



Key Terms for Broadband Provisions

Unserved Populations: those with no access to broadband internet or lacking access to reliable internet with speeds of at least:

- 25 mb/sec for downloads
- 3 mb/sec for uploads

Underserved Populations: lacking reliable internet with speeds of at least:

- 100 mb/sec for downloads
- 20 mb/sec for uploads

Community Anchor Institution: a public school, a public multifamily housing authority, a library, a medical or healthcare provider, a community college or other institution of higher education, a state library agency, and any other nonprofit or governmental community support organization.

Broadband

Infrastructure Investment and Jobs Act Advisory Services Policy Brief #4

With the **Infrastructure Investment and Jobs Act (IIJA)**, also known as the Bipartisan Infrastructure Law (BIL), the United States Congress made a substantial investment in deployment of broadband to increase access to affordable, reliable, high-speed internet. With this investment, states and communities will be able to move toward closing the “digital divide,” particularly in communities of color, lower-income areas, and rural areas. This will help ensure equitable distribution of essential public services and enable all Americans to enjoy the benefits of broadband.

The legislation creates several new programs to support increased access to high-speed internet, which are summarized in this policy brief:

- **Broadband Equity, Access and Deployment Program:** \$42.45 billion available to states to connect unserved and underserved populations without access to reliable, fast internet.
- **State Digital Equity Capacity Grant Program:** \$1.5 billion available to states to develop and implement projects identified in Digital Equity Plans, prioritizing unserved and underserved populations.
- **Digital Equity Competitive Grant Program:** \$1.25 billion available to counties, cities, nonprofits and others to expand the deployment of broadband to provide greater economic and educational opportunities to populations without reliable access.
- **Middle Mile Grants:** \$1 billion available to public and private entities for the construction, improvement or acquisition of middle mile infrastructure.

All grant programs established by the IIJA are administered by the Department of Commerce (Commerce). Though the structure of each program is well-defined in legislation, additional detail on program requirements is expected when Commerce issues a Notice of Funding Opportunity (NOFO) for each of the programs. While the bulk of available funding is directed to states, “subgrantees” that include both public and private entities may access the funding. It will take time for Commerce to stand up the programs and for the eligible grantees to develop the plans required to access the funding.



Broadband Equity, Access and Deployment Program (\$42.45 billion available)

This program provides states with funding to bridge the digital divide by providing broadband service to unserved and underserved populations, broadband data collection, mapping and planning, installing internet and Wi-Fi infrastructure, and providing reduced cost broadband in multifamily residential buildings, among others.

Funds will be allocated by formula, with states submitting successively detailed applications specifying how they plan to deploy funds. The program will be administered by Commerce, which is tasked with developing the grant program. Local governments are eligible sub-recipients of funds through state governments, and states must coordinate with local governments to establish their programs. Local governments should seek to coordinate with state agencies tasked with implementing the program, and watch for a NOFO from Commerce by mid-May.

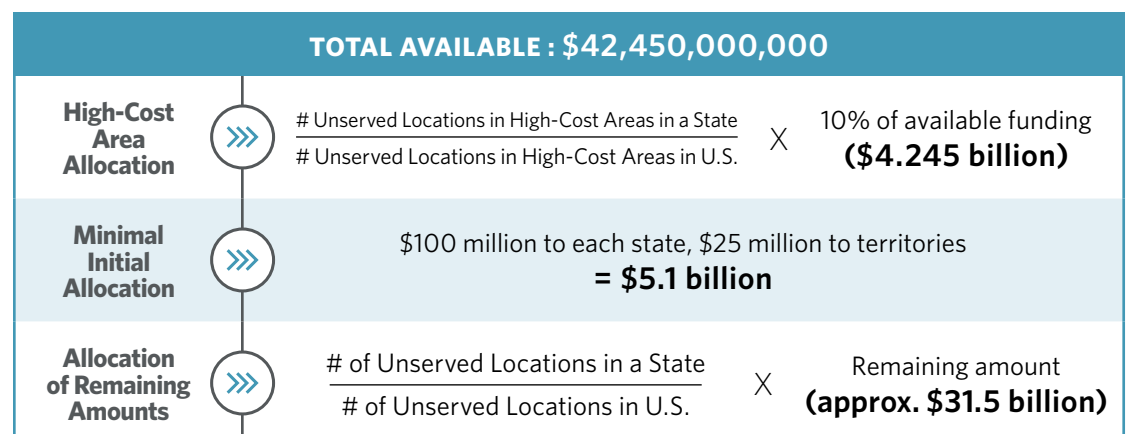
Commerce will make allocations to states using the formula summarized in *Figure 1* below, prioritizing funding based on each state's relative percentage of high-cost locations unserved by broadband, with a

