

## ANALYSIS

### Item 26: Oregon Business Development Department Broadband Infrastructure

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**Analyst:** Matt Stayner

**Request:** Approve, retroactively, the submission of a federal grant application to the U.S. Department of Commerce, National Telecommunication and Information Administration in the amount of \$16.47 million for the funding of competitive grants for the deployment of broadband infrastructure.

**Analysis:** Federal funding of \$288 million was made available under the federal Consolidated Appropriations Act of 2021 for the funding of grants to deploy fixed broadband infrastructure through state and providers of broadband services. Although no minimum or maximum awards are defined, the National Telecommunication and Information Administration anticipates making individual awards in the range of \$5.0 million to \$30.0 million. The amount requested by Oregon Business Development Department (OBDD) in its grant application is \$16.47 million. No cost sharing by the state and provider partnerships is required, however non-federal cost share of at least 10% of eligible costs are preferable; the identified partners have pledged \$4.04 million in matching funds. OBDD will use up to 5% of the total funding requested for administration of the grant, including costs for establishing up to two limited-duration staff. Should OBDD need additional Federal Funds expenditure limitation to accommodate the additional funding, it is anticipated that the agency will request an adjustment during the upcoming 2022 legislative session.

The federal grant opportunity was announced on May 19, 2021. OBDD provided the Legislature with a notice of its intent to apply for the funding on July 14, 2021. The due date for the grant application was August 17, 2021. Funding awards are anticipated to be made beginning November 29, 2021 and the grant performance period is within one year following the award of funding.

**Recommendation:** The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means approve the request.

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Oregon Business Development Department  
McDonald

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**Request:** Retroactive authorization to apply for a grant totaling \$16.5 million from the United States Department of Commerce, National Telecommunications and Information Administration (NTIA) for a broadband infrastructure program.

**Recommendation:** Approve the request.

**Discussion:** The NTIA Broadband Infrastructure Program will provide up to \$288 million in competitive grants to states, subdivisions of states, and providers of fixed broadband service, to deploy broadband infrastructure to eligible service areas. The term “eligible service area” means a census block in which broadband service is not available at one or more households or businesses. This is a competitive, one-time grant with the goal of providing broadband service to the greatest number of currently unserved households, especially those in rural areas. NTIA expects to make awards ranging from \$5.0 million to \$30.0 million. The Department has applied for \$16.5 million to extend fixed broadband into areas of Benton, Grant, Wasco and Josephine counties. If successful, the grant will pay for fiber to 7,185 homes and anchor institutions. The application deadline was August 17, 2021.

The Department has identified four fixed broadband providers as partners who will implement the approved projects, if awarded. The providers are Alyrica Network, Inc., OTC Connections, Q-Life Networks, and Ziplly Fiber. There is no match required, however, NTIA will favorably consider applications proposing a non-federal contribution of at least 10% of the total eligible project cost. The four fixed broadband providers have pledged a total of \$4.0 million, representing a match of approximately 24%, in order to submit a competitive grant application.

If awarded, the Department will request up to two limited duration Project Managers. It is anticipated these positions would be funded with grant dollars, as the Department has requested a total of 5% for program administration.



**October 13, 2021**

Senator Elizabeth Steiner Hayward, Co-Chair  
Senator Betsy Johnson, Co-Chair  
Representative Dan Rayfield, Co-Chair  
Interim Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301

Dear Co-Chairpersons:

### **Nature of the Request**

The purpose of this letter is to request retroactive approval of the submission of a federal grant application for a broadband infrastructure program. The Oregon Business Development Department (Department) applied for a grant with the United States Department of Commerce, National Telecommunications and Information Administration (NTIA) for \$16.47M on August 10, 2021.

### **Agency Action**

#### **Background**

The Broadband Infrastructure Program is a \$288M broadband deployment program directed to partnerships between a state, or one or more political subdivisions of a state, and providers of fixed broadband service to support broadband infrastructure deployment to areas lacking broadband, especially rural areas. The Department has identified four fixed broadband providers as partners who will implement approved projects. The providers are Alyrica Network, Inc., OTC Connections, Q-Life Networks, and Ziplly Fiber.

The grant does not require cost sharing or matching funds, however the four fixed broadband providers have pledged a total of \$4.04M, representing a match of approximately 25% in order to submit a competitive grant application. The Department has requested a total of 5% in administrative funds to implement the program, which will include funding for up to two limited duration staff.

The Broadband Infrastructure Program will make grants on a competitive basis for covered broadband projects, defined as a competitively and technologically neutral project for the deployment of fixed broadband service that provides qualifying broadband service in an eligible service area. The term “eligible service area” means a census block in which broadband service is not available at one or more households or businesses in the census block. The areas proposed in the application are Benton, Grant, Wasco and Josephine counties. The funding will pay for fiber to 7,185 homes and anchor institutions.

**Action Requested**

The Department respectfully requests retroactive approval of the submission of a federal grant with the United States Department of Commerce, National Telecommunications and Information Administration (NTIA) for a broadband infrastructure program.

**Legislation Affected**

The request to apply for this grant does not affect current legislation.

Sincerely,

Sophorn Cheang  
Director