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An Updated Look of the U.S. Government Broadband Funding Landscape: Stimulus, Infrastructure Grants, and More

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Contents

| | |
|--|----|
| Section 1: Infrastructure Investment and Jobs Act and Stimulus Funding | 3 |
| Section 2: Broadband Equity, Access, and Deployment (BEAD) Program..... | 6 |
| Section 3: Tribal Broadband Connectivity Grant Program | 7 |
| Section 4: Where Things Stand with RDOF..... | 8 |
| Section 5: Other Broadband Funding Programs | 9 |
| Section 6: Navigating the Funding Landscape | 11 |
| APPENDIX: Popular State Broadband Funding Programs | 12 |

Section 1: Infrastructure Investment and Jobs Act and Stimulus Funding

Major U.S. Government broadband funding programs like the Federal Communications Commission's (FCC) Rural Digital Opportunity Fund and 5G Fund for Rural America have been around for many years, but the coronavirus pandemic highlighted an urgent need for broadband so stimulus funding was passed that helped to address many challenges. This funding was followed up by the Infrastructure Investment and Jobs Act, which brought even more structure funding for broadband across the United States. The convergence of investments in broadband infrastructure and expanded service availability has resulted in a historic opportunity to bridge the digital divide in underserved areas across the country and has created a new landscape of broadband funding.

INFRASTRUCTURE INVESTMENT AND JOBS ACT

The Infrastructure Investment and Jobs Act (IIJA, also known as the Bipartisan Infrastructure Law) is a \$1.2 trillion investment to address infrastructure needs, particularly for broadband, water, energy, and Information Technologies (IT) systems. Unlike with coronavirus stimulus funding, when monies were distributed quickly, IIJA funds are being distributed over the course of several years.

Broadband funding out of IIJA is being implemented in several different programs, but there are two main overarching goals:

- Broadband infrastructure deployment: ensure every individual in the United States has access to 100/100 Mbps broadband internet service.
- Broadband use and adoption activities: support efforts to get every individual in the United States is engaged with the digital world through access and digital equity efforts.

Let's define some terms.

What do we mean when we say a program is broadband-focused vs. broadband-friendly?

| BROADBAND-FOCUSED | BROADBAND-FRIENDLY |
|--|--|
| Explicitly created to fund broadband expansion | Created to address a need that broadband may play an important part in |
| Most of each grant (>90%) will cover costs for broadband build-out | Each grant will cover a variety of costs, a portion of which may be broadband, depending on the project |
| Will have "broadband" or "connectivity" in the name of the grant | Will have a name that indicates the purpose of the program, rather than specifying a particular technology |

Both types of programs fund broadband expansion and both are potentially worth investigating. And as we'll see, some of the largest funding programs in the history of the country are "broadband-friendly."

Broadband-focused Programs in the Infrastructure Investment and Jobs Act

The major broadband-focused opportunity funded under IIJA is the \$42.45 billion **Broadband Equity, Access, and Deployment (BEAD) Program**, administered by the National Telecommunications and Information Administration (NTIA). This program provides funding to each state and territory to implement efforts within their own borders.

The **Tribal Broadband Connectivity Program**, originally created out of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) is a \$3 billion program under IIJA to continue support for infrastructure deployment and broadband adoption activities on tribal lands.

Finally, IIJA also added some additional funding to the United States Department of Agriculture (USDA) broadband loan and grant programs. The Rural eConnectivity (ReConnect) Program has awarded \$4.81 billion in grants and loans thru October 2023 with additional awards being announced on a rolling basis.

Of course, the FCC is not taking a back seat in terms of broadband-focused funding and are still active with Phase 1 RDOF funding.

Broadband-friendly Programs in the Infrastructure Investment and Jobs Act

There are two large, related grant programs created to support digital equity and inclusion activities under IIJA. Digital equity is focused on ensuring that all individuals and communities have the IT capacity to fully participate in the society and economy of the United States. Digital inclusion is focused on ensuring that all individuals in the United States have access to, and the use of, affordable information and communication technologies. These types of projects also typically involve digital literacy training, to enable users to find, evaluate, organize, create, and communicate information.

