

Vermont CARES Act Relief Fund Broadband Spending Considerations

Introduction

The Vermont Legislature Joint Fiscal Office (JFO) hired CCG Consulting on May 19th, 2020 to produce a list of ideas for the General Assembly to consider funding with CARES ACT Coronavirus Relief Fund (CRF) resources that address long-term and short-term COVID-19-related broadband needs in the state.¹

CCG's approach to this work involved conducting interviews with representatives from the state, including the Department of Public Service, Agency of Commerce and Community Development, Agency of Education, Department of Libraries, and the Legislative Joint Fiscal Office. Interviews were also conducted with representatives of external stakeholder groups, including broadband providers, CUDs, health organizations, and electric utilities. A second leg of the research involved surveying states for connectivity-related CARES initiatives that are being implemented or considered in other parts of the country; inquiries were made to ten states. And finally, documents from Vermont's previous broadband planning efforts and written input from members of the public were reviewed for background information.

After consulting with the JFO about project requirement, CCG adopted the following criteria to vet ideas for this list:

- The idea meets the known requirements of the CARES Act CRF spending rules as CCG understands them.
- The idea should be achievable in the remaining 6-month timeframe allowed by the CARES Act CRF funding guidance (if there is legislative and administrative support for removing any identified implementation barriers as outlined in the expanded descriptions of each item).
- We were asked to keep in mind that the Vermont legislature's desire to focus on long-term value, and its existing broadband policy directions.

After consulting the initial US Treasury guidance (see Appendix A), CCG began assembling a list of potential ideas, focusing on ideas that supported the long-term goals the state has in place for broadband. After CCG was hired, new Treasury guidance was issued on May 28th, 2020 (see Appendix A) that indicates a number of the items on the original list would not be considered allowable use of the funds. These ideas are included under the Other Ideas section of this report.

¹ CCG Consulting will address two additional requests by the JFO to provide comments on the Emergency Broadband Action Plan Draft and to comment on approaches for the 10-year telecom plan review separately, to be delivered no later than June 19, 2020.

FINAL DRAFT

The remaining list provides many opportunities to invest one-time funds in ways that support the institutions Vermonters care about and that help connect residents to public services, including K12 education and telehealth. These short-term spending moves help set the stage for future broadband investments and allow the state an opportunity to gather data to inform current and future planning processes.

In addition to the ideas that we found to be the most clearly allowable under the existing rules, there is also included in this document a section with brief comments regarding the predicted allowability of other proposals that have surfaced through the public discourse surrounding this topic, including recent recommendations from the House Energy and Technology Committee, dated June 10, 2020.

One of the key considerations in assessing the applicability of the U.S. Treasury rules is the concept that the federal government intends to claw-back any funds that were not used in accordance with the intentions of the CARES Act. Claw-backs can be real based upon our experience of seeing significant claw-backs of Stimulus funds by the Obama administration.

In preparing this list of ideas we talked to ten other states and each of them is having the same debate that needs to occur in Vermont (Alabama, Idaho, Iowa, Maine, Minnesota, Nebraska, North Carolina, South Dakota, Tennessee, and Washington). There are some items on the list that are clearly fundable under the CARES rules. States are debating about how hard to push against the CARES rules in order to achieve additional broadband goals that states feel are important. We've talked to decisionmakers in other states that are taking different approaches to the claw-back issue. The most fiscally conservative position is to only fund items that are clearly allowable under the rules. The most aggressive position is to fund items that are debatably allowed in the hope that there will not be an intensive audit of this process or that perhaps the rules will change between now and next year. The middle position between these two extremes is the idea of funding now what is clearly allowable and holding funds in reserve in case the deadlines for this money are extended or if the rules of what is allowable are again modified.

CARES Act Round 1 Coronavirus Relief Fund Broadband Investment Ideas *Ideas that CCG believes are clearly allowed under current CRF guidance:*

Infrastructure

Fund new broadband connections for K12 and telehealth households. Establish a one-time grant program using CRF funds to pay for service extensions to K12 and telehealth households that can be constructed before December 30, 2020.

Education

Wi-Fi on School Buses. Install wi-fi connectivity on K-12 buses to provide support for the schools working to adapt their curriculum to one that can move between classroom and distance learning methods more seamlessly.