minimum allocation of \$100 million for each state and \$25 million for each territory. High-cost locations are defined as those that are more expensive, comparatively, to deploy broadband, considering factors such as population density, topography, remote nature of the area, among others.

The final determination of allocations to states will be based on [broadband DATA maps](#) produced by the Federal Communications Commission, which measures the number of unserved and underserved locations¹ that exist within each state and nationally.

¹ Locations and serviceable locations as defined by the Federal Communications Commission

Figure 1 — Formula for allocating federal funding for Broadband Equity, Access and Deployment Program.



INITIAL NOFO AND PLANNING FUNDS

By mid-May, Commerce will issue a NOFO that identifies the minimum allocation available and requests letters of intent from states to participate in the program. Initially, funding will support planning and pre-deployment activities. When submitting a letter of intent, a state may request planning funds (up to 5% of the total allocated to the state) for:

- Research and data collection
- Development of preliminary budget for pre-planning activities
- Publications, outreach, and communications support
- Providing technical assistance, including through workshops and events
- Training for employees of the broadband programs and broadband deployment

If requesting planning funds, the state must also submit a 5-year action plan, informed by collaboration with local and regional entities, that describes the state's investment priorities and associated costs as well as alignment of planned spending with economic development, telehealth, and related connectivity efforts. The 5-year action plan should:

- Address local and regional needs in the eligible entity with respect to broadband service
- Propose solutions for deploying affordable broadband service
- Include localized data with respect to the deployment of broadband service in the eligible entity, including by identifying locations that should be prioritized for federal support
- Ascertain how best to serve unserved locations in the state, whether through the establishment of cooperatives or public-private partnerships
- Identify the technical assistance that would be necessary to carry out the plan
- Assess the amount of time required to build out universal broadband service

Local coordination is required, including the opportunity for localities to submit plans for consideration by the state and comment on state plans before submission to the federal government.

NOTICE OF AVAILABLE AMOUNTS AND INVITATION TO SUBMIT PROPOSALS

Once the updated broadband DATA maps are publicly available, Commerce will issue a notice to each state with its estimated allocation and invite each state to submit an initial and final proposal.

INITIAL PROPOSAL:

A state may submit an initial proposal that:

- Outlines long-term objectives for deploying broadband, closing the digital divide, and enhancing economic growth and job creation
- Identifies and outlines steps to support local and regional broadband planning processes or ongoing efforts to deploy broadband or close the digital divide and describes ongoing coordination with local and regional broadband planning processes
- Identifies existing efforts funded by the federal government or a state to deploy broadband and close the digital divide
- Includes a plan to competitively award subgrants
- Identifies each unserved and underserved location and eligible community anchor institution

