

# Massachusetts Executive Office of Housing and Economic Development

## ***BROADBAND***

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### **Broadband Programs:**

The American Recovery and Reinvestment Act of 2009 (“ARRA”) appropriates \$7.2 billion nationwide to promote high-speed Internet, or broadband. The majority of the funding will be used to increase broadband access in rural, unserved, and underserved areas. The National Telecommunications and Information Administration (“NTIA”) and the Rural Utilities Service (“RUS”) will be charged with distributing the grants, loans and loan guarantees. Of note, eligible entities can apply for both programs (NTIA and RUS) but cannot have both organizations paying for the same thing, whether it be an activity, such as technical assistance to an unserved community, or a piece of networking equipment. Under both programs, the Massachusetts Broadband Institute (the “MBI”), the newly created division within the Massachusetts Technology Collaborative (“MTC”) pursuant to the Broadband Act, meets the general eligibility requirements for applicants.

### ***Competitive Grant Programs:***

- **NTIA Broadband Competitive Grant Program:** Of the \$7.2 billion passed in ARRA to promote high-speed Internet, or broadband, the National Telecommunications and Information Administration (“NTIA”) was allocated \$4.7 billion. The majority of the NTIA funds, \$4.35 billion, will be distributed as competitive grants, which may go to states, political subdivisions of states, municipalities, non-profits or private companies through the Broadband Technology Opportunities Program. Out of the \$4.35 billion, at least \$250 million of the NTIA funds must go to competitive grants for programs that encourage sustainable broadband adoption, while an additional \$200 million in grants are set aside for expanding public computer center capacity. Additionally, up to \$350 million (separate and apart from the \$4.35 billion) will fund the Broadband Data Improvement Act to develop broadband inventory mapping.
- **RUS Competitive Grant Program:** Of the \$7.2 billion passed in ARRA to promote broadband, the RUS was allocated \$2.5 billion. In order to receive a grant from the RUS, 75% of the area being served must be rural and without sufficient access to high-speed broadband to facilitate rural economic development. Priority will be given to applications for broadband systems that will allow end users to have a choice of more than one service provider, to projects servicing the highest proportion of rural residents, and to borrowers or former borrowers under Title II of the Rural Electrification Act of 1936.

### ***Loan and Loan Guarantee Programs:***

- **RUS Loan and Loan Guarantee Programs:** Under the ARRA, the RUS reserves the right to deploy the entire allocation as grants, or they could convert some of the budget

authority into loans and loan guarantees for the existing Broadband Access Loan Program. The RUS has indicated that they intend to convert a portion of the budget authority into loans so that they may leverage those resources to deliver substantially more than the \$2.5 billion that they were allocated. As of May 2009, we do not yet know exactly how much they intend to convert into loans.

**Other Programs Related to Broadband:**

- **School Construction, 21<sup>st</sup> Century Education Initiatives:** \$21 billion for renovation, modernization, energy efficiency, and technology improvements to educational facilities. Includes \$6 billion for higher education institutions. We anticipate new federal investments in the networks that bind the nation's higher education institutions together. The MBI would like to collaborate with this community to factor their needs into broadband infrastructure planning and design processes.
- **Health Information Technology:** \$19 billion for widespread adoption and use of interoperable health information technology, including e-health records. Adoption cannot be achieved regionally without a robust and affordable broadband network.
- **SmartGrid:** \$11 billion nationally for research and development and pilot projects to modernize electricity grids. EOHED/MBI are currently examining whether opportunities exist to collaborate with utility companies where SmartGrid projects would include requirements that all parts of the electric utility infrastructure be actively synchronized across sophisticated IT applications. To meet that requirement, broadband must be deployed.
- **Transportation Infrastructure:** Highway/rail/transit infrastructure improvements may provide fresh opportunities to deploy broadband facilities in rights of way.
- **Public Safety Interoperability:** We anticipate additional investments to pursue interoperability across public safety communications platforms. Again, the MBI will look to key stakeholders for insights about potential partnering opportunities and a detailed appreciation for the demands that will come onto regional networks to support interoperability.
- **Public Housing Infrastructure:** \$12 billion for local public housing agencies to rehabilitate public housing, and neighborhood stabilization. This could provide opportunities to address connectivity and public computer center capacity requirements included in NTIA broadband competitive grant program considerations.
- **Energy Efficient Housing Retrofits:** \$25 million in competitive grants to upgrade HUD low-income housing to increase energy efficiency. Consistent with SmartGrid projects, broadband could enable smart meters and smart homes.

## **Frequently Asked Questions (and Answers):**

### **How will federal funds for broadband come into Massachusetts?**

Funds from the federal stimulus package for broadband will come into Massachusetts primarily through competitive grants under the National Telecommunications and Information Administration's (NTIA) Broadband Technology Opportunities Program (BTOP) under the United States Department of Commerce ([www.ntia.doc.gov/broadbandgrants](http://www.ntia.doc.gov/broadbandgrants)).

Funding may also come into Massachusetts in the form of loans or loan guarantees under the Rural Utilities Service (RUS) existing Broadband Access Loan Program under the United States Department of Agriculture (<http://www.usda.gov/rus/telecom/commconnect.htm>).