FINAL DRAFT

Device Lending and Digital Literacy Clinics. Fund equipment purchases and broadband connections for lending programs through school districts, local and regional libraries; potentially expand the distribution network to include touchpoints like the Women, Infants and Children program (WIC), early childhood and family education programs, or public health nurses that are closest to the unconnected populations. Consider funding digital literacy clinics as part of this program to aid in maximizing the return on Vermont's long-term broadband investments. Collect data on the demand vs. supply of devices and training.

Wi-fi Hotspots for Libraries. Fund public institutions to implement next-generation gigabit wi-fi distribution points focused on serving the areas outside their buildings. Collect data on how often these sites are used.

Telehealth

Fund telehealth patient connectivity. Similar to K12 but for healthcare. Fund short-term patient connectivity needs. Focus on collecting data needed for a long-term solution.

Fund telehealth practitioner pilots. Provide rapid turn-around small project funding to practitioners. Collect data to inform future rounds of investment if necessary.

Institutions and PEG

Fund upgrades needed for institutional networks. Create a fund to pay for network adaptations needed because of changes to demand driven by the response to COVID-19. Examples include routers, VPNs, network security devices.

Fund Content Creation, Planning, and Response needs of PEG AMOs. Fund COVID-19 specific planning and content creation.

Funding ideas that may not have enough of an immediate return to satisfy CRF requirements but for which CCG still believes a case could be made:

Fund CUD response plans and feasibility studies. Provide short-term funding to CUDs for COVID-19 planning and feasibility work.

Fund supplemental review of the state telecom 10-year plan. Provide funding for a COVID-19 specific review of the telecom 10-year plan.

The following section of the report includes brief 1-page descriptions of each idea along with high-level implementation steps and concerns that might need to be addressed prior to making the decision to fund the given initiative.

FINAL DRAFT

Broadband Service Extensions

Fund new broadband connections where there is a specific K12 or telemedicine need.

Establish a one-time grant program using CRF funds to be administered by the Department of Public Service that will pay a fixed dollar amount per service connection towards the construction costs to build wireline service to unserved addresses that are home to either K12 students or active telemedicine patients. This could be done using a first-come-first-serve pot of funding available to existing Vermont broadband providers that commit to completing construction by December 30, 2020.

Why this qualifies under CARES Act CRF requirements:

The State is not able to reach unserved households with remote learning and telemedicine services during periods of mandatory or advised social distancing. This connectivity is necessary to implement public service delivery during both current and future social isolation requirements.

Why this is achievable by December 30st, 2020:

The program focuses on established entities ready to build broadband plant immediately. The program parameters should be kept simple and swift under the overall state coronavirus rapid response efforts.

Partial List of Implementation Considerations:

Primary steps for implementation include:

- a. Create grant guidelines and decision-making criteria
- b. Create and post application
- c. Award funds on a first-come-first-served basis
- d. Execute contracts, reimburse awardees as expenses are incurred
- e. Measure results

Concerns:

- a. There are no clear examples of other states using CRF in this manner. We believe an argument can be made about why this is allowed as long as the program is highly focused on serving only households that qualify under the CAREs rules. Otherwise, there could be a significant risk of claw-backs.
- b. It might be challenging to create a mechanism that is broad enough to allow any provider in a position to act on this opportunity to be eligible and that is not burdened by lengthy legislative requirements that will hinder the ability to distribute the funds rapidly. Focusing this rapid response opportunity on established providers with proven records will streamline the necessary due diligence that is part of the longer process associated with other existing vehicles.

FINAL DRAFT

- c. The ability to find agreement on the standards that need to be met with these emergency response projects. We know there are policy debates in the state concerning broadband speeds and technologies.
- d. Determining \$ per drop. Recommend a flat rate or a simple formula that takes into consideration previous projects and cost estimates but does not add to the complexity for the provider or the agency administrators.
- e. Other qualifying criteria could include at least 5 years of experience providing service in Vermont, registered ETC status, existing franchise-holder to focus on projects that have the highest readiness to execute sustainable projects within the timeframe allotted.
- f. Setting up the program and executing within 6-months
- g. Capacity of existing staff to implement the program within 6-months

FINAL DRAFT

Wi-Fi on School Buses

Provide grants to districts or supervisory units to install or enable permanent Wi-Fi connectivity on K-12 buses. This involves 1) buying and installing Wi-Fi hot spots for the buses, and 2) buying and providing wireless broadband connectivity.

