

## Infrastructure Investment and Jobs Act Summary of Broadband Service Provider Funding Opportunities

**Overview:** The Infrastructure Investment and Jobs Act (“IIJA”) includes the largest investment in broadband deployment and adoption in U.S. history, with billions of dollars available across multiple new programs. The new funding will be disbursed by the National Telecommunications and Information Administration (“NTIA”), the Federal Communications Commission (“FCC”), and the states, which will develop the specific rules and timeframes for each program. The summary below provides an overview of the IIJA’s new broadband funding programs, including: (1) how much money will be available under each program; (2) how each program will work; and (3) the next steps in implementing each program. The summary also details the additional funding the IIJA will provide for certain existing broadband programs.

### **State Broadband Deployment Grant Program**

#### ***How Much Money Will Be Available?***

- \$42.45 billion with no end date.
- Each state will receive at least \$100 million. Each state’s final funding allotment will be based on how many unserved locations they have, as determined by the broadband maps the FCC is expected to release early next year.

#### ***How Will It Work?***

- States will prioritize funding to projects involving unserved areas first (*i.e.*, locations lacking access to 25/3 Mbps, low-latency broadband service), then underserved areas (*i.e.*, locations lacking access to 100/20 Mbps, low-latency broadband service), and then community anchor institutions (*i.e.*, schools, hospitals, and public safety entities). States also will prioritize funding to high-poverty areas and projects that provide higher-speed broadband services.
- Funding may be used for: (1) broadband deployment to unserved/underserved areas; (2) connecting eligible community anchor institutions; (3) broadband data collection, mapping, and planning; (4) installing broadband infrastructure or providing reduced-cost broadband in multifamily residential buildings (with priority to poor/unserved households); (5) broadband adoption (including providing internet-capable devices); or (6) any other NTIA-approved use.
- States may award subgrants to broadband providers – including cooperatives – for any of the six approved uses above. Importantly, service providers that previously received broadband funding through other federal/state programs can still request and receive subgrants, which would be in addition to any existing funding.
- States will establish their own rules and procedures for awarding subgrants in consultation with NTIA. Subgrantees will be required to show that they possess the financial, technical, operational, and managerial capabilities to complete their projects.
- Subgrantees normally will be required to fund 25% of project costs, but this funding can come from existing government/non-profit sources (*e.g.*, CARES Act, American Rescue Plan, state development authority).
- Subgrantees will be required to provide broadband service with speeds of at least 100/20 Mbps and low latency. Subgrantees also will be required to provide at least one “low-cost” broadband service option, with each state setting its own “low-cost” standard subject to NTIA review and approval.



- Subgrantees will be subject to community outreach, reporting, and other quality-of-service obligations.

### ***What's Next?***

- NTIA will have 180 days to establish rules and timeframes for the state broadband deployment grant program. Once the FCC issues its broadband deployment maps, NTIA will announce how much funding is available for each state and allow states to apply for funding through a multi-step process, with increasing amounts of money disbursed to the states at each step.
- As part of the application process, states will explain and seek approval for any subgrant programs and associated oversight procedures. Once approved, states will review subgrant applications and distribute subgrants to broadband providers according to the timeframes they establish.
- Subgrantees will have four years after receiving funding to offer service to each customer covered by a project that wants it.

### **Affordable Connectivity Program**

#### ***How Much Money Will Be Available?***

- \$14.2 billion with no end date.

