

Item 14: Oregon Business Development Department

Broadband Capacity

Analyst: Steve Bender

Request: Establish a \$20,000,000 Other Funds expenditure limitation for funding from the Coronavirus Relief Fund received by the Department of Administrative Services and transferred to the Oregon Business Development Department for business, innovation and trade, for the Rural Broadband Capacity Program.

Description: The Oregon Business Development Department (OBDD) operated the Rural Broadband Capacity Program as a pilot program in the 2017-19 biennium. The program provided \$500,000 to extend broadband capacity to regions where broadband was not available. Funds supported planning, engineering and infrastructure investments.

The requested Emergency Board action would provide \$20 million of Coronavirus Relief Fund monies to continue the program. OBDD would direct the funds to support the expansion of broadband capacity for schools, businesses, and healthcare providers to assist them in addressing the impacts of the COVID-19 pandemic. The expanded capacity, for example, will support online instruction and other school activities affected by the pandemic, as well as support the healthcare and business operational changes needed to adapt to the pandemic.

Half of the funding would primarily focus on completing Phase 2 of the Link Oregon consortium network, designed to create a high-speed fiber-optic network for the public sector. Phase 2 will focus on southern and eastern Oregon to serve Roseburg, Medford, Ashland, Klamath Falls, The Dalles, Pendleton, La Grande, Ontario and Burns, among other locations. Approximately \$8.39 million would be made available for capital expenses. The residual of the first half of the funds would be made available to individual school districts. OBDD will distribute the remaining \$10 million through the Rural Broadband Capacity Program, focusing on regions without broadband capacity.

Funds would be provided from the state's distribution of CARES Act Coronavirus Relief Fund (CRF) monies. The Department of Administrative Services would transfer \$20 million of CRF funds to OBDD for this program. CRF funds are restricted to necessary expenditures incurred due to the public health emergency with respect to COVID-19 during the period from March 1, 2020 through December 30, 2020. Grant recipients would not receive payment for expenditures after these dates.

Recommendation: The Co-Chairs of the Emergency Board recommend approval of establishing a \$20,000,000 Other Funds expenditure limitation for the Oregon Business Development Department (OBDD) for funding from the Coronavirus Relief Fund received by the Department of Administrative Services and transferred to OBDD for business, innovation, and trade, for the Rural Broadband Capacity Program.