Federal Funding for Broadband Deployment, Adoption, and Use

CLIC

coalition for local internet choice

PART FOUR OF CLIC'S FREE WEBINAR SERIES

MODERATOR: CATHARINE RICE, CLIC PROJECT DIRECTOR
SPEAKERS: JIM BALLER, CLIC PRESIDENT
ASHLEY STELFOX, CLIC GENERAL COUNSEL

Disclaimer

This presentation does not constitute legal advice and should not be interpreted as such. For advice on federal, state or local legal issues, please consult your attorney.

Overview

- This written presentation provides more information than we can cover in this webinar but is not exhaustive or comprehensive; it is intended as a guided tour of major options.

- We will identify federal funding programs that provide support in four categories: broadband planning, broadband deployment, broadband adoption, and broadband Internet use.

- We will emphasize programs that provide infrastructure support.

- Several programs support a project in more than one category (i.e. programs that support deployment and adoption).

- A single broadband initiative may use multiple programs, as long as claims for support are not based on the same activity.

Funding for Broadband <u>Planning</u>

- **Appalachian Regional Commission**
  - Telecommunications and Technology Program*
- **Department of Commerce, Economic Development Administration**
  - Economic Adjustment Assistance*
  - Partnership Planning
  - Local Technical Assistance
- **Department of Housing and Urban Development**
  - Community Development Grants*
  - Choice Neighborhoods Program*
- **Institute of Museum and Library Services, Office of Library Services**
  - Native American Library Services Enhancement Grants
  - Native Hawaiian Library Services Grants
  - Laura Bush 21st Century Librarian Program
  - National Leadership Grants for Libraries

* Covered under broadband deployments, but also supports broadband planning

Funding for Broadband Deployment

- **Federal Communications Commission**
  - *Schools and Libraries Program (E-Rate Program)**
  - *Connect America Fund (High Cost Program)**
  - *Rural Health Care Program**
- **U.S. Department of Agriculture**
  - *Telecommunications Infrastructure Loan**
  - Farm Bill Broadband Loan Program*
  - Substantially Underserved Trust Areas Provisions
  - *Community Connect Grant Program**
- **Appalachian Regional Commission**
  - *Telecommunications and Technology Program**
- **U.S. Department of Commerce, Economic Development Administration**
  - *Public Works and Economic Adjustment Assistance**
- **U.S. Department of Housing and Urban Development**
  - *Community Development Grants**
  - Choice Neighborhoods Program*
- **U.S. Department of Energy**
  - Smart Energy and Water Efficiency Pilot Program*
- **U.S. Department of Transportation**
  - Smart City Challenge

> **PROGRAMS IN *ORANGE* ARE ESPECIALLY IMPORTANT FUNDING SOURCES.**
>
> *** = COVERED IN THE PRESENTATION**

Federal Communications Commission E-Rate Program

Overview

- The FCC annually distributes $3.9 billion (up from $2.5 billion) to subsidize acquisition of eligible services by schools and libraries.
- For funding years 2015 & 2016, the FCC allocated an additional $1 billion to fund wireless services in schools and libraries.
- E-Rate subsidizes 20-90 percent of the cost of eligible telecom services, Internet access, and internal connections.
- E-Rate is a potentially important source of funds to help pay for fiber laterals off a backbone network and may contribute significantly to a business plan to build or extend a fiber network.
- E-Rate may also support ongoing services that schools and libraries can purchase from your network

Federal Communications Commission
E-Rate Program (cont.)

Some Program details

- E-Rate provides subsidies for (1) obtaining broadband services through lit connections; (2) leasing dark fiber and services to light the fiber; and (3) "special construction" costs of facilities to provide lit or dark fiber from services providers or, if compelling case, from self-provisioning.

- Support for lit fiber services and dark fiber IRUs are based on cost-effectiveness and are subject to a competitive bidding process.

- If construction is the most cost-effective option, the FCC has made payment easier to support larger projects:

  - No amortization of funds (so, you can front-load construction funds)
  - Non-discounted portion of construction costs can be paid over multiple years
  - Special construction "match" of state funds up to 10%

Federal Communications Commission
E-Rate Program (cont.)

Application Process: **START EARLY!**

- Only a school, library, or consortium ("Applicant") can apply for E-Rate funds.

- Applicant solicits bids on desired services through a Form 470 (and possibly an RFP under state law) as early as the summer before the funding year, but generally in the fall.

- Applicant cannot choose the winning service provider until the request for services has been publicly available for at least 30 days.

- Once the service provider is selected, the Applicant applies for E-Rate funds during the application window that the FCC has announced for that year (generally between late January and April).

- The Universal Service Administration Company (USAC) will make a funding determination after the application is received

- The funding year is from July 1st of one year to June 30th of the following year.