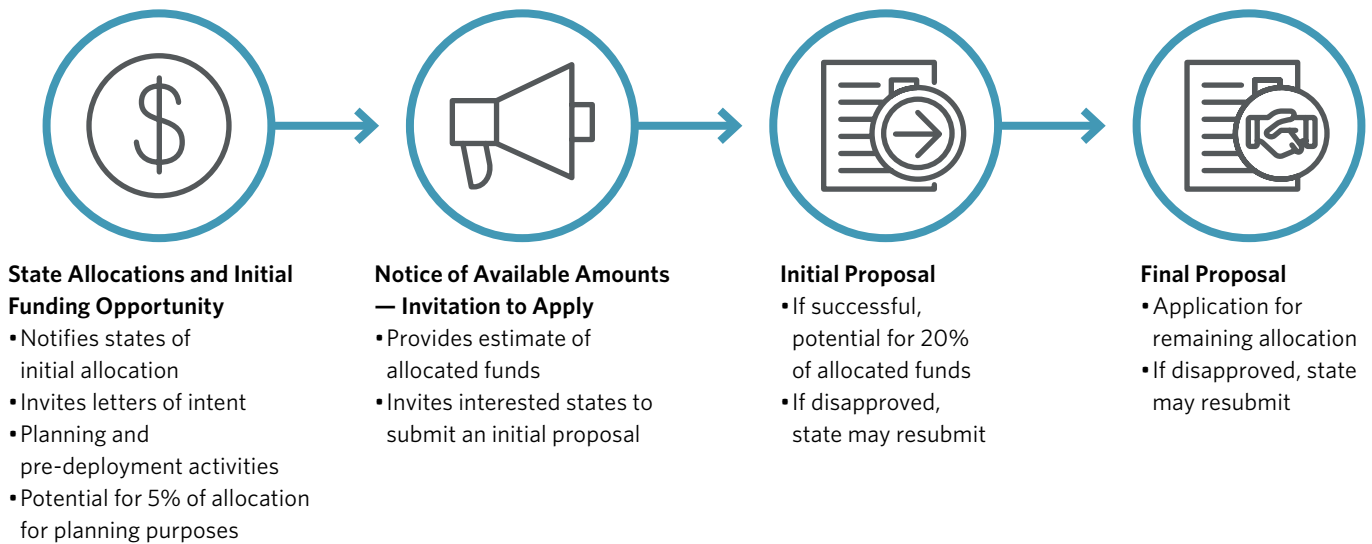
Upon receipt of the initial proposal, Commerce will approve or disapprove the proposal. If approved, Commerce will make 20% of the state's allocated amount available. If disapproved, or deemed incomplete, Commerce will notify the state and provide an opportunity to resubmit the proposal.

FINAL PROPOSAL:

After receiving the initial 20% of allocated funds based on an approved initial proposal, a state may submit a final proposal for the remainder of the allocated funds. The final application will include:

- A detailed plan that specifies how the state will allocate grant funds to deploy broadband networks to unserved and underserved locations and align grant funds with the use of federal, state, or other funds for related purposes
- A timeline for implementation
- Processes for oversight and accountability to ensure the proper use of grant funds
- Description of coordination with local governments, along with local and regional broadband planning processes

Figure 2 — Process to distribute funds.



Once grants are awarded to states, the states may then begin to award subgrants to eligible subgrantees, which include cooperatives, nonprofit organizations, public-private partnerships, private companies, public or private utilities, public utility districts, or local governments. When awarding subgrants, states should first prioritize unserved areas, then underserved areas and then connecting anchor institutions to the broadband network. Projects funded under this program must provide broadband speeds of at least 100 mb/sec download and 20 mb/sec upload and must have reliable performance without network outages that exceed 48 hours over any 365-day period. Beyond that tiered prioritization, the legislation directs states to also prioritize the following when making subgrant awards:

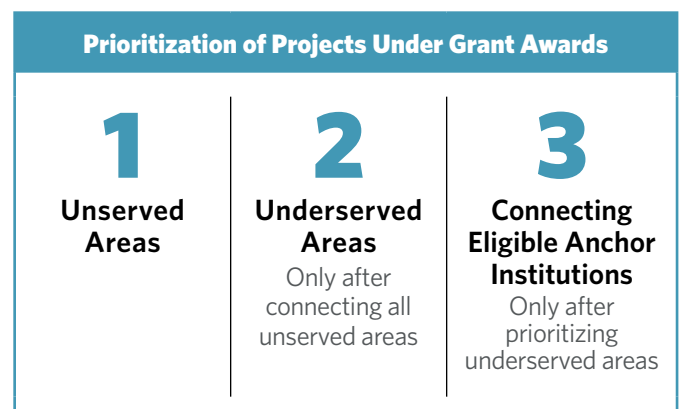
- Deploying broadband to persistent poverty counties or high-poverty areas
- The speeds of the proposed broadband service
- The expediency with which a project can be completed