#### ***How Will It Work?***

- The Affordable Connectivity Program will replace the Emergency Broadband Benefit Program (“EBBP”) established by the FCC last year to provide discounted broadband service and connected devices to qualifying low-income households (e.g., participate in Lifeline, Medicaid, and other specified government assistance programs).
- Nearly all broadband providers – including cooperatives – can participate in the new program. The FCC plans to allow broadband providers participating in the EBBP to also participate in the Affordable Connectivity Program without having to seek agency pre-approval. Broadband providers that did not participate in the EBBP and that are not otherwise designated as eligible telecommunications carriers (“ETCs”) for universal service funding programs will need FCC approval to participate in the new program.
- Participating broadband providers will receive up to \$30/month for providing discounted service to qualifying low-income households (down from \$50/month under the EBBP), although additional funding is available in certain tribal lands. The discounted service can be standalone broadband or a bundle of services including broadband, voice, texting, and equipment rental fees. Participating providers must allow qualifying low-income households to apply the discount to any plan the provider offers to the public.
- Participating broadband providers also can receive \$100 for each discounted broadband-connected device sold to a qualifying low-income household (e.g., laptop, tablet, desktop). The eligible low-income household must pay at least \$10 and no more than \$50 for the discounted device. An eligible low-income household can buy only one discounted device from a participating provider, with no discount on smartphones.
- The Affordable Connectivity Program subsidies received by participating providers would be in addition to any funding received through other federal/state broadband programs.
- Participating broadband providers will be subject to FCC oversight, including new complaint procedures, consumer protection obligations, and reporting requirements.



Participating providers also will be required to conduct consumer outreach efforts about their discounted offerings.

### ***What's Next?***

- The Affordable Connectivity Program will take effect when the EBBP runs out of money or December 31, 2021, whichever is earlier. There will be a 60-day transition period for current EBBP participants to move over to the Affordable Connectivity Program.
- The FCC already issued a Public Notice seeking comment on the application process for and implementation of the Affordable Connectivity Program, with final rules expected in just a couple months.

### **Digital Equity Grant Program**

#### ***How Much Money Will Be Available?***

- \$2.75 billion distributed over five years.

#### ***How Will It Work?***

- States will develop and implement “digital equity plans” to improve broadband access, affordability, and adoption among underserved “covered populations,” including rural area residents. In doing so, states may award subgrants to broadband providers – including cooperatives – to complete digital equity projects on their behalf. States will develop their own rules and procedures for awarding broadband provider subgrants for digital equity projects in consultation with NTIA.
- In addition, certain broadband providers will be able to apply to a competitive grant program to fund their own digital equity projects (e.g., nonprofit cooperatives, corporations, and associations).
- Applicants will be required to demonstrate their technical and operational capabilities and show that their projects will do at least one of the following: (1) provide reliable fixed or wireless broadband service; (2) encourage broadband adoption by covered populations; (3) provide workforce training programs for covered populations; (4) make broadband equipment and networking capability available to covered populations at low/no cost; (5) construct, upgrade, or operate public access computing centers for covered populations through community anchor institutions; or (6) any other NTIA-approved activities.
- Successful applicants will be subject to NTIA oversight as well as reporting, accounting, and nondiscrimination obligations.
- Digital equity grants and subgrants obtained by service providers will be in addition to any funding already received through other federal/state broadband programs.

### ***What's Next?***

- States will have 60 days after NTIA publishes a notice of funding availability to request grants to develop their digital equity plans, which should be finalized within a year. States then will have two years to request grants to implement their digital equity plans, including any specific broadband access, affordability, and adoption subgrant projects.
- States will approve and distribute subgrants in accordance with their NTIA-approved digital equity plans. States will have five years to spend their digital equity grant awards.



- Within 30 days after NTIA starts awarding state digital equity implementation grants, it will announce specific rules and procedures for broadband providers to apply directly for digital equity grants.
- Broadband providers normally will have four years to spend their digital equity grant awards.

### **Middle Mile Infrastructure Grant Program**

#### ***How Much Money Will Be Available?***

- \$1 billion through September 2026.

