

## ANALYSIS

### Item 41: Business Development Department Broadband

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**Analyst:** Matt Stayner

**Request:** Approve, retroactively, the submission of federal grant applications to the U.S. Department of Commerce, National Telecommunications and Information Administration, for Broadband Equity, Access, and Deployment, and State Digital Equity Planning; increase Federal Funds expenditure limitation by \$5,782,193; and authorize the establishment of seven permanent and one limited duration positions (3.00 FTE) for administration of the grants, and expenditure of American Rescue Plan Act funds for broadband allocated to the Business Development Department through prior legislative action.

**Analysis:** The Oregon Business Development Department (OBDD) provided notices to the co-chairs of the Emergency Board of its intent to apply for federal grants through the National Telecommunications and Information Administration on June 24, 2022, for the State Digital Equity Planning grant (DE), and on August 1, 2022 for the Broadband Equity, Access, and Deployment (BEAD) grant. The amounts requested in each grant application represent funding for initial planning and are part of larger federal grant programs. The BEAD program provides a minimum floor of \$100 million Federal Funds; OBDD requested \$5 million as the initial portion of that minimum. The planning monies for both grant programs do not require a state match, but subsequent funding for implementation is expected to require up to 25% in state matching funds. The requested expenditure limitation is for the total amount of both grants.

OBDD is also requesting the establishment of seven permanent and one limited duration positions for the administration and operation of activities funded by the BEAD and DE grant programs, as well as activities supported with funding from the American Rescue Plan Act (ARPA) Capital Projects Fund previously allocated to the department. Two of the requested positions are intended for work related to ARPA Broadband funds, four are for work under the BEAD grant, one is for work under the DE grant, and the last position, requested as limited duration, is an accounting technician position that will be funded through both the ARPA Broadband funds and BEAD grant funds. The proposed staffing will be tasked with managing overall program activities, contract services, accounting functions, and public communications.

The vast majority of the funding under the BEAD and DE programs will be used for contracted professional services to support:

- Community and partner engagement
- Stakeholder engagement and event management
- Plan development
- Asset mapping and data analysis
- Technical assistance website and content
- Local coordination
- Research and data collection
- Preparation of the State Digital Equity Plan
- Grant application management software and services

This phase of the subject programs is anticipated to run through the 2023-25 biennium, with BEAD and ARPA Broadband programs extending through the next three biennia. Agency expenditures of BEAD and DE grant funds over the remaining nine months of the current biennium are anticipated to be approximately \$2,807,000. The agency has existing budgetary authority to expend the ARPA Broadband funds. Although the agency originally requested the accounting technician position as limited duration, the workload requiring the position is unlikely to abate for the foreseeable future. A rounding error in the agency's original letter slightly misstated the full-time equivalent (FTE) count for the positions. The correct FTE amount is 3.04.

**Recommendation:** The Legislative Fiscal Office recommends that the Emergency Board approve, retroactively, the submission of federal grant applications to the U.S. Department of Commerce, National Telecommunications and Information Administration, for Broadband Equity, Access, and Deployment, and State Digital Equity Planning; increase the Federal Funds expenditure limitation for the Business Development Department by \$2,807,000; and authorize the establishment of eight permanent full-time positions (3.04 FTE) for administration and activities associated with the Broadband Equity, Access, and Deployment grant, State Digital Equity Planning grant, and American Rescue Plan Act, Capital Projects Funds for broadband allocated to the Oregon Business Development Department through prior legislative action.

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Oregon Business Development Department  
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**Request:** Increase Federal Funds expenditure limitation by \$5,782,193 to expend Federal Funds received from the National Telecommunications and Information Administration (NTIA) for broadband programs and establish seven permanent positions and one limited duration position (3.00 FTE) to assist in administering the NTIA grant funds; and retroactive authorization to apply for a \$5.0 million Broadband, Equity, Access, and Deployment (BEAD) grant and a \$782,193 State Digital Equity Planning Grant (DE) from NTIA.

**Recommendation:** Approve the request, with the following modification – Increase Federal Funds expenditure limitation by \$2.8 million and establish eight permanent positions (3.04 FTE).