Federal Communications Commission
E-Rate Program (cont.)

Pitfalls to Avoid

- Bidding process must be truly competitive and cost must be the primary selection factor

- Potential bidders can communicate with schools and libraries before the 470/RFP issued, but must be extremely careful about what they say

- FCC has disqualified several contracts and required refunds where an applicant and a bidder appeared to have an explicit or tacit agreement that the bidder would be selected

- If a government entity is going to be a bidder, it must be separate from the entity that purchases the services on behalf of the schools and libraries

Federal Communications Commission
E-Rate Program (cont.)

E-Rate Resources

- The Best: USAC's multilayered website for E-Rate: www.usac.org/sl/

- FCC: https://goo.gl/0U2jvw

- E-Rate Central: http://e-ratecentral.com/default.asp

- Education and Library Networks Coalition: http://goo.gl/aywygb

- American Library Association: http://goo.gl/9hMI4w

Federal Communications Commission Connect America Fund, Phase II

Overview

- In May 2016, the FCC released a framework for distributing $215 million per year over next decade under Connect America Fund Phase II

- At issue are CAF funds not claimed by incumbent "price cap" providers, for census blocks to be determined by the FCC.

- Funding recipients must offer to provide broadband services capable of at least 10/1 Mbps, but may submit bids under one of four service tiers:

  - **Minimum performance tier:** 10/1 Mbps and 150 GB of monthly usage
  - **Baseline performance tier:** 25/3 Mbps and 150 GB of monthly usage or whatever the average usage is
  - **Above baseline performance tier:** 100/20 Mbps and unlimited monthly usage
  - **Gigabit performance tier:** 1 Gbps downstream and 500 Mbps upstream and unlimited monthly usage

- FCC is developing weighting process, including how to address latency

Federal Communications Commission Connect America Fund, Phase II (cont.)

Application Process

- Applicants will be required to provide information about their identity, proposed service, and certify that they have provided voice, broadband, and/or electrical distribution or transmission services for at least two years.

- The FCC's Report and Order released in May contains numerous questions about how to implement the competitive bidding process.

- Final rules are unlikely in 2016, but Wireline Bureau will release a preliminary list of eligible census blocks based on June 2015 Form 477 data. Parties will have 21 days to contest eligibility if those areas have become served since June 2015.

- Final list of eligible census blocks should be published at least three months before the deadline for submission of short form applications for the Phase II auction.

Connect America Fund, Phase II, Resources

- The Best: FCC CAF Website: https://goo.gl/PYKbgH

- FCC May 2016 Report and Order: http://goo.gl/AhU4yP

- Connect America Fund Progress Portal: https://goo.gl/CoKY8j

Federal Communications Commission Rural Health Care Program

Overview

- $400 Million Annual Cap for Rural Health Care Program; $150 Million Cap in upfront payments and multi-year commitments.

- The Rural Health Care Program provides support to health care providers for telecom services. The Healthcare Connect Fund (HCF) Program is the newest component.

- HCF provides a 65% discount on eligible expenses related to broadband connectivity to both individual rural health care providers and consortia.

    - Urban health care providers may participate through a consortia, but there must be a majority of rural sites.

- Any service that enables health providers to: (1) post their own data, (2) interact with stored data, (3) generate new data, or (4) community over private dedicated networks or the Internet will qualify

Application Process

- Health care providers may issue RFPs for services. The RFPs will be listed here: https://rhc.usac.org/hcf/public/searchPosted.htm.

- Funding Year is from July 1st of that year to June 30th of the following year.

Rural Health Care Resources

- The Best: FCC RHC Website: https://goo.gl/K2fTTC

- USAC RHC Website: http://www.usac.org/rhc/

- American Hospital Association: http://goo.gl/AP9ocG

- Benton Foundation: https://goo.gl/A1cgmA

U.S. Department of Agriculture (USDA) Telecommunications Infrastructure Loan

Overview

- Funds Available: $690 million available in Funding Year 2016
- This program provides financing for the construction, maintenance, improvement and expansion of telephone service and broadband in rural areas.
- RUS considers towns with a population of 5,000 or less to be "rural."
- Areas without telecommunications facilities or areas where the applicant is the recognized telecommunications provider are eligible.

Application Process

- Applicants must provide telecommunications in qualified rural areas; can include state or local governments, Native American tribes, non-profits, or for-profit businesses
- Applications are accepted throughout the year for this program at the local office or online through: www.rd.usda.gov/programs-services/rd-apply

U.S. Department of Agriculture (USDA) Farm Bill Broadband Program

Overview

- Funding Available: $20 million available in Funding Year 2016

- Farm Bill Broadband Program provides loans and loan guarantee for broadband construction, improvement, or the acquisition of broadband facilities and equipment

- Must be a a rural community of 20,000 people or less (not located in urbanized area contiguous/adjacent to a community over 50,000 people) to be a eligible rural area.

