of resources, and project location in a USDA EZ/EC or Champion Community. Please complete this worksheet.

D. Rurality

HOW IS RURALITY SIGNIFICANT?

Rurality is significant in two ways—for a project to qualify for the DLT Program, and as an **objective scoring criterion** to rank eligible projects.

To qualify for the DLT Program, your project must meet a minimum eligibility requirement of **20 points** based on a rurality calculation, which determines the extent to which a project serves rural areas.

If your project achieves at least 20 points on the rurality score, the project may be awarded points based on the **relative rurality of the project's service area**.

HOW TO DETERMINE RURALITY

The **Toolkit** provides a Rural Calculation Table to assist you with this process. Base your project's rurality calculation on **2000 U.S. Census data**. We use the following definitions to evaluate rurality:

1. EXCEPTIONALLY RURAL AREA. Any area of the United States not included within the boundaries of any incorporated or unincorporated city, village, or borough having a population in excess of 5,000 inhabitants.
2. RURAL AREA. Any area of the United States included within the boundaries of any incorporated or unincorporated city, village, or borough having a population over 5,000 and not in excess of 10,000 inhabitants.
3. MID-RURAL AREA. Any area of the United States included within the boundaries of any incorporated or unincorporated city, village, or borough having a population over 10,000 and not in excess of 20,000 inhabitants.
4. URBAN AREA. Any area of the United States included within the boundaries of any incorporated or unincorporated city, village, or borough having a population in excess of 20,000 inhabitants.

CRITERION POINT VALUE AND ALLOCATION

Up to **45 points** may be awarded for this criterion. Specifically, each end-user site will receive points based on the each site's population. The final score for this criterion is the **average score for all end-user sites included in the project**. If a hub also serves as an end-user site, include the hub in the calculation

<u>End-User Site Location</u>	<u>Points Awarded</u>
Exceptionally Rural Area	45
Rural Area	30
Mid-Rural Area	15
Urban Area	0

Example of Rurality Calculation for a Project:

ABC Hospital proposes providing teleradiology services to 4 rural clinics. The hospital will be the hub site as well as an end-user site.

<u>End-User Site</u>	<u>Location</u>	<u>Population</u>	<u>Points</u>
ABC Hospital (hub)	Town A	21,000	0
Clinic #1	Town B	4,200	45
Clinic #2	Town C	10,500	15
Clinic #3	Town D	7,500	30
Clinic #4	Town E	7,900	30
Total Points			120
Average (120 total points divided by 5 sites)			24

Under the rurality scoring criterion, this example project would receive 24 points—the average of all end-user sites. (Remember, to be eligible to apply for a grant, the project must score at least 20 rurality points.)

**E. Economic
Need: NSLP**

This **objective criterion** measures the financial need of a project’s proposed service area, as estimated by National School Lunch Program (NSLP) eligibility. For purposes of the DLT Program, the NSLP percentage reflects the percentage of students **eligible** for reduced-price or free lunches for each area served by an end-user site, rather than the percentage of actual participation.

BACKGROUND OF THE NSLP

The NSLP is a Federally assisted meal program providing nutritionally balanced, low-cost or free lunches to more than 26 million children each school day in more than 96,000 schools and childcare institutions. School districts and independent schools in the program receive cash subsidies and donated commodities from USDA for each meal they serve. In return, they must serve lunches that meet Federal requirements and they must offer reduced-price or free lunches to eligible children. The Food and Nutrition Service of USDA administers the program at the Federal level. At the State level, state education agencies and local school districts usually administer the NSLP.

DETERMINING THE NSLP PERCENTAGE

Use the following four guidelines to determine your project’s NSLP percentage.

1. **Public schools or non-profit private schools of high school grade or under** should use the actual eligibility percentage for that particular school.
2. **Organizations not eligible to participate in the NSLP:** Schools and institutions of higher learning and non-school end-user sites (i.e., medical facilities, libraries, etc.) should use the eligibility percentage of all students in the school district where the end-user site will be located.
3. **Use rounding:** Percentage ratios should be rounded up for fractions of percentages equal to or greater than 0.5, or rounded down for fractions of percentages less than 0.5.
4. The **project NSLP percentage** is the **average of the NSLP end-user sites**. See the example below “Required Documentation” for a sample rurality calculation.