**Discussion:** The request above is comprised of three separate components: expenditure limitation and positions for broadband funds received from the NTIA; authorization to apply, expenditure limitation, and positions for a BEAD grant from the NTIA and; authorization to apply, expenditure limitation, and positions for a DE grant from the NTIA. The recommendation is different from the original request based on further discussions with and additional information received from the agency.

*Receipt of NTIA Grant*

The American Rescue Plan Act of 2021 appropriated \$10 billion to the United States Department of the Treasury (Treasury) for the Coronavirus Capital Projects Fund (CPF) to help states and Tribal governments ensure all communities have access to high-quality modern infrastructure needed to access critical services, including broadband. The funding is to be used to carry out critical capital projects directly enabling work, education, and health monitoring (including remote options) in response to the COVID-19 public health emergency. The CPF aims to:

- Directly support recovery from the COVID-19 public health emergency by strengthening and improving the infrastructure necessary for participation in work, education, and health monitoring that will last beyond the pandemic.
- Enable investments in capital assets designed to address inequities in access to critical services.
- Contribute to the Administration’s goal of providing every American with the modern infrastructure necessary to access critical services, including a high-quality and affordable broadband internet connection.

Oregon received an allocation of \$156,795,418, of which five percent (\$7.8 million) may be used for administrative expenses. The CPF award was not from a competitive grant but an application for the funding was required. The initial application letter was submitted December 2021. The Oregon Business Development Department (OBDD) has worked with stakeholders in the spring of 2022, on the development of the grant and the program plan. The grant and program plan submittal deadlines are September 24, 2022. The Oregon Department of Administrative Services was designated to administer the funds and pass the funding through to OBDD. OBDD received Other Funds expenditure limitation for the CPF in House Bill 5006 (2021) and Senate Bill 5202 (2022). To assist in administering the CPF and to get grants out to local communities, OBDD needs to establish three permanent positions (0.95 FTE) from its existing expenditure limitation for the Broadband program. These positions are permanent full-time positions with one being

split between two programs (CPF and BEAD). The funding for these three positions is within the \$7.8 million allowed for administrative expenses.

*Retroactive Authorization to apply, expenditure limitation and position request for a BEAD grant*

On August 1, 2022, OBDD submitted a 10-day notification letter of its intent to apply for a BEAD grant from NTIA. The grant application was submitted on August 12, 2022. The BEAD Program was authorized by the Infrastructure Investment and Jobs Act of 2021 (IIJA). The BEAD Program provides new federal funding for NTIA to grant to all 50 states, the District of Columbia, and territories, for broadband planning, deployment, mapping, equity, and adoption activities. The grant is not competitive; however, the state must apply for the grant pro forma to receive the funding. Each state is eligible to receive a minimum of \$100 million. When the Federal Communications Commission issues Broadband DATA Maps, NTIA will provide a notice of the estimated amount for which each state is eligible to receive. This retroactive grant request is for the purposes of receiving up to \$5 million of Oregon’s allocation for initial broadband planning funds. As this money is a direct allocation for each state, per NTIA, each state is automatically eligible to receive the funds once the application has been received. OBDD has been in contact with the NTIA and expects to receive the funding any day. The state’s first deliverable for the BEAD program is within 270 days of receipt of the grant. For this grant (the funding for which is guaranteed and expected “very soon”), OBDD needs \$2.2 million Federal Funds expenditure limitation and the establishment of four permanent full-time positions, with one of the positions being split between two programs (CPF and BEAD) (1.71 FTE).