The **State Digital Equity Grant Program** provides funding to states for both planning and capacity grants. This funding will be used to develop digital equity plans and implement digital inclusion strategies.

The **Digital Equity Competitive Grant Program**, which is also being administered by NTIA, allows eligible entities to apply directly for support for their digital equity and digital inclusion projects.

As of the time of writing, states are in the process of developing their Initial Proposals for the BEAD program. Once these are submitted to NTIA (by late December 2023) and approved, states will be able to request up to 20% of their allocations to use for initial implementation activities.

STIMULUS FUNDING FOR STATE AND LOCAL GOVERNMENTS – STATE AND LOCAL FISCAL RECOVERY FUND AND CAPITAL PROJECTS FUNDS

State and local governments were hit hard by the coronavirus pandemic, as sales and income taxes fell, unemployment claims rose, and they were required to transform their service delivery models from in-person to a remote, technology-driven platform overnight.

Congress gave governments \$350 billion in the American Rescue Plan, in the form of **State and Local Fiscal Recovery Funds**, with governments getting until December 31, 2024, to obligate it. These funds can be used for a wide variety of different projects, including:

- to respond to the public health emergency with respect to (COVID–19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- to respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers of the State, territory, or Tribal government that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
- for the provision of government services to the extent of the reduction in revenue of such State, territory, or Tribal government due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year of the State, territory, or Tribal government prior to the emergency; or
- to make necessary investments in water, sewers, or **broadband infrastructure**.



Although broadband is only one of many uses of these funds, even if only 1% of the funding was used for broadband projects, that would amount to more than \$5 billion in additional funding for broadband expansion projects.

The American Rescue Plan also appropriated \$10 billion to the **Coronavirus Capital Projects Fund**, which allocates funds to states, territories, and tribal governments for critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the pandemic. Like with the State and Local Fiscal Recovery Funds, the Capital Projects Funds are allocated to eligible recipients based on a formula.

These state and local government stimulus funds are currently being utilized by eligibility entities across the country for many different projects, including broadband. Unlike with many other types of grants, these stimulus funds are mainly internal competition within government entities, with competing priorities across the municipality. Consider the impact any broadband project will have on the community and its response to the coronavirus crisis.

Section 2: Broadband Equity, Access, and Deployment (BEAD) Program

The Broadband Equity, Access, and Deployment (BEAD) program is the largest single-program investment in broadband from the federal government. This \$42.45 billion program will support broadband deployment and adoption activities across all the states and territories. The goal of the program is to ensure that every resident of the United States has access to 100/100 Mbps broadband service by the end of the program implementation process.

States and territories may use funds for several different efforts:

- Unserved service projects that address areas where 80% of locations in the proposal area lack access to reliable 25/3 Mbps service;
- Underserved service projects that address areas where 80% of locations in the proposal area lack access to reliable 100/20 Mbps service;
- Community anchor institutions, such as schools, libraries, and hospitals, lacking access to 1 Gbps service;
- Data collection and broadband mapping;
- Installing internet and Wi-Fi infrastructure or providing reduced-cost broadband within a multifamily residential building; and
- Affordability, including for internet-capable devices.

The BEAD program funding is based on a formula focused on the number of unserved and underserved locations within each state and territory. To get to these numbers, and therefore the final allocation amounts, the FCC and the NTIA collected information on current broadband coverage for locations across the country from service providers. They then allowed for a challenge process where individual locations could contest the level of coverage they could access.

The final amounts each recipient will get were determined in June 2023. States and territories will also need to work with the end recipients of their funds to ensure that the 25%

cost match requirement is met. Early information suggests that different states will be meeting this requirement in different ways. It is important for service providers, local governments, and other eventual end recipients to start considering sources for their match early. Prior to state and territory allocations determined by NTIA, governments were already working on this program. Each entity received planning funds and developed Five Year Action Plans for what they hope to accomplish by the end of the program implementation. Once the final allocations were announced, states and territories have 180 days to submit their Initial Action Plans (late December 2023). These plans will address long-term objectives for broadband deployment, closing the digital divide, and promoting economic growth. States and territories must also look at how they will support local and regional broadband planning processes and identify existing federal and state funded broadband efforts within their borders. Many states will be implementing future challenge processes within their borders to help finalize what locations will receive funding for implementations. The plan will also cover how they will competitively award subgrants.

