

ANALYSIS

Item 26: Oregon Business Development Department Digital Equity Capacity

Analyst: Michelle Deister

Request: Approve, retroactively, the submission of a federal grant application to the National Telecommunications and Information Administration in the amount of \$9,947,576 to promote digital inclusion activities and achieve digital equity in the State of Oregon.

Analysis: The Digital Equity Act is a federal companion program to the Broadband Equity, Access, and Deployment Program, authorized under the larger Infrastructure Investment and Jobs Act of 2021. Oregon Business Development Department (OBDD) seeks retroactive approval to apply for a formula-based State Digital Equity Capacity Grant to implement Oregon's approved Digital Equity Plan. The Plan will assist covered populations in achieving access to the following products, skills, services, and information:

- Affordable, reliable high-speed home broadband internet;
- Affordable computing devices;
- Digital literacy skills and technical support;
- Tools and information needed to maintain privacy and personal security online; and
- Inclusive access to state resources and programs.

Covered populations are those in covered households, older adults, incarcerated individuals, other than individuals who are incarcerated in a Federal facility, veterans, individuals with disabilities, individuals with a language barrier, including individuals who are English learners and/or have low levels of literacy, individuals who are members of a racial or ethnic minority group, and individuals who primarily reside in a rural area.

The State of Oregon's Digital Equity Plan was approved in March 2024 and this request represents the first of three formula allocations OBDD expects to receive for digital equity plan implementation. In addition to the \$9.9 million that is the subject of this request, OBDD anticipates as much as \$7 million in additional funding in the next two years. OBDD intends to award grants to subrecipients who meet objectives of the Oregon's Digital Equity Plan and provisions set forth in the State Digital Equity Capacity Grant Program Notice of Funding Opportunity by serving the covered populations with the services outlined above. Recipients, grant amounts, and reporting requirements are subject to NTIA approval, and determinations for this initial round of funding are expected to be made by the end of calendar year 2024. This tranche of funding is required to be expended by the end of calendar year 2029.

OBDD submitted a notice of intent to apply on April 15, with the application due May 28, 2024. No matching funds are required, and receipt of the award is expected in the autumn of 2024. OBDD anticipates submitting a request for additional Federal Funds expenditure limitation early in the 2025 legislative session.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board approve the request.

Request: Retroactive authorization to apply for a grant totaling \$9,947,576, from the U.S. Department of Commerce National Telecommunications and Information Administration for the Digital Equity Capacity Grant.

Recommendation: Approve the request.

Discussion: The Infrastructure Investment and Jobs Act (IIJA) of 2021 funded the Digital Equity (DE) Act to provide \$2.75 billion to establish three grant programs to promote digital equity and inclusion and ensure that all people can access affordable and reliable broadband internet, affordable computing devices, and the skills needed to learn work and more. The three grant programs consist of the DE Planning Grant program, the DE Capacity Building Grant program, and the DE Competitive Grant program.

In September 2022, the Emergency Board provided retroactive authorization for the Oregon Business Development Department (OBDD) to apply for a State DE Planning grant and also authorized an increase in Federal Funds expenditure limitation for the establishment of a permanent full-time position. Under the IIJA, each state is guaranteed a certain amount for each program, but each state must apply to receive the allocation.

This retroactive request for authorization to apply pertains to the second program from the DE Act for Capacity Building to make funds available for implementation of State DE Plans developed pursuant to the State DE Planning Grant Program. The Capacity Grant Program Notice of Funding Opportunity was issued on March 29, 2024. Each state that has completed a Digital Equity Plan meeting the program requirements is eligible to apply for grants under the Capacity Grant Program. The State of Oregon Digital Equity Plan has met the requirements and is therefore eligible to apply for the estimated amount of program funds available to Oregon based on a formula-based allocation, which is \$9.9 million. The federal notification date of the Capacity Grant Program set in motion a 60-day application period and the application deadline for states is no later than May 28, 2024.