*Retroactive Authorization to apply, expenditure limitation and position request for a DE planning grant*

On June 24, 2022, OBDD submitted a 10-day notification letter of its intent to apply for a DE grant from NTIA. The grant application was due July 12, 2022. The DE planning grant is a part of the State Digital Equity Capacity Grant program, which promotes digital equity, digital inclusion activities (devices, tech support and training), and building capacity for the state’s efforts to provide broadband to residents. To receive the funds set aside in the IIJA for DE planning, OBDD must complete a State Digital Equity Plan. This retroactive grant request is for the purposes of receiving up to \$782,193 of Oregon’s allocation for initial broadband digital equity planning funds. As this funding is a direct allocation for each state, per NTIA, each state is automatically eligible to receive the funds once the application has been received. OBDD has been in contact with NTIA and expects to receive the funding any day. The state’s first deliverable for the DE program is within 270 days of receipt of the grant. For this grant (the funding for which is guaranteed and expected “very soon”) OBDD needs \$0.6 million Federal Funds expenditure limitation and the establishment of one permanent full-time position (0.38 FTE).

*Positions*

The following is an explanation of the positions and in which program they will be assigned. For the CPF grant program:

- One permanent full-time Information Specialist 7 for GIS (0.38 FTE);
- One permanent full-time Program Analyst 3 as a Grant Manager (0.38 FTE); and
- One permanent full-time Accounting Technician (0.38 FTE) - the FTE will split between the CPF and BEAD programs for 0.19 FTE in each program.

For the BEAD program:

- Two permanent full-time Program Analyst 3 positions as Project Coordinators (0.76 FTE);
- One Permanent full-time Operations and Policy Analyst 4 as a Policy Specialist (0.38 FTE);
- One permanent full-time Public Affairs Specialist 3 (0.38) FTE; and
- An Accounting Technician - the position was established within the CPF program, but FTE for that position is being split between the CPF and BEAD program for 0.19 FTE in each program.

For the DE program:

- One permanent full-time Operations and Policy Analyst 4 position as a Digital Equity Specialist (0.38 FTE).

**Legal Reference:** Increase Federal Funds expenditure limitation established by chapter 560, section 4(2), Oregon Laws 2021, for the Oregon Business Development Department, Infrastructure, by \$2,806,643 for the 2021-23 biennium.



**August 18, 2022**

The Honorable Senator Peter Courtney, Co-Chair  
The Honorable Representative Dan Rayfield, Co-Chair  
Joint Emergency Board  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301

Dear Co-Chairs:

### **Nature of the Request**

The Oregon Business Development Department (Department) respectfully requests:

- Retroactive approval of the submission of a federal grant application for \$5M from the National Telecommunications and Information Administration (NTIA), U.S. Department of Commerce for a Broadband Equity, Access, and Deployment Program (BEAD) grant. The application was submitted on August 12, 2022;
- Retroactive approval of the submission of a grant federal application for \$782,193 from the National Telecommunications and Information Administration (NTIA), U.S. Department of Commerce for a State Digital Equity Planning Grant Program (DE) grant. The application was submitted on July 8, 2022;
- An increase in Federal Funds limitation in the amount of \$5,782,193 to allow the Department to expend awarded grant funds from the NTIA; and
- The addition of seven permanent and one limited duration position (3.0 FTE) to allow the Department to administer grant funds received from the NTIA, as well as \$156M in funds previously awarded to the state through the American Rescue Plan Act of 2021.

### **Agency Action**

### **Background**

**The Broadband Equity, Access, and Deployment (BEAD) Program** was authorized by the Infrastructure Investment and Jobs Act of 2021, Division F, Title I, Section 60102, Public Law 117-58, 135 Stat. 429 (November 15, 2021) (Infrastructure Act or Act) also known as the Bipartisan Infrastructure Law. The BEAD Program provides new federal funding from NTIA for all fifty states, the District of Columbia, and Territories, for broadband planning, deployment, mapping, equity, and adoption activities.

Each State is eligible to receive a minimum of \$100M. In conjunction with the Federal Communications Commission issuing Broadband DATA Maps, NTIA will issue a notice that contains the estimated amount of

program funds that each state is eligible to receive. Each State may request up to \$5M of its minimum allocation in Initial Planning Funds.

The NTIA does not require a match to receive planning funds.

The Department's application requested funds for positions, as well as consultant services to perform portions of the required activities and prepare deliverables.

With this letter, the Department is requesting limitation to expend grant funds, and authorization for four and one-half positions (1.69 FTE).