### **Who can apply for federal broadband funding?**

Under the NTIA BTOP program, eligible entities include:

- States and their political subdivisions
- Non profits
  - Foundations
  - Corporations
  - Institutions
  - Associations
- Broadband providers IF NTIA finds that a project application is within the public interest

Under the RUS program(s), eligible entities include:

- Any entity is eligible

### **What are the goals of the NTIA BTOP Program?**

There are five (5) overarching goals of the NTIA BTOP program:

- (1) to bring high capacity broadband to rural, unserved and underserved areas;
- (2) to stimulate private investment;
- (3) to create jobs;
- (4) to bring high-speed access to community anchor institutions; and
- (5) to encourage demand for broadband.

### **What can the NTIA competitive grants be used for?**

Competitive grants may be awarded under the NTIA BTOP program to:

- (1) acquire equipment, instrumentation, networking capability, hardware, software, digital network technology and infrastructure for broadband services;
- (2) construct and deploy broadband service related infrastructure;

- (3) ensure access to broadband by community anchor institutions;
- (4) facilitate access to broadband service by low-income, unemployed and aged populations to provide educational and employment opportunities; and
- (5) construct and deploy broadband facilities that improve public safety broadband communications service.

**Are there any specific considerations that NTIA must take into account in awarding grants?**

Yes. In awarding grants, the NTIA must consider whether an application will:

- (1) increase the affordability of, and subscribership to, service to the greatest population of users in the area;
- (2) provide the greatest broadband speed to the greatest population of users; and
- (3) enhance service for health care delivery, education, and public safety.

**Are there any specific considerations that RUS must take into account in awarding grants, loans or loan guarantees?**

Yes. Under the ARRA, at least 75% of the area to be served must be in a rural area without sufficient access to high-speed broadband service. In addition, priority will be given to:

- (1) project applications for broadband systems that will deliver end users a choice of more than one service provider;
- (2) project applications that will provide service to the highest proportion of rural residents that do not have access to broadband service;
- (3) project applications from borrowers or former borrowers under Title II of the Rural Electrification Act of 1936;
- (4) project applications that demonstrate that, if the application is approved, all project elements will be fully-funded; and
- (5) project applications for activities that can be completed and that can commence promptly following approval.

**How long will Massachusetts have to spend federal broadband funding?**

Under the NTIA BTOP program, all projects supported by federal funding must be “substantially complete” within two (2) years of awards.

In addition, the NTIA must distribute all funding no later than September 30, 2010.

**Do you expect there to be further guidance as to program structures and grant requirements?**

Yes. While complete details on how the BTOP program will be structured are unavailable at this time, both the NTIA and the RUS are committed to moving expeditiously to award funding while also ensuring that programs are implemented in accordance with Administration protocols for transparency and accountability.

The NTIA and RUS held a number of public meetings, including roundtable discussions, in which Massachusetts officials participated. In addition, the two agencies issued a joint Request for Information (RFI), and Massachusetts submitted a response. Public comments were accepted in response to the RFI through April 13, 2009.

Additional information will be posted on the MBI's website as it becomes available.

**Will there be opportunities for technical assistance grants to municipalities or regional planning authorities?**

Yes. The ARRA specifically authorizes RUS funds to be used for technical assistance grants. The NTIA program does not specifically authorize allocating funding for technical assistance, but at the same time, it does not specifically prohibit using funds for technical assistance.

**When can eligible entities apply for grants?**

The NTIA is working collaboratively with the RUS, and both are currently in talks about creating a common application form to make it easier for entities to file grant applications with both agencies.

The NTIA initially projected that there would be three (3) rounds of grant funding: (1) April – June 2009; (2) October – December 2009; and (3) April – June 2010. This initial projected timeline was not met (with respect to the first round of funding occurring before June 2009).

The NTIA projects that a Notice of Funds Availability (NoFA) will be published as expeditiously as possible, likely by the end of June 2009, that will describe in detail how the application process will work, how they will evaluate the applications, as well as how grantees will be held accountable, including requirements concerning progress reports and job creation measurements, to ensure that taxpayer investments are protected.

**When will the first set of awards be made?**

The NTIA anticipates that the first awards will be made in early fall 2009 (no later than December 2009).

**Will the Massachusetts Broadband Institute (MBI) be distributing the federal funding?**

While the MBI may be consulted by the NTIA, funds from the NTIA will not be directly distributed through the MBI to other project applicants. The ARRA states that the NTIA may consult with states with respect to the identification of unserved and underserved areas and the allocation of grant funds within a state for projects affecting the state.

While it is not yet known whether or not the NTIA will consult with states, the MBI will serve as Governor Patrick's point of contact with federal agencies regarding broadband stimulus funding and will likely be designated as the "appropriate" entity for the NTIA to consult with should they choose to do so.

The MBI believes that states should play two (2) separate roles with respect to federal broadband funding:

- (1) States that have or are organizing a public-private partnership should be allowed to serve as “aggregators” for regionally-based or otherwise large projects. All of the entities (both public and private) that are working together in partnership should be allowed to apply to the NTIA as a group.
- (2) Eligible entities in states should be consulted by the NTIA to “vet” proposals from other entities that are not part of a state-led partnership. This approach will help the NTIA sort out high-quality, truly “shovel-ready” proposals as well as ensure that the most pressing needs are addressed within each state.