This does not require a state match or maintenance of effort. All costs will be provided for by the grant by either administrative or program costs. The DE Plans identify barriers to achieving digital equity faced by certain populations defined by statute and include measurable objectives to promote:

1. The availability and affordability of access to broadband technology;
2. Online accessibility and inclusivity of public resources and services;
3. Digital literacy;
4. Awareness of online privacy and cybersecurity; and
5. The availability and affordability of consumer devices and technical support for those devices.



April 29, 2024

Senator Rob Wagner, Co-Chair
Representative Julie Fahey, Co-Chair
State 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 to apply for a federal grant from the National Telecommunications and Information Administration (NTIA), for a State Digital Equity Capacity Grant Program (Capacity Grant Program) grant in the amount of \$9,947,576.17.

Background

The federal Capacity Grant Program was authorized by the Digital Equity Act, which was included as a part of the larger Infrastructure Investment and Jobs Act of 2021. It appropriated \$2.75 billion to promote digital inclusion activities and achieve digital equity.

The Digital Equity Act consists of three funding programs:

- 1) the \$60 million State Digital Equity Planning Grant Program;
- 2) the \$1.44 billion State Digital Equity Capacity Grant Program; and
- 3) the \$1.25 billion Competitive Grant Program.

The NTIA released the Notice of Funding Opportunity for the State Digital Equity Planning Grant Program on May 13, 2022, making funds available to states and U.S. territories to develop State Digital Equity Plans. Now the Capacity Grant Program will provide funds to states and U.S. territories to implement those State Digital Equity Plans. The federal program also establishes a Competitive Grant program to make funds available to Indian Tribes, Alaskan Native entities, and Native Hawaiian organizations (Native Entities) to address digital equity and inclusion.

The Digital Equity Plans identify the barriers to achieving digital equity faced by certain populations defined by statute (i.e. "Covered Populations"), and include measurable objectives to promote:

- 1) the availability and affordability of access to broadband technology;
- 2) online accessibility and inclusivity of public resources and services;
- 3) digital literacy;
- 4) awareness of online privacy and cybersecurity; and
- 5) the availability and affordability of consumer devices and technical support for those devices.

Those "Covered Populations" include:

- 1) individuals who live in covered households;
- 2) aging individuals;
- 3) incarcerated individuals, other than individuals who are incarcerated in a federal correctional facility;
- 4) veterans;
- 5) individuals with disabilities;
- 6) individuals with a language barrier, including individuals who are English learners or have low levels of literacy;
- 7) individuals who are members of a racial or ethnic minority group; and
- 8) individuals who primarily reside in a rural area.

The Digital Equity Act identifies the groups vulnerable to digital exclusion and the purpose of this program is to ensure all people have access to broadband services, digital skills and the technologies needed to achieve economic success, educational advancement, positive health outcomes and civic engagement.

The Capacity Grant Program Notice of Funding Opportunity was issued on March 29, 2024. Each state that has completed a Digital Equity Plan that meets the program requirements is eligible to apply for grants under the Capacity Grant Program. The State of Oregon Digital Equity Plan has met the requirements and is therefore eligible to apply for the estimated amount of program funds available to Oregon based on a formula-based allocation, which is \$9,947,576.17. The release date of the Capacity Grant Program NOFO set in motion a 60-day application period and the application deadline for states is no later than May 28, 2024.

The DE Act does not contain a statutory non-federal cost sharing or matching funds requirement. The NTIA does not require a state match or maintenance of effort (MOE). All costs will be provided for by the grant by either administrative or program costs. The Department does not anticipate the addition of positions and does not request expenditure limitation.

Action Requested

The Department respectfully requests retroactive approval to apply for a State Digital Equity Capacity Grant Program grant in the amount of \$9,947,576.17.

Legislation Affected

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

Thank you for your consideration of this important request.

Sincerely,

A handwritten signature in black ink that reads "Sophorn Cheang". The signature is fluid and cursive, with a long horizontal flourish at the bottom.

Sophorn Cheang
Director