This provides the following benefits:

- While school is out of session the buses can be parked at key locations to act as hot spots. This will allow bringing portable hotspots to places that might otherwise not have gotten convenient broadband connectivity during the COVID-19 pandemic. The buses can be moved to different neighborhoods or rotated on a schedule as needed.
- It provides a permanent benefit by giving internet access to students on the way to and from school – an important bridge to provide more hours per day of broadband access for students that don't have good home broadband.

Why this qualifies under CARES Act CRF requirements:

This creates immediate portable broadband hot spots that can be used to provide broadband to students where most needed. The locations can be rotated or changed in response to demand. Notably, wi-fi equipped buses are effective tools for other disaster response efforts beyond just the current pandemic.

This initiative directly responds to the CARES Act support for distance learning as one component of an appropriate institutional response to threats from the coronavirus.

Why this is achievable by December 30st, 2020:

This solution has been implemented in other school systems across the country, meaning the logistics issues have been solved. ²

Partial List of Implementation Considerations:

Primary steps for implementation include:

- a. Identify the number of buses already equipped with hardware vs. number needing upgrades.
- b. Identify the most appropriate hot spot hardware.
- c. Buy and installing the hardware on buses.
- d. Buy wireless connectivity from a cellular carrier.
- e. Coordinate with the school system to identify the locations that can most benefit from wireless hotspots.
- f. Coordinate the logistics to park buses at needed locations.

² The State of South Carolina provides one example: <https://ed.sc.gov/newsroom/school-district-memoranda-archive/covid-19-use-of-school-buses-for-meals-and-instructional-packets-delivery/covid-19-use-of-school-buses-for-meals-and-instructional-packets-delivery-memo/> Districts in Washington State are doing individualized deployments: https://portangelesschools.org/news/what_s_new/school_buses_to_deliver_wi-fi

FINAL DRAFT

Concerns:

- a. There must be someone in the school systems willing to undertake the effort needed to make this work.
- b. Since many other schools across the states will have the same idea, there might be problems obtaining hotspots quickly.
- c. Negotiating an acceptable pre-payment purchase of a subscription that lasts the full academic year to comply with CARES requirement to have spending completed by 12/30/20.
- d. Addressing budget tails associated with paying for access on an ongoing basis.

FINAL DRAFT

Device Lending and Digital Literacy Clinics

Purchase Chromebook/Tablets and wireless hotspots to use in equipment lending programs through school districts, libraries, social, and health service distribution points that are closest to the unconnected populations. Examples of groups that could be eligible for distribution points include schools, public libraries, WIC, ECFE, or public health nurses. Helping people learn how to use the technology through digital literacy clinics, done in complement with public lending programs, will contribute to maximizing the value of Vermont's long-term broadband investments.

Why this qualifies under CARES Act CRF requirements:

Access to the equipment needed to connect to the Internet is a known barrier to accessing telehealth and remote learning services, particularly for low-income populations.

This initiative directly responds to the CARES Act support for the need to access telehealth and remote learning services during the current pandemic.

Why this is achievable by December 30st, 2020:

There are existing models for this service in use across the country, so the design and planning time to stand up such a program can be expedited. Many Vermont schools are currently working to survey student equipment and connectivity needs, and therefore positioning themselves well to host such a program for K12 students. Libraries are positioned well to host lending programs and digital literacy clinics for the broader community. The Institute for Museum and Library Services (IMLS) and the National Digital Inclusion Alliance (NDIA) are both resources for good models to consider for such a program for libraries.

Partial List of Implementation Considerations:

The primary steps for implementation include:

- a. Identify a central host for the program
- b. Identify the number of eligible participants
- c. Purchase of the hardware and wireless service from a cellular carrier.
- d. Create a template to be used by end distribution points to get up and running quickly
- e. Distribute materials and training to libraries or other outlets
- f. Gather data to inform long-range planning

Concerns:

- a. There must be someone in the host system (library, public health, WIC, etc) willing to undertake the effort needed to make this work.
- b. Since many other states are already doing this, there might be problems obtaining hardware quickly.

FINAL DRAFT

- c. Finding a way to pay for access on an ongoing basis.

Library Wi-Fi Hotspots

Fund public libraries and other public institutions not already served through recent efforts by the Department of Public Service to implement gigabit-capable wi-fi distribution points and the necessary network components to serve greater areas outside their buildings.

Why this qualifies under CARES Act CRF requirements:

While Vermont's goal is ubiquitous access to broadband in every home in the state, today's reality is there are still 10s of thousands of homes that don't have physical access and many more that face affordability barriers.