**The State Digital Equity Planning Grant Program** is part of the larger State Digital Equity Capacity Grant Program, the purpose of which is to promote the achievement of digital equity, support digital inclusion activities (devices, tech support and training), and build capacity for efforts by the state relating to the adoption of broadband by residents. Since the state is interested in participating in the State Digital Equity Capacity Grant Program (HB 4092, Section 3, 2022 directs the Oregon Broadband Office to develop a Broadband Action Plan and Digital Equity Plan that address the requirements of said Act) it must first complete State Digital Equity Plans as contemplated in Section 60304(c) of the Infrastructure Investment and Jobs Act of 2021, Public Law 117-58, 135 Stat. 429 (November 15, 2021) (Infrastructure Act or Act), also commonly known as the Bipartisan Infrastructure Law.

The State previously applied for the State Digital Equity Planning Grant Program (which is the subject of a separate Notice of Funding Opportunity); the state must plan holistically for these interrelated programs. The Department's application requested funding for one position, as well as consultant services to perform portions of the required activities.

The NTIA does not require a match to receive these funds

With this letter, the Department is requesting limitation to expend grant funds, and authorization for one position (.38 FTE).

**The American Rescue Plan (Coronavirus Capital Projects Fund)** appropriated \$10 billion to the United States Department of the Treasury (Treasury) to provide payments to States, territories, freely associated states, and Tribal Governments "to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency with respect to the Coronavirus Disease (COVID-19)." Treasury has separately published the allocations available to each eligible entity in accordance with Section 604(b), which is available at: [treasury.gov/CPF](https://www.treasury.gov/CPF). Oregon's allocation is \$156,795,418, of which 5% (\$7.8M) can be used for administrative expenses. Although this is not a competitive grant program, States, territories, and freely associated states must submit an application and a grant and program plan.

The Capital Projects Fund allows for investment in high-quality broadband infrastructure designed to directly enable work, education, and health monitoring and that meet Treasury's other criteria as well as other connectivity infrastructure, devices, and equipment. Treasury encourages consultation with the statewide entity or office that oversees broadband planning and implementation, where such an entity or office exists, when planning for the use of Capital Projects Fund grant funding.

The initial application and designation letter was submitted on December 15, 2021. The Oregon Department of Administrative Services was designated the administer of the funds. The Department has been engaging stake holders in the spring of 2022 to inform the development of the grant and program plan. The grant and program plan submittal deadlines are September 24, 2022.

With this letter, the Department is requesting authorization for two and one-half positions (.94 FTE) to administer ARPA Capital Projects Funds. Limitation for expenditure of the \$156M is included in the 2021-23 legislatively approved budget.

Summary of current request:

	Total Award	Current Limitation Request	Current FTE Request
BEAD Program - Planning	5,000,000	5,000,000	1.69
Digital Equity Planning Grant Program	782,193	782,193	0.38
ARPA Capital Projects Fund	156,795,418	-	0.94
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	162,577,611	5,782,193	3.00

#### Action Requested

The Department respectfully requests:

- Retroactive approval of the submission of a federal grant application for \$5M from the National Telecommunications and Information Administration (NTIA), U.S. Department of Commerce for a Broadband Equity, Access, and Deployment Program (BEAD) grant;
- Retroactive approval of the submission of a grant federal application for \$782,193 from the National Telecommunications and Information Administration (NTIA), U.S. Department of Commerce for a State Digital Equity Planning Grant Program (DE) grant;
- An increase in Federal Funds limitation in the amount of \$5,782,193 to allow the Department to expend awarded grant funds from the NTIA; and
- The addition of seven permanent and one limited duration position (3.0 FTE) to allow the Department to administer grant funds received from the NTIA, as well as \$156M in funds previously awarded to the state through the American Rescue Plan Act of 2021.

#### Legislation Affected

Increase the Federal Funds expenditure limitation established by chapter 560, Section 4(2), Oregon Laws 2021 for the Oregon Business Development Department for Infrastructure by \$5,782,193.

Sincerely,



Chris Cummings  
Deputy Director