NSLP Percentage:	Points
NSLP < 25%	0
25% ≤ NSLP < 50%	15
50% ≤ NSLP < 75%	25
75% ≤ NSLP	35

Determine the average NSLP eligibility percentage for all of your project’s end-user sites. Assign NSLP points to the average, based on the table above. The **Toolkit** provides an NSLP Calculation Table to assist you with this process.

REQUIRED DOCUMENTATION

You may obtain the NSLP percentage from the state or local organization that administers the program. That organization must certify the percentage as correct.

Example of NSLP Calculation:

An applicant proposes distance learning services for 3 end-user sites at schools located in Town A.

<u>End-User Site</u>	<u>Location</u>	<u>NSLP %</u>
ABC High School	Town A	24
ABC Middle School	Town A	28
ABC Elementary School	Town A	32
Total NSLP Percentages		84
Average NSLP for the three sites		28

In this example, the applicant would **score 15 points**. The applicant would also be eligible for up to 10 additional points based on an NSLP participation percentage of less than 50%. Refer to Section IV.G, "Community Needs & Project Benefits," on how to request the additional points.

F. EZ/ECs & Champion Communities

This **objective criterion** documents project participation in USDA's Empowerment Zone/Enterprise Community (EZ/ECs) and Champion Community programs, based on end-user site locations within these designated areas.

BACKGROUND ON EZ/ECs

Through the EZ/EC process, the Federal government partners with communities. If a community plans comprehensively and strategically for real change, and if the community designs and drives the course, the Federal government will waive burdensome regulations whenever possible and work with the community to make Federal programs responsive to its strategic plan.

BACKGROUND ON CHAMPION COMMUNITIES

In 1999, USDA formalized the Champion Communities program by inviting all communities that submitted strategic plans for EZ/EC designations to continue implementing their plans through a partnership agreement with USDA.

ARE MY PROJECT'S END-USER SITES ELIGIBLE FOR POINTS?

Check these Web pages to find out whether the communities in your project are located in one of the EZ/EC or Champion Communities:

EZ/EC: <http://www.ezec.gov/Communit/ruralezec.html>

Champion Communities: <http://www.ezec.gov/Communit/champions.html>

CRITERION POINT VALUE AND ALLOCATION

Up to **15 points** may be awarded for this criterion. If your project has **at least one** end-user site...

<u>located in...</u>	<u>Your application will be allocated...</u>
...an EZ/EC	10 points
...a Champion Community	5 points

CONTACT INFORMATION

For further information on the EZ/EC and Champion Community Programs, contact the EZ/EC Team:

Office of Community Development
1400 Independence Ave., SW,
Stop 3203
Washington, DC 20250-3203
Phone: (202) 619-7980 or (800) 645-4712
<http://www.ezec.gov>
Email: ocd@ocdx.usda.gov

G. Community Needs & Project Benefits

This **subjective criterion** (documented need for services and benefits derived from the project) measures the extent to which the proposed project meets the goals and objectives of the DLT Program. You must **document the specific needs of the community and how the proposed project will**

address those needs. You must also document evidence of support from the community.

Tip: If you state a need or a challenge for a community that your project proposes to serve, **explain how your project will answer that need** when you talk about your project's benefits. **Project benefits should clearly address a community need or challenge.**

CRITERION POINT VALUE AND ALLOCATION

Up to **45 points** may be awarded for this criterion.

An application with a low average NSLP percentage (< 50%) may receive an extra 10 points (maximum) if you document that the NSLP number does not indicate the economic need of the project service area. RUS will make a determination based on information contained in the application. To qualify, you must specifically request these additional points in your application and provide documentation that supports the request. (See Section IV.E, "Economic Need: NSLP," for instructions on determining your project's NSLP percentage.)