This initiative, which expands the quantity and quality of public access points, directly responds to the CARES Act support for the need to access telehealth and remote learning services during the current pandemic.

Why this is achievable by December 30st, 2020:

This program uses readily accessible industry-standard hardware and builds from and enhances existing library network resources. The Department of Libraries has done preliminary work in identifying libraries that need upgrades and how they would go about supporting them in a project of this scale.

Partial List of Implementation Considerations:

The primary steps for implementation include:

- a. Identify a host or hosts for the program.
- b. Identify the number of eligible libraries and other locations as identified by DPS.
- c. Purchase of hardware.
- d. Contract with appropriate technical resources to perform installs.
- e. Gather data to inform long-range planning.

Concerns:

- a. Selecting a program host and making sure they are adequately resourced.
- b. Since many other states are already doing this, there might be problems obtaining hardware quickly.
- c. Libraries have varying levels of internal capacity. Making sure there are adequate resources at each end-point to support advertised capacity.

FINAL DRAFT

COVID-19 Telehealth Patient Connectivity Triage

Fund short-term connectivity solutions for low-income patients with telehealth needs. Consider pairing this effort with a K12 Student connectivity triage effort and/or the Telehealth Practitioner Rapid Response grants to gain efficiencies. Work with one or more 3rd party health organizations to aid in identifying where the need exists, connecting the resources with those needs, and gathering data about the size and scope of the connectivity gap for those attempting to access telehealth services.

Why this qualifies under CARES Act CRF requirements:

This initiative directly responds to the CARES Act support for access to telehealth services.

In addition to clear alignment with the intent of the CARES CRF funding, this initiative gives the General Assembly a means to support digital inclusion and learn more about the needs of the unconnected that are not related to the lack of physical access to broadband services.

Why this is achievable by December 30st, 2020:

By collaborating with a 3rd party organization that has established relationships with the provider community, this effort can get off the ground quickly. Pairing this effort with a similar K12 triage center can take advantage of shared efficiencies.

Partial List of Implementation Considerations:

The primary steps for implementation include:

- a. Determine program parameters; who qualifies, for what equipment/service, and how to reach eligible participants.
- b. Establish accountability requirements for any program partners
- c. Staff program
- d. Create application and process
- e. Outreach to patient contact points, sources for referral
- f. Gather data for long-term planning purposes

Concerns:

- a. Adequately addressing any health information privacy concerns
- b. Reducing barriers to operationalizing the program in a very short timeframe
- c. Determining how to address the short-term nature of the funding/program

FINAL DRAFT

COVID-19 Telehealth Practitioner Adaptation Fund

Provide rapid response funding for healthcare practitioners adapting their care delivery tactics in response to COVID-19 social distancing requirements. Consider a quick turn-around small grant program served by a hotline to respond to providers in real-time as they learn what tools and techniques work for their practice. Consider a partnership with one or more 3rd party healthcare organization that has the capability and capacity to stand up such a program quickly and maintain accountability records.

Why this qualifies under CARES Act CRF requirements:

While reimbursement issues and admissibility of telehealth services are being dealt elsewhere in the CARES Act, this fund gives the legislature a means to support medical professionals directly, when they need it and at the same time supporting further telemedicine adoption and use in Vermont.

Responding to coronavirus-related telehealth needs is explicitly supported under the CARES Act.

Why this is achievable by December 30st, 2020:

There are existing support organizations working on telehealth in Vermont that are either in a position to directly host such an initiative or partner with a state agency to expedite connecting the practitioners with the resources.

Partial List of Implementation Considerations:

The primary steps for implementation include:

- a. Determine the method of fund distribution
- b. Establish accountability requirements
- c. Distribute funds
- d. Gather data for long-term planning purposes

Concerns:

- a. Identifying the best home for the program that can act swiftly and doesn't present institutional barriers to getting the resources out the door quickly.
- b. Maintaining appropriate audit trails without slowing the speed of deployment.

FINAL DRAFT

Institution Network Upgrades Required due to COVID-19 Response

Provide funding for anchor institutions to make network and security modifications necessary to adapt to the increased demand brought on by the current public health emergency. Examples include network routers, VPNs, secure communications platforms, network security devices.

During periods of social distancing the need for providing secure access to internal network assets and secure communication systems for both teleworkers, and in many cases the clients or users of the public service can drive large unplanned needs for network upgrades. Institutional networks are traditionally designed with security in mind to prevent people from accessing network assets from outside the network perimeter.