Projects require a local match of at least 25% of the total project costs. However, the legislation does allow for previously allocated federal funding under various COVID relief legislation to serve as a local match.

Bottom Line: The Broadband Equity, Access and Deployment Program represents a substantial investment in improving access to reliable high-speed internet for all communities within the U.S. Although administered by the Department of Commerce with awards made to states, the potential pool of subgrantees for these funds is large with opportunities for public, private and non-governmental organizations to plan and implement broadband deployment strategies that bridge the digital

divide. However, for those funds to be distributed, substantial planning is required to describe how projects will first address the unserved and then improve access to the underserved, and other populations. This necessitates a full understanding of the demographics and available broadband service throughout a state – before the published broadband DATA maps are available.

Recently, the Federal Highway Administration issued a final rule to support broadband deployment through utility coordination during highway construction projects. The rule requires that state Departments of Transportation identify a broadband utility coordinator and take actions to facilitate coordination with transportation project planning and construction with broadband planning and deployment. This rule is consistent with the dig-once policy that promotes co-locating utilities in transportation rights-of-way to minimize disturbance and realize cost efficiencies. This is an important step to support this broader broadband deployment that will occur as states implement the Broadband Equity Deployment Program.



State Digital Equity Capacity Grant Program & Digital Equity Competitive Grant Program (\$2.75 billion available)

These programs are intended to promote the achievement of digital equity, support digital inclusion activities, and build capacity for efforts by states relating to the adoption of broadband and spur greater adoption of broadband among covered populations (see key terms below). These goals are accomplished through grants made to “eligible entities” to implement Digital Equity Plans, as defined by the program. Governors must identify the eligible entity within their states that will serve as the recipient of and administering agency for grants, make subgrants to support the Digital Equity Plan, and promote digital inclusion and digital equity.

Key Terms

Digital Equity Capacity Grant Program and Digital Equity Competitive Grant Program

Covered Household — a household with income in most recent year is not more than 150% of the poverty level.

Covered Populations:

- Individuals who live in covered households
- Aging individuals
- Incarcerated individuals not in a federal facility
- Veterans
- Individuals with disabilities
- Individuals with a language barrier including English learners and those with low levels of literacy
- Racial or ethnic minorities
- Rural residents

Digital Equity — condition in which individuals and communities have the information technology capacity that is needed for full participation in the society and economy of the U.S.

Digital Literacy — the skills associated with using technology to enable users to find, evaluate, organize, create, and communicate information

Eligible Entity — entities with a demonstrated capacity to administer grants at a state-level including:

- State, political subdivision, agency or instrumentality of a state,
- Foundation, corporation, institution, association, or coalition that:
 - Is not-for profit
 - Provides services in the state
 - Is not a school
- Community anchor institution that is not a school
- Local educational agency located in the state
- Entity in the state that carries out workforce development programs
- Agency of the state responsible for administering or supervising adult education and literacy activities in the state
- Public or multifamily housing authority in the state

STATE DIGITAL EQUITY PLANS

A prerequisite for states to be eligible for grants under this program is the development of a State Digital Equity Plan. These plans must be made available for public comment for at least 30 days and include:

- Identification of barriers to digital equity
- Measurable objectives for documenting and promoting
- The availability of, and affordability of access to, fixed and wireless broadband technology
 - Online accessibility and inclusivity of public resources and services
 - Digital literacy
 - Awareness of, and the use of measures to secure the online privacy of, and cybersecurity with respect to, an individual
 - Availability and affordability of consumer devices and technical support for those devices
- As assessment of how those objectives will impact and interact with the state's
 - Economic and workforce development goals, plans and outcomes
 - Educational outcomes
 - Health outcomes
 - Civic and social engagement
 - Delivery of other essential services

