Broadband Funding in the Infrastructure Investment and Jobs Act

Prepared by Maria Royle, VT Legislative Counsel December 14, 2021

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Deployment

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Prior Pandemic-Funding for Broadband

CARES Act

- Direct appropriations to new and existing federal broadband programs
- Coronavirus Relief Fund (general assistance to states)
- VT \$17.4M for broadband
- •ABC Program
- •Recovery Planning

Consolidated Appropriations Act of 2021

- •Broadband Infrastructure Program (NTIA)
- •Emergency Broadband Benefit (FCC)

American Rescue Plan Act of 2021

- •State and Local Fiscal Recovery Funds
- $\bullet \mbox{VT}$ \$150M for broadband
- •VT Community Broadband Board
- Capital Projects Fund (possibly)
- •\$113M to VT
- •Recommendations forthcoming

March 27, 2020

December 27, 2020

March 11, 2021

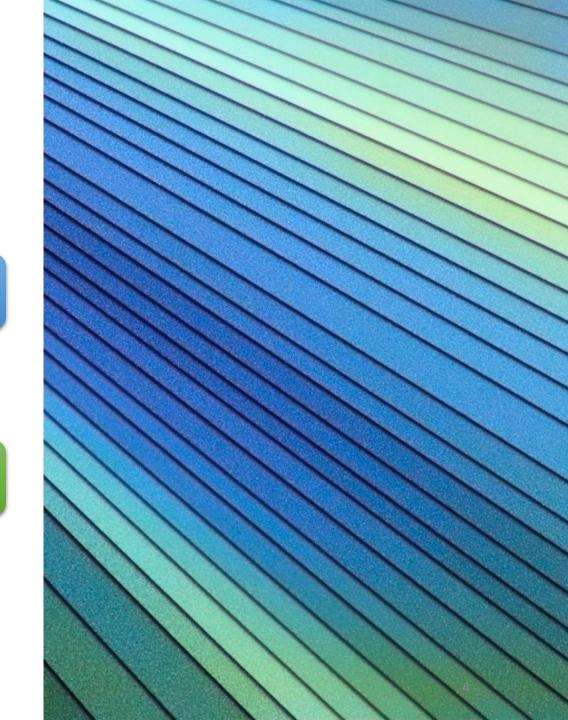
Infrastructure Investment and Jobs Act

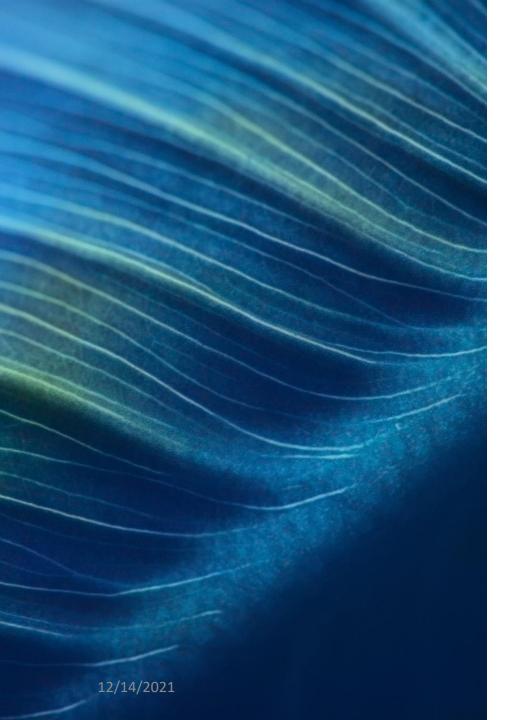
Act signed November 15, 2021

 "Access to affordable, reliable, high-speed broadband is essential to full participation in modern life in the United States."

\$65B for broadband

- Deployment
- Digital Equity
- Affordability





Broadband Deployment

Last-mile Infrastructure

Middle-mile Infrastructure

USDA Program Appropriations

Private-Activity Bonds Workforce Development Electric Grid Modernization

Last-Mile Infrastructure – BEAD Program

- Broadband Equity, Access, and Deployment (BEAD) Program
 - NTIA has 6 months to establish this \$42.45B Program
 - Program will provide grants to states to "bridge the digital divide"
 - Vermont will receive at least \$100M
 - Remaining funds distributed based on a formula
 - State's percentage of nationally unserved locations, generally, and also in highcost areas
 - Locations are based on broadband DATA maps to be published by the FCC in 2022
 - Funds are to "supplement not supplant" state and federal funding