- Eligible rural areas must meet the following criteria:
  - At least 15 percent of the households in the service area must be considered underserved households;
  - No part of the service area can have three or more incumbent service providers;
  - No part of the funded service area may overlap with the service area of current RUS borrowers and grantees.

- Applicants must propose to offer broadband that is capable of 10/1 Mbps for both mobile and fixed services.

Application Process

- An applicant may be a corporation, a limited liability company, a cooperative or mutual organization, a state or local government, or an Indian tribe or tribal organization

- The application window is from **April 8, 2016 to July 7, 2016**

U.S. Department of Agriculture (USDA) Community Connect Grants

Overview

- For FY 2016, $11,740,000 is available for grants. The minimum grant amount is $100,000 and maximum is $3,000,000. The average grant size is less than $1 million.

- This program funds broadband deployment into rural communities where the private sector is not providing service.

- Any rural area (pop. Less than 20,000) that lacks existing broadband speed of at least 4 Mbps/1Mbps is eligible.

- Must provide service at speeds of 5/1 Mbps or greater to all premises and provide free service to all critical facilities and a community center for two years.

- Grantees must provide a 15% match of funds.

Application Process

- Eligible applicants include most state and local governments, federally recognized tribes, and for-profit corporations.

- Applications for this year were due June 17, 2016.

- Applications are very competitive; less than 10% received funding

USDA Broadband Resources

- Telecommunications Infrastructure Programs: http://goo.gl/R0N6ML

- Telecommunications Infrastructure PDF Handout: http://www.rd.usda.gov/files/fact-sheet/RD-FactSheet-RUSTelecommunicationsLoan.pdf

- Community Connect Grants: http://goo.gl/9ic3bj

- Farm Bill Broadband Loans and Guarantees: http://goo.gl/bVPRfP

- Farm Bill Broadband Program Notice of Solicitation of Applications: https://www.federalregister.gov/articles/2016/04/08/2016-08040/rural-broadband-access-loans-and-loan-guarantees-program

- Distance Learning & Telemedicine Grants: http://goo.gl/ywGiDQ

- Program Update "RUS Telecommunications Programs": http://www.rd.usda.gov/files/ShawnArner-USDA.pdf

Appalachian Regional Commission (ARC) Telecommunications and Technology Program Program

Overview

- The Appalachian Region follows the Appalachian mountain range from New York to Mississippi. It includes all of WV and parts of AL, GA, KY, MD, MS, NY, NC, OH, PA,SC, TN and VA.
- Each year ARC funds several hundred projects.
- Grant funding for area development and distressed counties are allocated to each state and all applications must be recommended for approval by the state ARC office.
- ARC projects range from smaller broadband deployments, to tele-health projects, to installing Wi-Fi networks in downtown business districts.

Application Process

- Grants are available to public sector entities and non-profits within the Appalachian Region
- Applicants should work with their designated Local Development District and the State ARC Office

Resources for ARC Project Grants:
http://www.arc.gov/funding/ARCProjectGrants.asp

U.S. Department of Commerce, Economic Development Administration (EDA)
Public Works and Economic Adjustment Assistance

Funding

- In 2015, EDA has $99 million for the Public Works Program & $35 million for the Economic Adjustment Assistance Program.
- The award ceiling is $3,000,000 and floor is $100,000.

Program Overview

- EDA makes construction, non-construction, and revolving loan fund investments under the Public Works and Economic Adjustment Assistance (EAA) Programs.
- Grants made under these programs will leverage regional assets to support the implementation of regional economic development strategies designed to create jobs, leverage private capital, and encourage economic development.
- Certain economic distress criteria must be met to apply for the Public Works or Economic Adjustment Investments (i.e. high unemployment or lower per capita income).

Application Process

- EDA introduced a short form application in 2015 to make it easier to determine eligibility

EDA, Public Works and Economic Adjustment Assistance Resources

o   View Grant Opportunity: http://www.grants.gov/web/grants/view-opportunity.html?oppId=279842

o   Handout explaining the Economic Adjustment Assistance Program: https://www.eda.gov/pdf/about/Economic-Adjustment-Assistance-Program-1-Pager.pdf

o   Application Information: https://www.eda.gov/how-to-apply/index.htm

U.S. Department of Housing and Urban Development (HUD) Community Development Block Grants

Overview

- In 2015, CDBG received $3 billion in funding

- Two portions of the Community Development Block Grants (CDBG)
  - Entitlement CDBG provides annual, formula-based funding to over 1,200 metropolitan cities (pop. 50,000+) and urban counties (pop. 200,000+).
  - HUD also awards State CDBG funding to each state for the state to administer (with the exception of Hawaii, which HUD administers).