PLANNING GRANTS (\$60 million available)

Starting in Fiscal Year 2023 (Oct. 1, 2022), Commerce will make funds available to states for the purposes of developing the State Digital Equity Plans. Applications are due within 60 days of the NOFO and must include a description of the eligible entity to administer the grant and a certification that the state will complete a Digital Equity Plan within one year of award.

STATE CAPACITY GRANTS (\$240 million for FY 2022 and \$300 million for FY 2023–26)

Within two years of awarding planning grants, Commerce will begin to award State Capacity Grants. States may use funds from these grants to update or maintain State Digital Equity Plans (capped at 20% of eligible funds for a state) or implement the Digital Equity Plan, including making subgrants to eligible entities under the Digital Equity Competitive Grant Program.

The formula to determine grant awards is dependent on available data regarding broadband service within the states and is weighted as shown below:

Formula to Determine State Capacity Grant Awards		
50% of Grant Amount	=	Population of State ÷ Total Population of Eligible States
25% of Grant Amount	=	Number of Individuals in Covered Populations ÷ Total Number of Covered Individuals in Eligible States
25% of Grant Amount	=	Lack of Availability and Adoption of Broadband in a State ÷ Lack of Availability and Adoption in All Eligible States

Data on the comparative lack of availability of broadband in state is based on information from the Federal Communications Commission, the American Community Survey, and the National Telecommunications and Information Administration. Grants must be at least \$1.2 million in FY 2022 and \$1.5 million in the following years (0.5% of available funds). The legislation does not specify a local match requirement, which likely means that grants can cover 100% of eligible costs.



DIGITAL EQUITY COMPETITIVE GRANT PROGRAM (\$250 million for each FY 2022–26)

Within 30 days of awarding State Capacity Grants, Commerce must establish the Digital Equity Competitive Grant Program with a similar purpose to the State Capacity Grant program but expand the eligibility for recipients to those entities not identified as the administering agencies under the State Capacity Grant program. This redundancy seems to be an effort to ensure that the available funding is widely distributed to maximize the effectiveness of the programs, providing multiple opportunities to administer grants to expand access to broadband. Eligible entities for grants under this program are the same as those identified in the State Capacity Grant program with the difference being that grantees under the Competitive Grant Program may not be the entities identified as administrators under the Capacity Grant Program.

Eligible uses for the Competitive Grant Program include:

- Developing and implementing digital inclusion activities that benefit covered populations
- Facilitating the adoption of broadband by covered populations in order to provide educational and employment opportunities
- Implement training programs for covered populations that cover basic, advanced, and applied skills, as well as other workforce development programs to advance digital literacy and equity
- Making equipment, instrumentation, networking capability, hardware and software, or digital network technology for broadband services available to covered populations for low to no cost
- Constructing, upgrading, expending, or operating new or existing public access computing centers for covered populations through community anchor institutions
- Undertaking any other project and activity that Commerce finds to be consistent with the purposes of the program.

Grants awarded under this program have a four-year term to expend the funds and must provide a 10% local match, unless granted an exception by Commerce.

Bottom Line: The State Capacity Grants and the Digital Equity Competitive Grants provide opportunities for states, localities, nonprofits and other non-governmental entities to seek and receive funding to conduct activities that increase the availability and use of broadband internet access. With the focus on populations that historically have not fully leveraged the available technology, these programs will help enable communities to provide greater opportunities to those populations that experience obstacles to the full and far participation in our modern economy.