#### ***How Will It Work?***

- NTIA will create a competitive grant program for broadband providers – including cooperatives – and others to construct, improve, or acquire middle mile infrastructure.
- Applicants will need to demonstrate that they possess the financial, technical, and operational capabilities to carry out the proposed project and operate middle mile networks. Applicants also must agree to prioritize connecting middle mile infrastructure to last mile networks that provide broadband service to households in unserved areas (*i.e.*, areas lacking access to 25/3 Mbps broadband service and certain tribal lands) and offer wholesale broadband service at reasonable rates on a carrier-neutral basis.
- NTIA will favor applications that satisfy two or more of the following conditions: (1) adopt fiscally sustainable middle mile strategies; (2) commit to offering non-discriminatory interconnection to last mile broadband providers and anyone else making a “bona fide request”; (3) identify last mile broadband providers that expressed interest in interconnecting and demonstrated sustainable business plans or adequate funding; (4) involve supplemental investments or in-kind support (such as waived franchise or permitting fees) that will accelerate project completion; and (5) demonstrate the project will benefit national security interests.
- NTIA also will favor applications that: (1) leverage existing rights-of-way, assets, and infrastructure; (2) enable the connection of unserved anchor institutions; (3) facilitate the development of carrier-neutral interconnection facilities; and (4) improve the redundancy and resiliency of existing middle mile infrastructure and reduce regulatory barriers to new middle mile infrastructure.
- Successful applicants may use grant funding for any broadband infrastructure that does not connect directly to an end-user, including towers, fiber, and microwave links. Grant funding may not exceed 70% of a project’s total cost. The middle mile infrastructure grants will be in addition to any funding service providers receive from other federal/state broadband programs.
- Middle mile infrastructure projects must be capable of supporting retail broadband service and successful applicants will be subject to NTIA quality-of-service, buildout, and nondiscrimination obligations.

#### ***What’s Next?***

- NTIA will have 180 days to issue a notice of funding opportunity establishing specific rules and procedures for applying for middle mile infrastructure grants. NTIA will start awarding grants within nine months of issuing that notice.



- Successful applicants will have to complete their middle mile infrastructure projects within five years of receiving funding, with one-year extensions available under certain circumstances.

### **Additional Program Funding**

- Beyond the new funding programs summarized above, the IIJA contains additional appropriations for certain existing broadband programs.

### ***Tribal Broadband Connectivity Program***

- The IIJA includes \$2 billion in additional funding for the Tribal Broadband Connectivity Program (“TBCP”) administered by NTIA, which provides grants for broadband infrastructure deployment on tribal lands as well as tribal remote learning, telework, and telehealth programs.
- NTIA provides TBCP grants to tribal authorities, who may subcontract with service providers to complete broadband deployment and adoption projects.
- NTIA already received applications for nearly \$1 billion in TBCP grants in September 2021 and the additional appropriations will allow it to fully fund previously-approved applications and initiate additional funding rounds.

### ***ReConnect Program***

- The IIJA provides \$1.926 billion in additional funding for the ReConnect Program administered by the U.S. Department of Agriculture (“USDA”), which offers loans, grants, and loan/grant combinations to help construct or improve facilities required to provide broadband service to rural areas.
- 90% of the additional money will support projects in rural areas where at least 50% of the households lack access to 25/3 Mbps broadband service, which is a relaxation of the current ReConnect Program standard (*i.e.*, applies only to areas where at least 90% of the households lack access to 10/1 Mbps broadband service). The additional money also may be used to pay for pole attachment fees and replacement costs for shared use of electric cooperative utility poles in rural areas.
- Projects funded with the additional money will need to provide at least 100/20 Mbps broadband service.
- \$5 million of the additional money will be used for the establishment and growth of cooperatives to offer broadband.

### ***Rural Broadband Program***

- The IIJA provides \$74 million in additional funding for the Rural Broadband Program administered by USDA, which offers loans to help construct, improve, or acquire facilities and equipment needed to provide broadband access to rural areas (*i.e.*, areas where at least 50% of households lack access to 25/3 Mbps broadband service).

#### **Bob Gaines**

Executive Vice President

O 202.835.0740 | M 301.801.2501