NEED FOR SERVICES

Clearly state the economic, educational, or health care challenges facing the project's respective communities, and provide documentation that explains the challenges. Strive to use verifiable data and statistics to substantiate and quantify these challenges. Address and **demonstrate, how the proposed project will help resolve these challenges**, and why the applicant cannot afford the project without RUS financial assistance.

Document support for the project provided by experts in the educational or health care fields; substantiate the underserved educational or health care nature of the project's proposed service area; and **justify, explain and document the specific educational or medical services that will provide direct benefits to rural residents.**

You should demonstrate that rural residents and other beneficiaries want the educational or medical services from the project. In other words, demonstrate that meeting local community needs drives the project rather than simply installing technology. Willingness of local end-users or community-based organizations to contribute to the costs of completing, operating, or maintaining the project is a strong indication of community support. Documentation of support includes letters of financial and non-financial commitment towards the project from local organizations.

Address the participation by local residents and organizations in planning and developing the project. Include evidence of this participation in your application. Examples of evidence of community involvement include community meetings, public forums and surveys.

RUS will also consider the extent to which the application is consistent with the State strategic plan prepared by the USDA Rural Development State Director. (See IV.P, "Contact With USDA State Director.")

BENEFITS DERIVED FROM SERVICES

After documenting the need for services, describe how the project would assist the community in solving these challenges. **Document the specific benefits and quantify them in terms of expected outcomes.** For example, you should provide estimates of the number of people that will benefit from the project.

For a distance learning project, provide the **number of schools and students** that will benefit. You should also **document any other** benefits provided by the project including:

- improved educational opportunities for a specified number of students
- new courses offered such as advanced or college level courses
- expanded educational facility use, like evening training or continuing education

For a telemedicine project, provide the **number of health care facilities and the potential number of patients** to benefit. You should also **document any other** benefits provided by the project including:

- time and monetary savings from telemedicine diagnoses
- number of patients receiving telemedicine diagnoses
- number of doctors retained in rural areas
- lives saved due to prompt medical diagnosis

Document ancillary benefits or multiple uses that create value in rural communities which the project will serve. Examples include training, information resources, library assets, adult education, lifetime learning, community use of technology, jobs, and connection to the local and global information networks.

If applicable, you should address the problems of population out-migration and the extent to which the project would reduce or prevent population loss.

Examples:

- Our proposed project is needed because...
- The project will provide 5,000 residents with health care services...
- Our students are not receiving the necessary instruction that will prepare them for the future...
- Our organization can't afford to undertake this project without grant funding because...

H. Project Innovation (Innovativeness)

This **subjective criterion** documents how using advanced telecommunications creatively addresses the needs of a community, from both a technical standpoint, and the special needs and circumstances of a projects proposed service area.

CRITERION POINT VALUE

Up to **15 points** may be awarded for this criterion.

INNOVATION ISSUES

Four areas demonstrate a project's innovativeness. You should address all of them:

- technical innovation;
- educational or medical programmatic innovation;
- unique adaptations of technology based on the special needs or circumstances of the project's proposed service area; and
- the potential to influence or promote changes in how telecommunications services can be delivered in other areas.

Innovation may take many forms, including the type of technology used, the way the technology is used, or the purpose for which it is used. You should explain the extent of the project's innovativeness. Document innovation in the project design as it relates to the overall scope, and the problems the project proposes to solve. You should answer the question, "How can modern telecommunications technology meet the unique service requirements—educational, health care—of a rural community?"

Also, you should discuss any use of telecommunications technology that is a new approach to delivering educational or health care services in the project's proposed service area.

Examples:

- Using the XYZ Company's new state of the art technology will enable our end-user sites to provide these new services...
- By configuring our design in this manner, we will achieve a higher level of success because...

I. Budget

This section provides a sample budget to help you formulate and present the budget for your organization's application.

