

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

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(14) For any other purposes not specifically contained in §1703.121.

(b) Except as otherwise provided in §1703.112, grants shall not be used to finance a project, in part, when the success of the project is dependent upon the receipt of additional financial assistance under this subpart or is dependent upon the receipt of other financial assistance that is not assured.

[64 FR 14360, Mar. 25, 1999; 64 FR 25422, May 12, 1999, as amended at 64 FR 25423, May 12, 1999]

§ 1703.124 Maximum and minimum grant amounts.

Applications for grants under this subpart will be subject to limitations on the proposed amount of grant funds. The Administrator will establish the maximum amount of a grant to be made available to an individual recipient for each fiscal year under this subpart by publishing notice of the maximum amount in the FEDERAL REGISTER not sooner than 45 days before the period for accepting applications begins. The minimum amount of a grant is \$50,000.

§ 1703.125 Completed application.

The following items are required to be submitted to RUS in support of an application for grant funds:

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

(b) *An executive summary of the project.* The applicant must provide RUS with a general project overview that addresses the following 8 categories:

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

(2) An explanation of how the applicant will address the need cited in paragraph (b)(1) of this section, why the applicant requires financial assistance, the types of educational or medical services to be offered by the project, and the benefits to rural residents;

(3) A description of the applicant, documenting eligibility in accordance with §1703.103;

(4) An explanation of the total project cost including a breakdown of the grant required and the source of matching contribution and other finan-

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cial assistance for the remainder of the project;

(5) A statement specifying whether the project is either a distance learning or telemedicine facility as defined in §1703.102. If the project provides both distance learning and telemedicine services, the applicant 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 used;

(7) A description of the participating hubs and end user sites and the number of rural residents that will be served by the project at each end user site; and

(8) A certification by the applicant that facilities constructed with grants do not duplicate adequate established telemedicine or distance learning services.

(9) A listing of the location of each end user site (city, town, village, borough, or rural areas) plus the State.

(c) *Scoring criteria documentation.* Each grant applicant must address and provide documentation on how it meets each of the scoring criteria contained in §1703.126.

(d) *A scope of work.* The scope of work must include, at a minimum:

(1) The specific activities to be performed under the project;

(2) Who will carry out the activities;

(3) The time-frames for accomplishing the project objectives and activities; and

(4) A budget for all capital expenditures reflecting the line item costs for approved purposes for both the grant funds and other sources of funds for the project. Separately, the budget must specify any line item costs that are nonapproved purposes for grants as contained in §1703.123.

(e) *Financial information.* The applicant must provide financial information to support the need for the financial assistance requested for the project and the applicant's ability and financial capacity to carry out the proposed project. It must show its financial and other ability to carry out the proposed work. All institutions participating in a project application (including all members of a consortium), must include an income statement (or equivalent revenue and expense reports) and