COVID-19 has driven every public institution, whether it is a K12 school, public library, or the legislature itself to re-think and find funding for a new level of network capacity and security to support telework, remote delivery of services, streaming video, and remote access to network resources.

Why this qualifies under CARES Act CRF requirements:

The social distancing requirements that accompany the public response to COVID-19 drive the need for telework and increased delivery of public services online. Most networks were not designed to accommodate the volume of this type of traffic that is now flowing into their networks.

This initiative qualifies as an allowable CARES Act expense because it is a necessary expenditure by institutions in order to continue to deliver public services during this public health emergency

Why this is achievable by December 30st, 2020:

Institutional leaders and their network managers have had three months to observe the impacts of new service delivery paradigms and up-ended use patterns to their existing network resources. They have either already made un-planned purchases or should be at a point of being able to make informed decisions about what is needed to adapt their networks to the new demands of coronavirus response efforts. These components are typically off-the-shelf and procurable within the 6-month window available.

Partial List of Implementation Considerations:

Primary steps for implementation include:

- a. Set the parameters for qualifying entities and purchases
- b. Develop application
- c. Streamline procurement processes to fit within the 6-month window
- d. Track results

FINAL DRAFT

Concerns:

- a. Determining the appropriate list of qualifying institutions. It is likely the need could be larger than available funding.
- b. The ability to stand up a program with accountability measures quickly enough to meet CRF deadlines.
- c. Determining what expenses qualify for reimbursement.

FINAL DRAFT

COVID-19 Response Planning and Response for PEG AMOs

Fund the state's Access Management Organizations (AMO) unbudgeted planning and programming costs associated with COVID-19 response efforts, including the creation and delivery of K12 content to support remote learning during periods of social distancing.

Why this qualifies under CARES Act CRF requirements:

PEG AMOs stepped in immediately to support the state's K12 schools in maintaining continuity of learning amidst unprecedented stay-at-home orders. The compensation for this work and the planning necessary for continuing these services directly responds to the CARES Act explicit support for remote learning services during the current pandemic.

Why this is achievable by December 30st, 2020:

This funding goes to organizations already established and doing similar work, therefore the systems and staff are in place to use the funds within the time allotted.

Partial List of Implementation Considerations:

Primary steps for implementation include:

- a. Determine the method of fund distribution
- b. Establish accountability requirements
- c. Distribute funds
- d. Gather data for long-term planning purposes

Concerns:

- a. Care must be taken to demonstrate how the funding supports efforts that are directly a result of the COVID-19 pandemic. There is a risk of claw-back if the funds are used to support pre-existing programming.

FINAL DRAFT

CUD COVID-19 Response Plans

Provide funds to support the Communication Union Districts (CUDs) in COVID-19 response planning. The CUDs are the entities the state has tasked with looking at the telecommunication needs for their regions, both for the short as well as long-term. The work they began prior to the coronavirus pandemic should be examined and plans updated to reflect current and future public health emergency response needs. This could be paired with Broadband Innovation Grant funding to support general planning at the same time.

Why this qualifies under CARES Act CRF requirements:

COVID-19 response planning is specifically supported under the CARES Act guidance.

Why this is achievable by December 30st, 2020:

The CUDs have assembled active volunteers that are already engaged in telecommunications planning for their regions.

Partial List of Implementation Considerations:

The primary steps for implementation include:

- a. Determine the method of fund distribution
- b. Establish accountability requirements
- c. Distribute funds
- d. Incorporate the resultant plans into the state's long-range telecom planning process

Concerns:

- a. Not all CUDs are at the same level of development. Some may be more capable of taking this on than others.
- b. Recognizing these planning resources are complementary to the other work they are doing but carry with them the requirement that a COVID-19/public health response plan comes out of the process.
- c. Maintaining appropriate audit trails without slowing the speed of deployment.
- d. Coordinating these planning processes with other state planning processes, either underway or proposed.

FINAL DRAFT

Supplemental COVID-19 Review of State Telecom Plan

Fund a supplemental review of the state's 10-year telecom plan specifically looking at adaptations needed to appropriately respond to current and future public health crises.

The pandemic has fundamentally changed how the state must think about its telecommunications needs, both in real-time and into the future. Given the current long-range plan did not anticipate today's public health emergency and society's complete dependence on robust and reliable connectivity for the response, a review process and supplemental report are necessary to help guide near future spending decisions.