The costs for approved purposes charged to the Federal grant, combined with the costs for approved purposes borne by your organization to satisfy the matching requirement, constitute the total project costs identified in your grant application.

Please be aware that projects typically require other resources to reach completion, in addition to the total project costs as defined above. Project costs incurred by your organization for **non-approved grant purposes** often include salaries, fringe benefits, supplies, office space, Internet access charges, utility expenses and other recurring charges.

APPROVED GRANT AND MATCHING PURPOSES

Approved grant purposes (7 CFR 1703.121) fall within three categories.

1. The **first category** includes acquiring eligible equipment. Examples:
 - Computer hardware and software
 - Audio and video equipment
 - Computer network components
 - Terminal equipment
 - Data terminal equipment
 - Inside wiring
 - Interactive audio/video equipment
2. The **second category** provides for acquiring instructional programming (including the purchase or lease of instructional programming already on the market).
3. The **third category** includes technical assistance and instruction for using eligible equipment, including any related software; developing instructional programming (including the development and modification of an existing instructional programming package); and providing engineering or environmental studies relating to the establishment or expansion of the phase of the project to be financed with the grant. The costs for this category **cannot exceed 10% of the grant amount requested or 10% of the eligible matching funds.**

You **must subcontract** costs associated with the second and third categories from an entity that is not affiliated with your organization (or consortium).

NONAPPROVED GRANT AND MATCHING PURPOSES

None of the following purposes will be funded (see 7 CFR 1703.123):

- Salaries, wages, or employee benefits to medical or educational personnel.
- Salaries or administrative expenses of the applicant or the project.
- Acquiring, installing or constructing telecommunications transmission facilities.
- Medical equipment not having telemedicine as its essential function.
- Purchasing equipment that will be owned by a local exchange carrier or another telecommunications service provider **unless** that service provider is the applicant.
- Duplicating facilities already in place which provide distance learning or telemedicine services.
- Reimbursing your organization or others for costs incurred prior to the date RUS received the completed application.
- DLT application preparation costs.
- Projects that only provide links between people located at the same physical facility.
- Site development, or the destruction or alteration of buildings.
- Purchasing land or buildings or for building construction.
- Projects located in areas covered by the Coastal Barrier Resources Act.
- Recurring or operating project expenses or costs; however, leases provided for in 7 CFR 1703.121 are permitted.
- Any other purposes not specifically contained in 7 CFR 1703.121.
- Any other purpose that the RUS Administrator has not specifically approved.
- Except as otherwise provided in 7 CFR 1703.112, grant funds shall not be used to finance a project, in part, when success of the project is dependent upon the receipt of additional financial assistance under Part 1703, Subpart E, or is dependent upon the receipt of other funding that is not assured.

Sample Budget with Distribution of Third Category Expenses

Description	Unit Cost	Extended Cost	RUS Funds	Matching Funds	Other
Hub Site					
Lease or Purchase of Eligible Equipment					
2 Video Webcasting/streaming software	\$14,000	\$28,000	\$14,000	\$14,000 A	\$0
2 Video camera package	7,500	15,000	0	15,000 A	0
1 Computer projection panel	25,000	25,000	0	25,000 A	0
1 Server – Web server	5,800	5,800	0	5,800 C	0
1 Server – Video broadcast	3,100	3,100	3,100	0	0
1 Initial Installation	12,000	12,000	7,000	5,000 A	0
1 Development of Instructional Programming (by contractor)	25,000	25,000	18,600	4,900 A	1,500
1 Training on the use of Equipment	12,000	12,000	6,300	5,500 A	200
Site Cost	-----	\$125,900	\$49,000	\$75,200	\$1,700
End-User Site #1					
Lease or Purchase of Eligible Equipment					
5 ITV video classroom equipment	\$16,000	\$80,000	\$80,000	\$0	\$0
2 Webcast stations	12,000	24,000	0	24,000 B	0
4 VCRs for classrooms	100	400	0	400 B	0
2 32" monitors with connector boxes	1,000	2,000	0	2,000 B	0
Site Cost	-----	\$106,400	\$80,000	\$26,400	\$0
End-User Site #2					
Lease or Purchase of Eligible Equipment					
6 ITV video classroom equipment	\$16,000	\$96,000	\$96,000	\$0	\$0
2 Webcast stations	12,000	24,000	24,000	0	0
4 VCRs for classrooms	100	400	0	400 B	0
2 32" monitors with connector boxes	1,000	2,000	0	2,000 B	0
Site Cost	-----	\$122,400	\$120,000	\$2,400	\$0
Total Eligible RUS and Matching Purposes					
	-----	-----	\$249,000	\$104,000	-----
Ineligible Purposes					
2 Salaries	\$40,000	\$80,000	\$0	\$0	\$80,000
3 Recurring line costs/year	12,000	36,000	0	0	36,000
Costs exceeding the 10% limitation on third category expenses from "Other" column above (see Application Guide, Section III)					
1 Development of Instructional Programming					1,500
1 Training on the use of equipment					200
Project Grand Total					
		\$470,700	\$249,000	\$104,000	\$117,700