NTIA plans to review these submissions as quickly as possible and approve them or work with the state or territory to make necessary changes. Governments with approved Initial Action Plans will be able to request up to 20% of their allocation to start working on the implementation of their plans.

In the future, states and territories will receive the remainder of their funds, most of which will be used to competitively regrant the funds out to end recipients to implement the project plans. These subgrants will likely go to service providers, local governments, and community anchor institutions.

Final allocations for states and territories can be found at <https://www.ntia.doc.gov/press-release/2023/biden-harris-administration-announces-state-allocations-4245-billion-high-speed>

Section 3: Tribal Broadband Connectivity Grant Program

The Tribal Broadband Connectivity Grant Program was originally created under the Coronavirus Response and Relief Supplemental Appropriations Act, which implemented the program with a \$980 million appropriation. IIJA added an additional \$2 billion to this program.

The first round of this program had applications due on September 1, 2021. Many awards have been made over the last several months by NTIA. As of time of writing, 226 projects have been awarded across the United States, with a total award funding amount of more than \$1.86 billion. A complete list of these awards can be found at <https://broadbandusa.ntia.doc.gov/funding-programs/tribal-broadband-connectivity/award-recipients>



The NTIA released a second round of the Tribal Broadband Connectivity Grant Program in July 2023. For this round, applicants may use funds for broadband infrastructure deployment projects or broadband use and adoption projects. Broadband infrastructure deployment projects can include the support for the establishment of carrier-

neutral submarine cable landing stations. Broadband use and adoption projects can include affordable broadband programs, distance learning, telehealth, digital inclusion efforts, and other broadband adoption activities.

Under the Tribal Broadband Connectivity Grant program round two, NTIA plans to make about \$980 million in awards. Individual broadband infrastructure deployment projects are likely to be in the range of \$1-50 million. Individual broadband use and adoption projects (including digital equity planning) are likely to be in the range of \$100,000-\$2.5 million. Applications are due on January 23, 2024. Eligible entities include a Tribal Government; a Tribal College or University (TCU); the Department of Hawaiian Home Lands on behalf of the Native Hawaiian Community, including Native Hawaiian Education Programs; a Tribal organization; or a Native Corporation.

For this second round of funding, NTIA is prioritizing certain types of projects over others. Priorities will go to the Department of Hawaiian Home Lands on behalf of the Native Hawaiian Community. Tribes who did not receive funding or receive equitable distributions awards for planning projects under the first round will be given priority in this round. Overall, NTIA will prioritize funding for infrastructure deployment projects. They expect to allocate no more than \$100 million for standalone broadband use and adoption (digital inclusion) projects. Unlike the previous round, NTIA will also prioritize projects that promote workforce development such as on-the-job training and certification as well as capacity-building strategies that promote development of lasting digital skills and technology-based jobs.

Although additional funding beyond round two of the Tribal Broadband Connectivity Grant Program are dependent on future appropriations, the priorities of this program will continue to be reflected across other broadband-focused and broadband-friendly grant programs implemented by the federal government in the coming months and years.



Section 4: Where Things Stand with RDOF

The second phase of FCC's Rural Digital Opportunity Fund (RDOF) was supposed to be billions of funds that would allow service providers to bid on how much federal support they will need to extend broadband to specified underserved areas at various levels of service, but the program has run into some problems. According to an estimate from Cooperative Network Services in an article written in Telecompetitor, over \$2.8 billion of the \$9.2 billion awarded in Phase I of RDOF has been defaulted.