Middle Mile Grants (\$1 billion available)

The Middle Mile Grants authorized by the IIJA and administered by Commerce are intended to fund technology-neutral capital projects that construct, improve, or acquire middle mile infrastructure. Specifically, the program aims to encourage the expansion and extension of middle mile infrastructure to reduce the cost of connecting unserved and underserved areas to the backbone of the internet. The program also aims to promote broadband resiliency through the creation of alternative network connection paths that prevent a single point of failure on a broadband network. The IIJA defines middle mile infrastructure as “any broadband infrastructure that does not connect directly to an end-user location, including an anchor institution.” Grants made under this program should leverage existing rights-of-way, assets and infrastructure to minimize financial, regulatory and permitting challenges.

Eligible entities to seek and obtain Middle Mile Grants include:

- State or political subdivision of a state
- Tribal government
- Technology company
- Electric utility or utility cooperative or public utility district
- Telecommunications company or cooperative
- Nonprofit:
 - Foundation
 - Corporation
 - Institution
 - Association
- Regional planning council
- Native entity
- Economic development authority

Grants awarded under this program have a five-year timeline for build-out and must provide a 30% local match.

If a grant is provided to support middle mile fiber-optic technology, the grant recipient should ensure that the project will provide broadband to an anchor institution with speeds of at least 1 gigabit per second download and upload. Additionally, grantees building out middle mile infrastructure with fiber-optic technology must offer interconnection in perpetuity.





What's Next and How We Can Help

These new programs under the Department of Commerce will take some time to stand up. Many states are already thinking about how to support broadband deployment, and these programs will provide a substantial shot in the arm to those efforts. HDR is ready to be your trusted advisor throughout every step of the broadband deployment process. Our team of experts have the knowledge and expertise to guide your project from conceptual ideas to completed infrastructure.

Our services span the entire life cycle of a project, including:

- **Planning and Project Development:** Before a project gets underway, HDR's policy experts can develop a business case, determine potential funding sources and apply for grants, provide strategic communications and outreach to potential partners, and determine legal ramifications of broadband infrastructure placement.
- **Design, Plans, Specifications and Estimates:** Our experts can serve as a one-stop shop for developing cable, conduit and pull box routing designs, right-of-way requirements, geotechnical needs, estimates and more.
- **Construction Management, Oversight and Inspection:** You can trust our team to provide daily observation and overall contract oversight, as well as tracking quantities, payment estimates and final acceptance.
- **Program and Project Management:** If your project requires a higher level of support, our innovative and flexible approach can encompass any aspect of the project activities. From serving as the client's project manager and acting as an owner-agent to managing consultants/contractors and performing project controls, our experienced team can provide any level of assistance necessary to make your project a success.

Our Advisory Services Team has the experience and understanding of the federal programs created or modified by the IIJA to help clients position their projects for success. HDR's Advisory Services blend deep infrastructure knowledge with insightful business management expertise to develop tailored solutions. Our experts help plan, procure, develop, manage, operate and finance projects and programs. Our management consultant professionals create value by leveraging our unparalleled technical expertise of planners, engineers, researchers, policy experts, senior executive advisors, and data scientists to produce performance improvements.

Our approach integrates technical and business professionals who generate sustainable solutions with a rich understanding of the challenges that clients face. As a trusted advisor, we help clients make lasting, positive change. We value our client relationships over the long term. Our experts provide services in:

- Funding and Finance
- Strategic Planning and Policy
- Economics and Decision Analysis
- Sustainability and Resiliency
- Strategic Communications
- Management and Business Improvements

Our team of experts provide these services in all infrastructure types affected by the IIJA and can help clients chart a path forward to successfully plan, fund, design, and deliver their programs.

For more information, contact:



Joey Yang
Advanced Technologies for
Surface Transportation Lead
Zhaowei.Yang@hdrinc.com



Mark Pohlmann
Senior Transportation
Project Manager
Mark.Pohlmann@hdrinc.com



Eric Beightel
Principal Infrastructure Policy/
Environmental Strategist
Eric.Beightel@hdrinc.com



Ben Pierce
Mobility Operations
Technology Services Director
Ben.Pierce@hdrinc.com