Regulatory Specifications and Matching Funds Allocation

The applicant must match a minimum of 15 percent of the Federal funds requested for **allowable purposes**:

RUS Grant Request	\$ 249,000	
Matching (Cash and In-Kind)	<u>\$ 104,000</u>	41.77% (Exceeds 15% minimum matching contribution.)
Total	\$353,000	

Calculation of 10% Rule per Application Guide, Section III.

RUS Funds

\$18,600 – Development of Instructional Programming
 \$ 6,300 – Training on the use of equipment
 \$24,900

\$24,900 is 10% of \$249,000 – The applicant has kept costs for these items at 10%.

Matching Funds

\$ 4,900 - Development of Instructional Programming
 \$ 5,500 – Training on the use of equipment
 \$10,400

\$10,400 is 10% of \$104,000 – The applicant has kept costs for these items at 10%.

NOTE: Costs exceeding the 10% Rule should be included in the "Other" column and are to be provided by the applicant/third party.

Matching Fund Allocation—A = Cash from the applicant; B = In-kind Match from Company X—see commitment letter page #; C = In-kind Match from Company Y—see commitment letter page #.

J. Leveraging
Financial
Resources

This **objective criterion** demonstrates the level of commitment in the local community for the project. A DLT project that is widely supported within a rural community is more likely to be strong and successful.

Leveraging is significant in two ways—for DLT grant eligibility, and as a competitive scoring criterion.

Note: To qualify for the DLT grant program, your project must meet the **minimum matching requirement of 15%** of the grant amount requested.

Points may be awarded based on your organization's ability to acquire additional matching contributions *using non-Federal financial assistance* that exceeds the required 15% minimum matching contribution.

FUNDING COMMITMENTS

Documentation should reflect the project's additional financial support from non-Federal sources. Provide evidence that all funds in addition to the funds requested from RUS are committed and will be used for the proposed project. **A letter from the organization(s) providing matching funds** is an example of the evidence required.

Identify the source and amount of matching funds in your application. If a third party will provide matching funds, include documentation of the third party's commitment in your application. Funding from other Federal sources **cannot** be considered as matching funds.

Matching funds must generally be in the form of cash, but in-kind contributions may be substituted for cash. In-kind items must be non-depreciated or new assets with established monetary values. You must verify that any in-kind contributed items are non-depreciated or new assets with established monetary value. A letter from the organization providing the in-kind items should include a description of the item, a specified value of the item and the purchase date.

Note: Projects located in Appalachian Regional Commission (ARC) Counties may be eligible for matching funds from the ARC. Please see <http://www.arc.gov> for a list of counties (under the "Appalachian Region" heading). Receiving an ARC match requires coordination with ARC State Program Managers and States in the Region. See the "About ARC" heading and link on <http://www.arc.gov> for ARC State Program Managers. DLT applicants considering an ARC match are **strongly encouraged** to contact their ARC State Program Manager(s) to explore the feasibility of an ARC match.