The FCC has not announced what happens with the money that has been defaulted on. RDOF, across two phases, was expected to award \$20.4 billion over 10 years. The first phase was initially supposed to be up to \$16 billion, but winning bids were \$9.2 billion, which meant for Phase II up to \$11.2 billion was expected to be allocated. Alas, only \$6.4 billion has been truly awarded, given the defaults, and it is unclear at this point if the remaining \$14 billion will be awarded.

Phase II was expected to focus on providing high-speed broadband access to partially served areas, census blocks where some but not all locations lack access, and census blocks not awarded in Phase I.

For additional information, <https://www.fcc.gov/> will be a good place to visit.

Section 5:

Other Broadband Funding Programs

Looking further across the funding landscape are other federal and state-funded programs that fall within the broadband-focused and broadband-friendly categories.

State Digital Equity Grant Program

The State Digital Equity Grant Program is funding for each state and territory to implement their digital equity and digital inclusion plans. There are two main phases to this program: the planning phase and the capacity phase. Eligible entities have already received their planning funds and, at the time of writing, finalizing their digital equity plans. The State Digital Equity Capacity Grant Program is expected to open in late 2023, and states and territories will receive their implementation funds after they have had their submissions approved by NTIA.

The implementation of digital equity plans will take various forms across the country. In most cases, states and territories will regrant their Capacity funds to eligible end recipients (such as community anchor institutions, local governments, local education agencies, and nonprofit organizations). These entities will implement parts of the larger approved state or territory digital equity plan. Projects could include things like improving digital equity or digital inclusion through access to the internet and internet-connected devices for all residents. Other projects will focus more on digital literacy training for residents.

These potential State Digital Equity Grant Program subrecipients may also apply directly to NTIA for the Digital Equity Competitive Grant Program to work on other projects not addressed as part of the state or territory digital equity plan.

Other Federal Grants

We have already indicated that broadband-friendly grants are available across the federal government, in both stimulus and non-stimulus programs. But the federal government also provides a range of other non-stimulus broadband-friendly and even broadband-focused grants that might fit perfectly with the type and scale of project you are envisioning.

All federal grants are posted at the Federal Electronic Grants Clearinghouse at www.grants.gov when they open for applications. You can even register for email alerts to stay apprised of announcements for grants that match your preferences.



One good example of an alternative broadband-focused grant is the USDA's **Community Connect program**, which provides grants between \$100,000 and \$3 million for extending 100/20 Mbps service to rural service areas in which broadband does not exist (or is less than 25/3 Mbps currently). There are some strings attached to this funding – for example, winners will be required to provide free service to all essential community facilities (mostly municipal) and a community center for at least two years, along with paying 15% of the project costs out of pocket. But any type of incorporated organization can apply, no previous broadband experience is required, and financing is available. It is an entry level program that can prepare you and your broadband service organization (in whatever legal form it may take) to access the larger programs that require more preparation and experience to apply to.

A popular federal broadband-friendly program is the USDA's **Distance Learning and Telemedicine (DLT) Grant Program**. This program provides funding for the technology infrastructure needed to deliver either distance learning or telemedicine services in rural areas that do not offer, for example, coding classes to high school students, or that require patients to drive for hours to see a cardiologist. Grants cover the endpoints for service delivery to the rural locations to which services are being extended, and the infrastructure needed for them to access the services (broadband-friendly). Note that the endpoints on the service provider side – usually an urban hospital or educational institution that is providing the content – are generally not included.

With federal broadband-friendly grants, it is important to be clear about the specific objectives you are trying to achieve with your project and with a little research, you will be able to locate the programs that fit with your project.

State Broadband Grants

As with anything across 50 states plus territories and the District of Columbia, state broadband funding is a hodgepodge of programs, some entirely focused on broadband infrastructure, and others more in the broadband-friendly camp.

State grants are some of the least competitive of the broadband grant opportunities, and they encourage collaboration among community stakeholders, municipalities, and service providers.

Like the federal Community Connect program, these state opportunities are a great starting point for anyone looking to extend broadband services to rural and underserved areas – some of the areas that need it the most and will see the greatest benefit from expanded connectivity for years to come.

A list of some of the most popular broadband-focused and broadband-friendly state grant programs is contained in the appendix.

