

matching contributions. For purposes of determining the applicant's ability to leverage resources in §1703.126(b)(4), the minimum matching contribution of 30 percent of the amount designated for approved purposes equals 42.85 percent of the grant requested.

(b) Only projected costs for approved grant purposes will be considered in determining the amount of DLT grant eligibility in accordance with paragraph (a) of this section.

(c) Funding from Federal sources other than RUS cannot be considered as matching contributions under this subpart.

**§ 1703.121 Approved purposes for grants.**

Grants shall be expended only for the costs associated with the initial capital assets associated with the project. The following are approved grant purposes:

(a) Acquiring, by lease or purchase, eligible equipment as defined in §1703.102;

(b) Acquiring instructional programming; and

(c) Providing technical assistance and instruction for using eligible equipment, including any related software; developing instructional programming; providing engineering or environmental studies relating to the establishment or expansion of the phase of the project that is being financed with the grant (this purpose shall not exceed 10 percent of the grant).

**§ 1703.122 Matching contributions.**

(a) The grant applicant's minimum matching contribution (as specified in §1703.120) for approved purposes, generally must be in the form of cash. However, in-kind contributions for the purposes listed in §1703.121 may be substituted for cash.

(b) In-kind items listed in §1703.121 must be non-depreciated or new assets with established monetary values. Manufacturers' or service providers' discounts are not considered in-kind matching.

(c) Costs incurred by the applicant, or others on behalf of the applicant, for facilities or equipment installed, or other services rendered prior to submission of a completed application,

shall not be considered as an eligible in-kind matching contribution.

(d) Costs incurred for non-approved purposes for grant outlined in §1703.123 shall not be used as an in-kind matching contribution.

**§ 1703.123 Nonapproved purposes for grants.**

(a) A grant made under this subpart will not be provided or used:

(1) To cover the costs of installing or constructing telecommunications transmission facilities, other than those facilities not available and necessary for the completion of the proposed project and not otherwise available;

(2) To pay for medical equipment not having telemedicine as its essential function;

(3) To pay salaries, wages, or employee benefits to medical or educational personnel;

(4) To pay for the salaries or administrative expenses of the applicant or the project;

(5) To purchase equipment that will be owned by the local exchange carrier or another telecommunications service provider unless that service provider is the applicant.

(6) To duplicate facilities providing distance learning or telemedicine services in place or to reimburse the applicant or others for costs incurred prior to RUS' receipt of the completed application;

(7) To pay costs of preparing the application package for financial assistance under this program;

(8) For projects whose sole objective is to provide links between teachers and students or between medical professionals who are located at the same facility;

(9) For site development and the destruction or alteration of buildings;

(10) For the purchase of land, buildings, or building construction;

(11) For projects located in areas covered by the Coastal Barrier Resources Act (16 U.S.C. 3501 *et seq.*);

(12) For any purpose that the Administrator has not specifically approved;

(13) Except for leases provided for in §1703.121, to pay the cost of recurring or operating expenses for the project; or