BEAD Program – Use of Funds

- States may use grant funds to competitively award subgrants for:
 - Unserved (below 25/3 Mbps) and underserved (below 100/20 Mbps) projects
 - Connecting community anchor institutions (1/1 Gbps)
 - Data collection, mapping, and planning
 - Installations or reduced-cost broadband within multi-family residential buildings
 - Broadband adoption (including devices)
 - Any other use determined by the NTIA

BEAD Program – Priorities and Requirements

- Must prioritize unserved first, <u>then</u> underserved, <u>then</u> community anchor institutions, particularly for "priority broadband projects" [TBD]
- May <u>not</u> exclude cooperatives, nonprofits, public-private partnerships, private companies, public or private utilities, public utility districts, or local governments from eligibility
- Shall give priority to projects based on:
 - Persistent poverty counties or high-poverty areas
 - Speeds of proposed service
 - Completion data
 - Demonstrated record of and plans to comply with federal labor and employment laws
- Matching requirement (25%) except in high-cost areas
 - Sources include: in-kind contributions; prior pandemic funding for broadband

BEAD Program – Project Requirements

Service requirements:

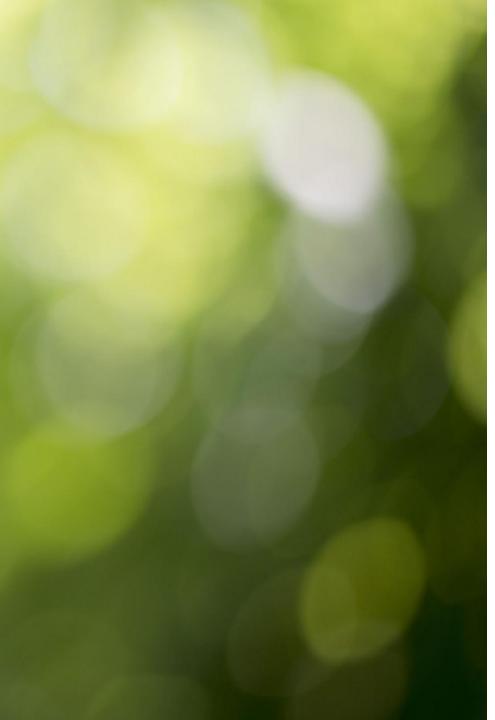
- At least **100/20 Mbps**
- Latency sufficiently low to allow reasonably foreseeable , real-time, interactive applications
- Network **outages** that do not exceed, on average, 48 hours over any 365-day period

Offer at least one low-cost broadband service option

Complete buildout within 4 years of receiving subgrant

BEAD Program – Process and Preparation

- Process for grant applications:
 - Letter of intent
 - Planning funds for a 5-year action plan
 - Initial proposal
 - Final proposal
- Data collection and collaboration requirements
 - Barriers; capacity needed for implementation; identification of each unserved or underserved location and community anchor institution; high poverty areas; oversight; coordination
- Define "low-cost broadband service option"



Middle-Mile Infrastructure Grant Program

\$1B for construction, improvement, or acquisition of middle-mile infrastructure

NTIA has 6 months to design this grant program, then another 9 months to make awards

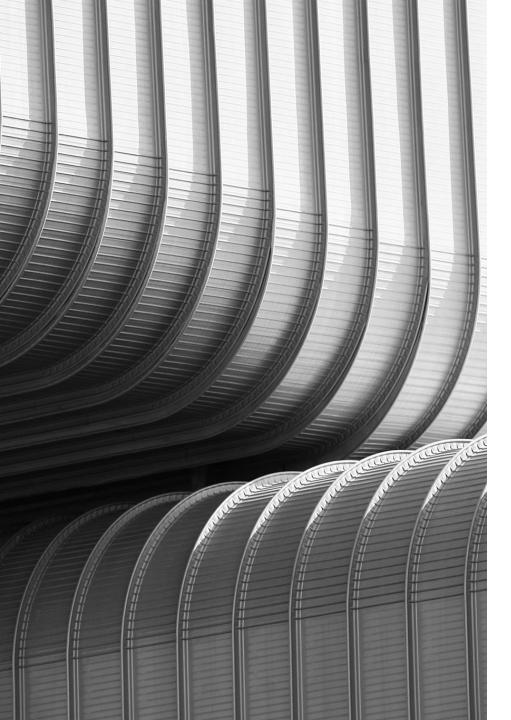
Purposes:

- •Reduce the cost of connecting unserved/underserved areas to the internet backbone
- Promote resiliency (alternative network paths)

Matching requirement of at least 30%

Interconnection; nondiscrimination; network management practices

Construction must be completed within 5 years



USDA Program Appropriations

ReConnect Program grants and loans (\$1.926B)

- Rural areas where at least 50% of households lack 25/3 Mbps
 - Current program 90% lacking 100/20 Mbps
- Must provide 100/20 Mbps
 - Current program 100/100 Mbps
- Matching requirement; waived for projects that serve persistent poverty counties
- Eligible costs include pole attachment fees and replacement costs for shared use of utility poled owned by electric cooperatives

Rural Broadband Program loans (\$74M)

Private-activity Bonds for Broadband

Internal Revenue Code is amended to add broadband as an allowable use for qualified private-activity bonds

State and local governments can issue qualified private-activity bonds beginning in 2022 to finance qualified broadband projects for rural areas

Qualified broadband project:

- 50% of households in census block group(s) lacks 25/3 Mbps
- Results in 100/20 Mbps service

Workforce Needs of the Telecom Industry

Official (GAO) estimate of skilled workers needed – report due in 6 months

Telecom Interagency Working Group within the FCC

- Partner with Secretary of Labor
- Recommendations to address needs and workforce safety
- Report due in one year

States and the Telecom Industry Workforce

- Within one year, Secretary of Labor and FCC will issue guidance for states on:
 - Federal resources
 - Recruitment strategies
 - Safety

Digital Equity Act of 2021

Digital equity – all have IT capacity for full participation in society

Digital inclusion – all have access to affordable technologies (devices and service)

Digital literacy – skills associated with using technology

Covered populations

- Low-income households (at or below 150% FPL)
- Aging individuals
- Incarcerated individuals
- Veterans
- Individuals with disabilities
- Individuals with language barriers
- Individuals who are members of a racial or ethnic minority group
- Individuals who primarily reside in a rural area

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Digital Equity Act of 2021 (cont'd)

Establishes 3 sequenced grant programs to promote equity, inclusion, skills among target ("covered") populations

State Digital Equity Planning Grant Program

- \$60M formula grant program for states to develop digital equity plan
- Governor selects administering entity

State Digital Equity Capacity Grant Program

- \$1.44B formula grant program for states distributed annually over 5 years
- To implement digital equity plans

Digital Equity Competitive Grant Program

- \$1.25B over 5 years to implement digital equity projects
- Eligible entities include political subdivisions, tribal governments, nonprofits, community anchor institutions, local educational agencies, entities that carry out workforce development programs

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Affordability

Emergency Broadband Benefit Program transitions to new, permanent **Affordable Connectivity Program** - \$14.2B

Subsidy of \$30/month (reduced from \$50/month)

\$100 towards purchase of one connected device per household

Income eligibility increased from 135% to 200% of FPL (additional program eligibility)

Current Lifeline subscribers can opt-in

New applicants go through the National Lifeline Verifier

Consumer choice and protection

November 26, 2021 Order and December 8, 2021 Order

Additional Consumer Protection Provisions

Consumer Broadband Labels

- FCC has one year to adopt rules
- Introductory vs. long-term rates, e.g.

Speed Report

- GAO shall evaluate FCC's process for establishing, reviewing, and updating upload and download speed thresholds
- Report due within one year

Digital Redlining

- FCC has 2 years to address equal access to broadband
- Preventing digital and deployment discrimination based on income, race, ethnicity, color, religion, or national origin

Report on the Future of the Universal Service Fund

• FCC has 9 months to submit report on the universal service goals for broadband

12/14/2021



Final Thoughts

Act 74 (2021) funding priorities:

• Between ARPA funds and other federal and State funds, the General Assembly anticipates spending **\$250M** for broadband development over the next 3 yrs.

State's statutory goal is 100/100 Mbps to all locations by end of 2024

VT 10-year Telecom Plan

- 51,000 locations lack 25/3 Mbps
- Will cost between \$362M and \$439M to bring them 100/100 Mbps (FTTP)
- 185,000 locations have between 25/3 Mbps and 100/100 Mbps