Questions have already been raised about relaxing long-range standards in favor of speed of deployment due to the emergency. A look at how this and other trade-offs should be managed will help policymakers with future planning and funding decisions.

To provide the public process needed to guide decision-making over the next 18 months, a period that is likely to be focused on pandemic response and resiliency actions, a short term supplemental review of the state's current plan with these needs in mind is a valuable step to take now in the state's coronavirus response efforts.

Why this qualifies under CARES Act CRF requirements:

Telecommunications has taken a front-row seat in every institution's response to the coronavirus; reviewing existing plans based on the new information should be an early step to making responsible spending decisions going forward.

COVID-19 response planning is specifically supported under the CARES ACT.

Why this is achievable by December 30st, 2020:

There is a large group of engaged stakeholders ready to participate in updating the telecom plan. The state has a record of successfully contracting for assistance in producing related material.

Partial List of Implementation Considerations:

Primary steps for implementation include:

- a. Producing an expedited RFP and hire a vendor
- b. Convening the working group
- c. Coordinating with CUD planning as appropriate
- d. Producing and presenting report findings
- e. Making Legislative adjustments as necessary.

Concerns:

- a. Locating a contractor and executing a contract in time to complete the process

FINAL DRAFT

- b. Coordinating these planning processes with other state planning processes, either underway or proposed.

FINAL DRAFT

Other Ideas Contemplated by CCG

Pole licensing and make-ready, engineering, and feasibility studies –

For this analysis we define these terms as such:

Pole-make ready are the steps needed to prepare existing electric and communications poles to accommodate new attachments, in this case, components of a broadband network. Engineering is the technical work that needs to be done to move a broadband project from the proposal/budgetary phase to a shovel-ready project. Feasibility studies are an analysis of the viability of a broadband project in a given area.

While CCG believes these are all wise steps to take to prepare for future broadband investments, we believe the guidance does not directly provide for these activities, because they do not yield immediate benefits to the state's current COVID-19 response efforts.

Data Collection

Numerous proposals have circulated that involve the creation of new data sets to aid in identifying and expediting future broadband strategy and project planning. These suggestions range from gathering better data on the current location and service availability of broadband to K12 homes, to comprehensive pole inventories, to detailed information on frequency propagation and existing fiber assets throughout the state.

Like the previous set of ideas, these are prudent steps to facilitating rapid broadband development and future investment decisions. However, given the CARES Act qualification requirement of having an immediate benefit to the current response effort, CCG questions whether these are allowable activities under the current guidance.

Telecom Workforce Development Initiative as proposed in the Emergency Broadband Action Plan

During interviews with Vermont broadband stakeholders, CCG found universal support for this idea. We agree this is a good place for the General Assembly to have an impact on the state's readiness to leverage future broadband funding opportunities. As with a number of other ideas that did not make our "safe to use CRF funding" list, the delay in the return on this investment may create issues for this round of CRF funding because the guidance requires an immediate benefit and work to be completed by December 30, 2020.

FINAL DRAFT

CUD funding beyond COVID-19 Planning as proposed in the Emergency Broadband Action Plan DRAFT published by the Department of Public Service on May 5, 2020.

The Emergency Broadband Action Plan (EBAP) outlines both administrative funding and project financing support. Given the state's clear commitment to the creation of the fledgling CUDs in recent years, it is appropriate that support for their continued growth be contemplated by the General Assembly.

CCG believes that general funding for CUD planning that is not directly tied to current pandemic response could face challenges.

Large-scale Fixed Wireless Deployments using CRF Funding

CCG would have strong reservations about recommending the General Assembly consider funding any large infrastructure project under the current constraints on the use of CRF funding. Also, funding, technology, and partner questions would need to be resolved before such an initiative could move forward.

Items from the House Committee on Energy and Technology recommendations published on June 10, 2020

Tier I

[\$800,000] to the COVID-Response Connected Community Resilience Program.

This item proposes a grant program to fund recovery planning efforts of communications union districts. CCG believes, as drafted this proposed legislation to fund CUDs for health emergency preparedness planning is compliant with the CARES Act because the Treasury guidance explicitly supports emergency response planning.

[\$2,000,000] to the COVID-Response Line Extension Customer Assistance Program.

This item proposes to provide financial assistance for customer costs associated with cable line extensions to unserved locations. CCG believes this use, as described in the proposed legislation, is allowable under current CARES guidance subject to the direct link to a need for distance learning, telehealth and telework needs.