CRITERION POINT VALUE AND ALLOCATION

Up to **35 points** may be awarded for this criterion. Points are awarded as follows:

<u>Percentage of Matching Contribution:</u>	<u>Points</u>
1. 15% < Match % ≤ 30% of the grant requested.	0
2. 30% < Match % ≤ 50% of the grant requested.	15
3. 50% < Match % ≤ 75% of the grant requested.	25
4. 75% < Match % ≤ 100% of the grant requested.	30
5. Match > 100% of the grant requested.	35

Example: Points are awarded based on the various levels of proposed matching funds:

	<u>Grant Requested</u>	<u>Matching Funds</u>	<u>% of RUS Funds</u>	<u>Points Scored</u>
Applicant #1	\$100,000	\$15,000	15%	0
Applicant #2	\$100,000	\$45,000	45%	15
Applicant #3	\$100,000	\$60,000	60%	25
Applicant #4	\$100,000	\$80,000	80%	30
Applicant #5	\$100,000	\$105,000	105%	35

K. Financial Information & Sustainability

Provide a narrative description that demonstrates your project's feasibility. Address the technical and programmatic expertise necessary to undertake and complete the project. Show how this expertise will ensure a sustainable project. You should also address the resources devoted to the project, and whether these resources will sustain the project. Your narrative should include all assumptions and the following information:

1. A description of the project's revenues and expenses.
2. Evidence of cost sharing arrangements among hub and end-user sites, if applicable.
3. Identification of any other items that may affect feasibility or sustainability of the project.
4. For applicants eligible under 7 CFR 1703.103(a)(2)(ii), an explanation of the economic analysis justifying the rate structure. The explanation should demonstrate that the benefits, including cost savings, of the DLT grant pass through to those receiving services from the project.

L. Project Cost-Effectiveness

This **subjective criterion** evaluates and documents how the proposed project maximizes limited resources to deliver high-quality educational and health care services.

CRITERION POINT VALUE

Up to **35 points** may be awarded for this criterion.

HOW IS COST-EFFECTIVENESS EVALUATED?

Your organization's application should address each of the following issues:

1. The extent to which the project uses existing telecommunications transmission facilities to provide the transmission path. Identify any agreements between your organization and other entities for sharing transmission facilities to lower the fixed costs of such facilities.
2. The extent to which the project will use existing networks at the regional, statewide, national or global levels.
3. The extent to which the requested financial assistance will extend or enhance the benefits of the project.
4. Whether buying or leasing specific equipment is more cost-effective.
5. The extent to which your organization considered various technological options for delivering the proposed services. You must provide sufficient documentation reflecting accepted analytical and financial methodologies to substantiate your choice of technology as the most cost-effective option.

Examples of cost-effectiveness include:

- cost comparison schedules
- long-term or pre-negotiated contracts reflecting savings over shorter renewable terms
- deploying the appropriate levels of technologies, plant or equipment to meet the needs of the project

M. Telecommunications System Plan

The Telecommunications System Plan (TSP) will aid RUS in scoring your application in such areas as "Cost-Effectiveness of the System" and "Innovativeness of the Project." Use the TSP to show:

- that you chose most appropriate or beneficial technology to provide the needed services; and
- how modern telecommunications technology would meet the community's unique service requirements.

THE TSP SHOULD PROVIDE...

1. A general description of the telecommunications facilities proposed for the project, with an explanation of how the telecommunications facilities will enable

the project's interconnection with other existing networks at regional, state, national or international levels.