Section 6:

Navigating the Funding Landscape

With so many different opportunities from so many sources, it can be difficult to know where to start. But there are several factors related to your organization and project that can help you begin to filter through the available funding opportunities. Some of the most prominent include:

Location

Where geographically you want to provide service, and the demographics and current service levels there

Resources

How much capital you can allocate to the project(s), and what time and resources you can dedicate to pursuing funding

Capacity

How much experience you have with providing broadband service and the level of service you are looking to provide in future projects

Team

Who is already committed – or willing to commit – to partnering with you to deploy the project and help you overcome the inevitable technical, political, and regulatory obstacles you will face along the way

Scale

An approximation of how much funding (hundreds of thousands, millions, or tens of millions) the project needs.

Once you have a clear definition of these contextual considerations, the broad landscape of funding should begin to become quite manageable. You will find that the answers will move you toward one broad category of federal grants, and state grants will become limited to just a handful of opportunities, depending on the state you are planning to site your project in.

Like navigating any terrain, developing funding for a broadband project will be a journey. But for your organization's stakeholders, communities, and partners, and for you, the financial, operational, and personal rewards can make it all worthwhile!

APPENDIX: Popular State Broadband Funding Programs

This list shows some popular state broadband funding programs, but it is by no means exhaustive, and new programs are being created regularly. Check with your state legislature for additional information in your area.

| STATE | NAME OF GRANT | STATE ADMINISTERING AGENCY |
|---------------|---|--|
| Alaska | Alaska Broadband Program | Denali Commission |
| Arizona | Arizona Broadband Initiative | Arizona Department of Education |
| Arkansas | Arkansas Rural Connect (ARC) Grant Program | Arkansas Department of Commerce |
| California | California Advanced Services Fund (CASF) Broadband Infrastructure Grant Program | CA Public Utilities Commission |
| Colorado | DORA Broadband Fund | CO Department of Regulatory Agencies |
| Florida | Capital Projects Fund - Broadband Infrastructure Program | Florida Office of Broadband |
| Idaho | SDE Broadband Infrastructure Improvement Grant (BIIG) Program | ID State Department of Education |
| Illinois | Connect Illinois Broadband Grant Program | IL Department of Commerce |
| Indiana | Next Level Connections Broadband Grant Program | IN Office of Community and Rural Affairs |
| Iowa | Empower Rural Iowa Broadband Grant program | Office of the Chief Information Officer |
| Maryland | Rural Maryland Prosperity Investment Fund (RMPIF) | Rural MD Council |
| Massachusetts | Municipal Fiber Grant Program | MA Division of Local Services |
| Michigan | Connecting Michigan Communities (CMIC) Grant Program | MI Department of Technology, Management and Budget |
| Minnesota | Border-to-Border Broadband Development Grant Program | MN Department of Employment and Economic Development |
| Missouri | Missouri Broadband Grant Program | Missouri Department of Economic Development |
| Nebraska | Nebraska Broadband Bridge Program (NBBP) | Nebraska Public Service Commission |

| STATE | NAME OF GRANT | STATE ADMINISTERING AGENCY |
|----------------|--|---|
| New York | New York's Affordable Housing Connectivity Program | NY Department of State |
| North Carolina | Completing Access to Broadband (CAB) Program | North Carolina Department of Information Technology |
| Oregon | Special Public Works Fund | Business Oregon |
| Pennsylvania | Broadband Infrastructure Program | Pennsylvania Department of Community and Economic Development |
| Tennessee | Broadband Accessibility Grant Program | TN Department of Economic and Community Development |
| Virginia | Virginia Telecommunication Initiative (VATI) | Virginia Department of Housing and Community Development |
| Washington | Rural Broadband Initiative | WA State Department of Commerce |
| Washington | CERB (Community Economic Revitalization Board) Prospective Development Program | WA State Department of Commerce |
| Wisconsin | Broadband Expansion Grant Program | WI Public Service Commission |
| Wyoming | Wyoming Broadband Development Grant Program | Wyoming Business Council |



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