[\$11,000,000] to the Get Vermonters Connected Now Initiative.

This item proposes to provide financial assistance to Internet service providers to offset the customer costs of fiber-to-the-premises installations and to expand fixed wireless coverage to unserved or underserved areas of the State. CCG believes, as drafted, this item contains activities that are allowable under the CARES Act guidance. Service extensions to households that have a documented K12 remote learning or telehealth need that can be completed by December 30th, 2020 appear to be allowed based on the May

FINAL DRAFT

28th Treasury guidance. Wi-fi hotspots for libraries, schools, and buses are generally considered allowable and have been implemented in numerous other states.

[\$500,000] to support the COVID-Response Telecommunications Recovery Plan.

This item proposes to fund the preparation of a COVID-19 Response Telecommunications Recovery Plan. CCG agrees that recovery response planning is allowed in the guidance FAQ from the US Treasury.

[\$800,000] to support the COVID-Response Telehealth and Connectivity Initiative.

This item proposes to fund a pilot program designed to address gaps in access to telehealth services. CCG agrees that the support for the telehealth needs of doctors and their patients is explicitly supported under the CARES Act.

[\$466,500] to be disbursed, in consultation with the Vermont Access Network, among the State's access media organizations for staffing and operational costs incurred due to unbudgeted and unplanned coverage of public meetings and events in response to the COVID-19 pandemic, as well as for unplanned and unbudgeted expenditures related to increased production and technical support for live-streaming government and community-based organizations.

CCG agrees that the costs associated with emergency communications with the public during the current pandemic are allowed under CARES.

[\$3,000,000] to the Agency of Digital Service to fund efforts to mitigate cybersecurity risks posed by State employees working from home as a result of the COVID-19 pandemic.

CCG agrees the CARES Act language supports the use of relief funds to cover costs incurred for changes to networks that are required to support new tele-workforces due to the social distancing requirements brought on by the current public health emergency.

[\$350,000] to the Agency of Digital of Services to support municipal officials in addressing cybersecurity risks and mitigate vulnerabilities posed by closed municipal offices, municipal employees and elected officials working from home, and using teleconferencing platforms as a result of the COVID-19 pandemic.

CCG agrees the CARES Act language supports the use of funds to aid local governments in their response to the current public health emergency.

FINAL DRAFT

Tier II Funding Priorities

(Per June 10th memo entitled Coronavirus Relief Fund – Energy and Technology Committee Funding Recommendations. The first four of these items are recognized by the committee as not qualifying under the current guidance.)

[\$1,000,000] to the Department of Labor for the COVID-Response Critical Infrastructure Workforce Training and Incentive Program, which is designed to provide employer grants for workforce expansion in the communications sector to meet the immediate need for broadband construction.

CCG agrees that this use of funds, should they become available is a valuable step in preparing the workforce needed for future broadband deployments. We don't think this use is supported under current guidance because the length of time to yield results is beyond the spending deadline outlined in the Act.

[\$240,000] to the Department of Public Service to fund two new temporary (3 year) positions, COVID-19 rural broadband technical assistance specialists, to assist with the accelerated implementation of broadband deployment projects designed to meet the immediate and critical need for connectivity.

CCG agrees that the state should keep in mind the necessary staffing levels to achieve its broadband goals. We don't think that staff positions lasting beyond December 30th, 2020 are supported by the guidance due to the currently imposed deadlines.

[\$7,000,000] to the Department of Public Service to fund the COVID-Response Engineering and Design Program, a grant program for broadband providers to fund the pre-construction engineering, design, and survey work to bring broadband networks to underserved regions of the State. This program will also support pole-owning utilities in accelerating the processing of pole-attachment applications and license agreements to facilitate critical broadband deployment projects.

CCG agrees that this use of funds, should they become available is a valuable step in preparing shovel-ready projects needed to fully leverage future broadband funding opportunities. We don't think this can be funded under current guidance due to spending deadlines and lack of immediate impacts on the current response effort.

[\$45,000,000] to the Department of Public Service to support the COVID-Response Connectivity Initiative, a program designed to provide financing for critical broadband deployment projects in the form of grants, loans, credit enhancements, and letters of credit for projects that will provide all customers in a specified region at least 100 Mbps symmetrical service

CCG agrees with the committee's assessment that funding broadband projects beyond December 30th, 2020 is not allowed under current CARES guidance.

