

## ANALYSIS

### Item 9: Oregon Business Development Department Broadband Equity Access and Deployment

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**Analyst:** Michelle Deister

**Request:** Approve the submission of a federal grant application to the National Telecommunications and Information Administration, U.S. Department of Commerce, in the amount of \$683,914,933 for Broadband Equity Access and Deployment Program funds.

**Analysis:** Oregon was allocated a total of \$688.9 million in Broadband Equity, Access, and Deployment (BEAD) Program funding authorized by the Infrastructure Investment and Jobs Act of 2021, for the purpose of identifying and providing broadband access to unserved and underserved communities. The Oregon Business Development Department (OBDD) submitted and was granted a request to apply for \$5 million of the BEAD grant for initial planning funds. A required Five-Year Action plan was submitted on August 25, 2023 that explains how Oregon has identified unserved and underserved areas of the state, and what measures might need to be taken to provide service and close the digital divide. Remaining funding under the BEAD grant (\$683.9 million) will be used for competitive grants to eligible subrecipients, including but not limited to internet service providers, tribes, and local governments, to ensure that infrastructure is constructed and provided in these hard to serve areas. The initial plan will be refined and resubmitted by December 27, 2023, to reflect public comment, and a final proposal (presumably incorporating negotiations with the National Telecommunications and Information Administration) will be due a year later.

An existing consultant contract funded with a portion of the initial \$5 million in planning dollars is assisting the Department in identifying the underserved and unserved areas, managing public engagement, soliciting feedback, assisting in managing the challenge process, and the criteria for subgrantee selection. OBDD anticipates that selection of subgrantees occur in the second half of 2024. Disbursal of funds is anticipated to occur between 2025-2029. Application for and award of these funds will enable them to be encumbered and available once contracts are approved.

Up to 2% (\$13.7 million) of total funds may be used for grant administration. For purposes of meeting matching requirements for grants to subgrantees, the Oregon Broadband Office will leverage subgrantee investments and maintenance of effort required by eventual contract awards. No additional positions are being requested at this time.

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

**Request:** Authorization to apply for a \$683.9 million grant from the U.S. Department of Commerce for the Broadband Equity, Access, and Deployment (BEAD) program.

**Recommendation:** Approve the request.

**Discussion:** The BEAD Program was authorized by the Infrastructure Investment and Jobs Act of 2021 (IIJA). The BEAD Program provides \$42.45 billion in federal funding from the U.S. Department of Commerce, National Telecommunications and Information Administration (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. This request for authorization to apply is that pro forma request by the Oregon Business Development Department (OBDD) to the U.S. Department of Commerce, NTIA. Each state is eligible to receive a minimum of \$100 million. When the Federal Communications Commission issued Broadband DATA Maps, the NTIA issued a notice to each state regarding the amount of program funds for which they would be eligible. Oregon is eligible for \$688.9 million.

In September 2022, OBDD was granted the authority by the Emergency Board to apply for an initial amount of \$5.0 million out of its impending allocation amount for the initial broadband planning funds. The planning funds were used to pay for staff and a consultant to prepare a required five-year action plan for submittal to the NTIA, which Oregon submitted on August 25, 2023 (as the Initial Proposal Volume One phase, released for public comment on September 21, 2023. The request for which OBDD seeks permission to apply for the full BEAD allocation is part of the Initial Proposal Volume Two phase and is due by December 27, 2023. This request is for the purposes of implementation the BEAD program. A final proposal is due one year after the NTIA provides approval of the Initial Proposal.

Once the funds have been received, OBDD intends to request up to eight full-time employees and the potential use of a consultant to perform the activities and prepare deliverables required of the program. These activities will be implemented using the allowance for administrative costs under the grant (two percent of the grant). A 25 percent match will be required for the non-administrative portion of the grant, which will consist of grants to subgrantees (for profit, non-profit, local, or tribal government, and public-private partnerships). OBDD will require the subgrantees to provide the match amount associated with each grant. The Notice of Funding Opportunity for BEAD waives the matching requirement for projects designated in "high-cost areas."



October 9, 2023

Senator Elizabeth Steiner, Co-Chair  
Representative Tawana Sanchez, Co-Chair  
Interim Joint Committee on Ways and Means  
900 Court St NE  
H-178 State Capital  
Salem, OR 97301

Dear Senator Steiner and Representative Sanchez:

**Nature of the Request**

The Oregon Business Development Department (Department) intends to apply for a federal grant from the National Telecommunications and Information Administration (NTIA), U.S. Department of Commerce for a Broadband Equity, Access, and Deployment Program (BEAD) grant's Initial Proposal Funding Request in the amount of \$683,914,932.17.

**Agency Action**

**Background**

The Broadband Equity, Access, and Deployment (BEAD) Program, 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 for NTIA to grant to all fifty states, the District of Columbia, and Territories, for broadband planning, deployment, mapping, equity, and adoption activities.

In conjunction with the Federal Communications Commission issuing Broadband DATA Maps, National Telecommunications and Information Administration (NTIA) issued a notice that contains the estimated amount of program funds that each state is eligible to receive, and Oregon is eligible for \$688,914,932.17.

Each State was eligible to request up to \$5M of its minimum allocation in Initial Planning Funds which Oregon did and was approved in November 2022. Those planning funds are used to pay for staff and a consultant to prepare the required Five-Year Action Plan (submitted on 8/25/23), Initial Proposal Volume One (released for public comment 9/21/23), Initial Proposal Volume Two (due to NTIA by 12/27/23), and a Final Proposal (due one year after NTIA's approval of the initial proposal). This request is to fund the implementation of the BEAD program.

This Initial Proposal Funding Request application deadline to NTIA is December 27, 2023.

The agency intends to request up to eight full time employees associated with this grant opportunity and to be paid 100% by the administrative cost of the grant. Additionally, the department may seek a consultant/s to perform portions of the required activities and prepare deliverables.

The NTIA does not require a match for the administration funds (2%). A match will be needed for grants to subgrantees, but details will be developed in the program (initial proposal due 12/27/23 and final proposal due end of 2024). Per the BEAD Notice of Funding Opportunity, except in certain specific circumstances (including projects in designated "high-cost areas," and other cases in which NTIA has waived the matching requirement) each Eligible Entity [the state] shall provide, require its subgrantee to provide, or provide in concert with its subgrantee, matching funds of not less than 25 percent of project costs. Funds from federal programs generally may not be used as matching funds.

The agency plans to use program subgrantees' (for profit, non-profit, local, or tribal government, and public private partnerships) match and maintenance of effort (MOE), when required, to meet all program's requirement.

All costs besides the match and MOE described above will be covered by the grant by either administrative or program costs.

**Action Requested**

The Department requests approval to apply for a federal grant from the NTIA in the amount of \$683,914,932.17.

**Legislation Affected**

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

Sincerely,



Sophorn Cheang  
Director