- HUD has confirmed that CDBG can be used for broadband projects; Information at: https://www.hudexchange.info/faqs/2730/can-community-development-block-grant-cdbg-funds-be-used-to-fund/

Application Process

- The CDBG urban county qualification process for the FY 2017-2019 qualification period will start in April 2016 and run through September 16, 2016.

U.S. Department of Housing and Urban Development (HUD) Choice Neighborhoods Program

Overview

- Funding for Choice Neighborhoods was announced in March. The funding level for 2016 is $120 million, up from $80 million in 2015.

- There are two types of grants under the Choice Neighborhoods Program: Planning Grants and Implementations Grants.

- After a community has developed a transformation plan, the community is eligible to receive a grant to support the community as it implements its transformation plan.

- All Implementation Grantees will be required to include at least one form, and preferably two or more forms (e.g. wired and wireless), of infrastructure that permits unit based access to broadband Internet connectivity in all new units.

- Grantees may use Choice Neighborhoods funds to provide unit-based broadband Internet connectivity which includes the costs of installing broadband infrastructure and hardware in units, but not the costs of Internet service for residents.

Application Process

- Applications are due June 28, 2016

- Applicants may be Public Housing Authorities, tribal entities, local governments, non-profit and for-profit entities

Funding for Broadband Adoption

- **Federal Communications Commission**
  - *Lifeline**
- **Appalachian Regional Commission**
  - Telecommunications and Technology Program*
- **U.S. Department of Housing and Urban Development**
  - Community Development Grants*
  - Public Housing Operating Fund
  - Multifamily Housing
  - Choice Neighborhoods Program*
- **Department of Labor, Employment and Training Administration**
  - American Job Centers
- **Institute of Museum and Library Services, Office of Library Services**
  - Native American Library Services Basic Grants
  - Native American Library Services Enhancement Grants
  - Native Hawaiian Library Services Grants
  - Laura Bush 21st Century Librarian Program
  - National Leadership Grants for Libraries

* = Covered in the presentation

Federal Communications Commission Lifeline Program

Overview

- Initial annual budget of $2.25 billion beginning January 1, 2017.
- In March 2016, the FCC adopted an Order to expand Lifeline to provide subsidies for broadband services to low-income Americans.
- Lifeline previously only supported voice services.
- The program is limited to a $9.25/month subsidy per household.
- Eligible households have the flexibility to determine where they will apply the subsidy (i.e. mobile voice and broadband or fixed broadband).
- The FCC has also made it easier for competitive providers to qualify as Lifeline providers (easing the ETC registration requirement); Broadband-only service providers now permitted to become service providers under Lifeline.
- The FCC has attempted to eliminate some of the administrative requirements of the program, in part by removing the requirement that Lifeline providers determine eligibility of recipients.

Federal Communications Commission Lifeline Program (cont.)

Application Process

- Eligible participants will be determined through a National Verifier, shifting the burden from Lifeline service providers to an independent, third-party verification process.

- Low-income households that qualify for the Supplemental Nutrition Assistance Program, Medicaid, Supplemental Security Income, Federal Public Housing Assistance, or the Veterans Pension Program will be eligible for Lifeline.

Key Dates

- The FCC will include broadband Internet access service as a supported service in the Lifeline program, which allows standalone broadband offerings to receive Lifeline support, beginning December 1, 2016.

Funding for Broadband Use

Programs may include support for digital literacy programs, computer labs, software, etc.

- **Appalachian Regional Commission**
  - Telecommunications and Technology Program*
- **U.S. Department of Housing and Urban Development**
  - Community Development Grants*
  - Public Housing Capital Fund
  - Public Housing Operating Fund
  - Multifamily Housing
- **Department of Labor, Employment and Training Administration**
  - American Job Centers
- **Institute of Museum and Library Services, Office of Library Services**
  - Native American Library Services Basic Grants
  - Native American Library Services Enhancement Grants
  - Native Hawaiian Library Services Grants

* = covered in the presentation

Other Funding Sources

Leveraging Other Federal Programs

- Department of Energy: http://energy.gov/lpo/loan-programs-office

- FirstNet: http://www.firstnet.gov/

- Department of Transportation Assets

State Broadband Initiatives and Grants

- Examples include:

    - New York's $500 million "Broadband for All" Program

    - Minnesota's $35 million for broadband projects

Private Foundations

- Knight Cities Challenge: http://knightcities.org/

- Index of Foundations Grant Programs: http://foundationcenter.org/

Questions?