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[\$4,000,000] to the Agency of Digital Services to reimburse costs incurred for unbudgeted and unplanned expenditures for the purpose of workforce management modernization to support a remote workforce due to the COVID-19 pandemic.

CCG agrees with the committee's assessment that this is an allowable use of CRF funding under current guidance.

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APPENDIX A: US Treasury Guidance on the use of the CARES Act Coronavirus Relief Fund

CCG based their analysis of the potential allowability of funding under the CARES Act COVID-19 Relief Fund on the following statements made within the act and subsequent treasury guidance documents.

The CARES Act requires that the payments from the Coronavirus Relief Fund only be used to cover expenses that—

- (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19);*
- (2) were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and*
- (3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.*

Source of the above guidance: CARES Act, US Treasury website:

<https://home.treasury.gov/policy-issues/cares/state-and-local-governments>

The statute also specifies that expenditures using Fund payments must be “necessary.” The Department of the Treasury understands this term broadly to mean that the expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Fund payments.

A cost is “incurred” when the responsible unit of government has expended funds to cover the cost.

Eligible expenditures include, but are not limited to, payment for:

...

Expenses for establishing and operating telemedicine capabilities for COVID-19-related treatment.

Expenses to facilitate distance learning, including technological improvements, in connection with school closings to enable compliance with COVID-19 precautions.

Expenses to improve telework capabilities for public employees to enable compliance with COVID-19 public health precautions.

COVID-19-related expenses of maintaining state prisons and county jails, including as relates to sanitation and improvement of social distancing measures, to enable compliance with COVID-19 public health precautions.

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Source for the above guidance: Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments, April 22, 2020,

<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>

May recipients provide stipends to employees for eligible expenses (for example, a stipend to employees to improve telework capabilities) rather than require employees to incur the eligible cost and submit for reimbursement?

Expenditures paid for with payments from the Fund must be limited to those that are necessary due to the public health emergency. As such, unless the government were to determine that providing assistance in the form of a stipend is an administrative necessity, the government should provide such assistance on a reimbursement basis to ensure as much as possible that funds are used to cover only eligible expenses.

May Fund payments be used for COVID-19 public health emergency recovery planning?

Yes. Expenses associated with conducting a recovery planning project or operating a recovery coordination office would be eligible, if the expenses otherwise meet the criteria set forth in section 601(d) of the Social Security Act outlined in the Guidance.

Could Fund payments be used for capital improvement projects that broadly provide potential economic development in a community?

In general, no. If capital improvement projects are not necessary expenditures incurred due to the COVID-19 public health emergency, then Fund payments may not be used for such projects.

May counties pre-pay with CARES Act funds for expenses such as a one or two-year facility lease, such as to house staff hired in response to COVID-19?

A government should not make prepayments on contracts using payments from the Fund to the extent that doing so would not be consistent with its ordinary course policies and procedures.

May recipients use Fund payments to expand rural broadband capacity to assist with distance learning and telework?

Such expenditures would only be permissible if they are necessary for the public health emergency. The cost of projects that would not be expected to increase capacity to a significant extent until the need for distance learning and telework have passed due to this public health emergency would not be necessary due to the public health emergency and thus would not be eligible uses of Fund payments.

May Fund payments be used for expenditures related to the administration of Fund payments by a State, territorial, local, or Tribal government?

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Yes, if the administrative expenses represent an increase over previously budgeted amounts and are limited to what is necessary. For example, a State may expend Fund payments on necessary administrative expenses incurred with respect to a new grant program established to disburse amounts received from the Fund.

May Fund payments be used for expenditures necessary to prepare for a future COVID-19 outbreak?

Fund payments may be used only for expenditures necessary to address the current COVID-19 public health emergency. For example, a State may spend Fund payments to create a reserve of personal protective equipment or develop increased intensive care unit capacity to support regions in its jurisdiction not yet affected, but likely to be impacted by the current COVID-19 pandemic.

What records must be kept by governments receiving payment?

A government should keep records sufficient to demonstrate that the amount of Fund payments to the government has been used in accordance with section 601(d) of the Social Security Act.

May governments retain assets purchased with payments from the Fund?

Yes, if the purchase of the asset was consistent with the limitations on the eligible use of funds provided by section 601(d) of the Social Security Act.

Source for the above guidance: Coronavirus Relief Fund Frequently Asked Questions, May 28, 2020, <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>