2. A network diagram of the telecommunications system, and how the distance learning or telemedicine equipment relates to that system.
3. A listing with detailed descriptions of:
 - Proposed purchases or leases of telecommunications terminal equipment, data terminal equipment, audio or video equipment, computer hardware and software systems. See 7 CFR 1703.102 for definitions of these terms. If you included the detailed equipment listing in the budget, simply **cross-reference** it here; you don't have to duplicate the listing; and
 - Components that process data for transmission via telecommunications, computer network components, and communication satellite ground station equipment.
4. A description of the capabilities of the telecommunications terminal equipment that will deliver the proposed service:
 - Document discussions with various technical sources, such as consultants, engineers, product vendors or internal technical experts.
 - Provide detailed cost estimates for operating and maintaining the end-user equipment.
 - Provide evidence that you evaluated alternative equipment and technologies.
5. A description of the consultations with the appropriate telecommunications carriers (including interexchange carriers, cable television operators, enhanced service providers, providers of satellite services and telecommunications equipment manufacturers and distributors) and the anticipated role of such providers in the proposed telecommunications system.

N. Scope of Work

The scope of work completes the picture for the reviewer. It discusses how your organization proposes to proceed with the project, if funded. The scope of work must include, *at a minimum*, the following:

- The specific activities to be performed under the project.
- Who will carry out the activities.
- The timeframes for accomplishing the project objectives and activities.

- A BUDGET for all capital requirements reflecting the line item costs for approved purposes for the grant funds and matching funds, and for other sources of funds. The budget must specify any line-item costs that are non-approved purposes for grants as contained in 7 CFR 1703.123. You may **cross-reference the budget** submitted in accordance with Section IV.I, “Budget,” above.

The scope of work explains what you plan to do. It is your opportunity to make a clear and convincing presentation of the goals of your project.

O. Statement of Experience

You must provide a written narrative (no longer than three single-spaced pages) describing your organization’s demonstrated capability and experience, if any, in operating an educational or health care endeavor and any project similar to the proposed project. Experience in a similar project is desirable but not required.

P. Contact with USDA State Director

You must provide evidence that your organization has consulted with the USDA State Director—Rural Development about the availability of other sources of funding available at the State or local level. Include this evidence as part of your application.

You must also provide evidence from the USDA State Director—Rural Development that your application conforms with the State strategic plan as prepared under section 381D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 *et seq.*). Not all states have a strategic plan, so you should indicate if such a plan does not exist. See Section IV.G, “Community Needs & Project Benefits,” under the subhead, “Need for Services,” for RUS’ use of this evidence in scoring your application. Include the evidence in your application.

The same piece of evidence may satisfy both contact requirements.

Note: Applicants should contact the USDA State Director as early as possible in the application process. You can find a listing of the State Rural Development Offices here:
http://www.rurdev.usda.gov/recd_map.html

Q. Certifications

The **Toolkit** contains certifications that you may use as **evidence of compliance with other Federal statutes and regulations:**

- Equal opportunity and nondiscrimination
- Architectural barriers
- Flood hazard area precautions

- Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970
- Drug-free workplace
- Debarment and suspension rules
- Lobbying for contracts, grants, etc.
- Nonduplication of services
- Environmental impact
- Federal obligations on delinquent debt

Note: If your organization is engaged in lobbying activities, you must submit a completed disclosure form, “Disclosure of Lobbying Activities” (SF-LLL). See 7 CFR 3018.

R. Attachments & Supplemental Information

You should provide any additional information RUS may consider relevant and necessary to adequately evaluate the application.

V. Putting It All Together

Assemble and tab your grant application in the following order. The *Toolkit* provides forms, worksheets, sample certifications, and Web resources to help you find information you need for your application.

- A. SF-424—Application for Federal Assistance
- B. Executive Summary
- C. Objective Scoring Worksheet
- D. Rural Calculation Table
- E. National School Lunch Program Determination
- F. Empowerment Zones/Enterprise Communities or Champion Communities Evidence
- G. Documented Need for Services/Benefits Derived from Services
- H. Innovativeness of the Project
- I. Budget
- J. Leveraging Financial Resources/Evidence of Funding Commitments
- K. Financial Information and Sustainability
- L. Cost-Effectiveness of the Project
- M. Telecommunications System Plan
- N. Scope of Work
- O. Statement of Experience
- P. Contact with USDA State Director—Rural Development
- Q. Certifications
- R. Attachments and Supplemental Information (if any)—numbered