



Vermont Community Broadband Board (VCBB)

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February 1, 2023

Dear Chair Kitchel and members of the Senate Appropriations Committee,

Thank you for your consideration of B.1100(a)(28): \$30 Million in the General Fund, Department of Public Service state match for \$67 Million NTIA Broadband Grant (Middle Mile). The House Appropriations Committee this week voted to approve the \$30M for use as a match for the Middle Mile Grant only. We understand and appreciate the need to be specific in the use of these funds and suspect that in the process of presenting a great deal of information to various House Committees, we may not have effectively communicated our need for this state match to be available to use for matching and leveraging other specific federal funding sources detailed below, so we are offering this letter as added clarification.

Additionally, **new information** this week from NTIA indicates they are two months behind schedule and therefore announcement of awards could be delayed until May, meaning we need to be immediately ready to apply the \$30M state match to other federal grants if not awarded the NTIA Middle Mile Grant.

We respectfully request your support for the following proposed amended language (below) that provides additional flexibility and certainty for the VCBB and the Communications Union Districts:

28) \$30,000,000 to the Public Service Department for the Vermont Community Broadband Board to be used to leverage federal dollars and programs, including the National Telecommunications and Information Administration (NTIA) broadband grant (Middle Mile), to reduce the overall cost of universal broadband access as described in Act71(2021).

If we are not awarded the Middle Mile Grant, the \$30M will be used as a state match when pursuing other federal programs to solve the same timeline and budget needs that the Middle Mile Grant was intended to solve. In the absence of either the Middle Mile Grant or the flexibility to use the \$30M as match for other federal programs, the resulting delay could drive up the costs of this project, requiring additional funding and ultimately resulting in higher costs for the Communications Union Districts (CUDs) and Vermonters.

There are three likely programs VCBB would pursue using the \$30M funds if not awarded an NTIA Middle Mile Grant:

NTIA Broadband Equity Access and Deployment Act (BEAD) Match

The first is the NTIA Broadband Equity Access and Deployment (BEAD) Act. The state will receive at least \$100M from this program and likely more as a result of the efforts of VCBB and others to challenge inaccuracies in the FCC's broadband map. The





program requires a 25% match unless waived. We are pursuing high-cost waivers, but we need to plan as if those waivers will not be granted in full. If deployed, the \$30M in state funds would leverage \$120M in federal BEAD funds that will go to the CUD construction projects. **In the event that Vermont is not granted the Middle Mile award, using the \$30M as match for the BEAD program is necessary for ensuring the CUDs do not have to slow down deployment.** The last thing we want is for such a delay to cause Vermont to lose our advantage when it comes to materials and labor by slowing or halting construction until the BEAD funds and matching dollars arrive.

To expedite the receipt of the funds, the VCBB must submit a plan and initial proposal as soon as the window opens in June. The state proposals will be reviewed as they are received, and we want to be first in line to ensure the funding is released as soon as possible to prevent any gap in funds between ARPA and BEAD. Please note that this gap will not be an issue if we receive a Middle Mile Grant since those funds will fill any gap.

VCBB needs certainty when planning and expediting the release of funds, and the flexibility in the \$30M match allows us to plan as we move toward our June application for BEAD. Understanding the amount of non-federal funds available at the time of BAA passage would assist us in our planning and risk management efforts. It is essential for the VCBB to know that this \$30M is available in March versus later in the year, as we plan for contingencies using BEAD to fill the gap if the Middle Mile funds are not granted.

USDA Infrastructure Deployment Grants and Low Interest Loans Match

If we receive a match waiver from BEAD (and unfortunately the process of evaluating waiver applications has not yet been released by the federal government), the funds will be used to leverage other federal dollars primarily from USDA. USDA has programs both for infrastructure deployment grants and low interest loans and loan guarantees. Both require a match.

Northern Borders Regional Commission Infrastructure Funding Match

Finally, the Northern Borders Regional Commission (NBRC) received \$150M in infrastructure funding. VCBB intends to pursue any and all funding that could be used for broadband infrastructure. This program will likely require a match when it is launched this summer.

In summary, the VCBB is determined to turn over every stone - public, private, state, and federal - as we work to build affordable broadband networks with secure business plans. Our success is evident in the fiber deal we secured that saved the state at least \$2M and has directly contributed to the fact that crews are stringing fiber in Vermont today. Approving this \$30M request with added flexibility allows us to leverage other programs as we pursue funding opportunities.

We are more than happy to provide ongoing updates on the status of our grant applications and the usage of the \$30M, but it is vitally important for planning and timing purposes that this money is available via the BAA versus the budget bill. We respectfully ask that you approve the BAA request with the language adjustment allowing the funds to be used to leverage other federal programs if the Middle Mile grant is not awarded.





Thank you for your consideration and for all your work on behalf of Vermonters. Please let me know if you would like further testimony on this issue.

Sincerely,

Executive Director Christine Hallquist

