

January 4, 2023



Kip Memmott, Director
Secretary of State, Audits Division
255 Capitol St. NE, Suite 180
Salem, OR 97310

Dear Mr. Memmott,

This letter provides a written response to the Audits Division's final draft audit report titled *The Oregon Broadband Office Must Continue to Take Aggressive Steps to Close the Digital Divide and Fully Meet its Statutory Duties*.

This audit provides Business Oregon the opportunity to share the successes of the Oregon Broadband Office (OBO). Any organization's vision requires skill, dedication, funding, and time to implement. We liken this to building a structure. In this case, the Oregon Broadband Office is a digital structure. As stated best in OBO's Strategic Plan "*The scope of activities that the Office will ultimately undertake will be enabled, or limited, by the resources available.*"

Framing the foundation: 2019 was the first year for the Broadband Office. With one employee, the initial focus was on collecting data and updating the broadband map. The Broadband Office was codified by HB 2173. In 2020, the data that was collected in the previous year informed the production of two key documents: "Oregon Statewide Broadband Assessment and Best Practice Study" and "Oregon Broadband Office Strategic Plan." As COVID-19 pandemic impacts were felt broadly across the state and our department, the Oregon Broadband Office went fully remote and created and implemented a pandemic response program called the "Rural Broadband Capacity Program."

Pouring the foundation: 2021 was dedicated to making the case that the state should fund positions and programs necessary to closing the digital divide. The turning point began in the summer of 2021 when the state's budget included funding for five new broadband positions and new program spending limitation authorized staff to apply for the American Rescue Plan Act (ARPA) Capital Projects grant. Additionally, projects from the Rural Broadband Capacity Program resulted in awarded contracts to 33 projects in July 2020, including 26 infrastructure construction projects totaling \$8,653,582 and seven emergency response projects totaling \$1,340,924. Grants were awarded across 24 counties to tribes, school districts, internet service providers, telephone companies, and city and county governments, impacting an estimated 12,975 locations including households, businesses, schools, and public safety facilities. Funded infrastructure included Fiber-to-the-Home buildouts, hybrid fiber/wireless systems, construction of several new mobile wireless towers, delivery of over 2,000 hotspots for students, and the construction or expansion of several fixed wireless networks.

Framing the walls and roof: Year 2022, the Oregon Broadband Office now has four staff members who begin community engagement, develop rules and programs, and apply for three federal grants. COVID-19 pandemic impacts to office operations normalize.

HB 4092 was signed by the Governor, which recreated the Oregon Broadband Advisory Council and assigned federal planning requirements of the state to the OBO. Program development began with community engagement (technical working group and community listening and outreach sessions). Broadband Fund rules and two program handbooks were drafted, and a 30+ day public comment period was provided. Additionally, the office recruited new positions on the Oregon Broadband Advisory Council, which were ultimately appointed by the Governor.

The Oregon Broadband Office worked with partners to plan the first Oregon Tribal Broadband Bootcamp. The OBO applied to the National Telecommunications and Information Administration for a State Digital Equity Planning Grant and received award announcement in November 2022. OBO applied for a Broadband Equity, Access, and Deployment (BEAD) Planning Grant and received the award announcement in November 2022. The OBO submitted a grant and program plan to US Treasury for ARPA Capital Projects. The Oregon Legislature approved eight new, full-time employees and spending limitations to implement federal grants. The OBO prepared a Request for Proposal for BEAD and Digital Equity Planning Grants. The office worked with the Federal Communications Commission (FCC) to communicate Broadband Deployment Program data reporting requirements, bulk data uploads, and challenge opportunities.

Dry-In and finishing touches: At the start of 2023, the office is solidly on track to begin providing grants and support for communities in need of broadband access, affordability, and adoption. Two programs are planned to launch in the year: a Broadband Technical Assistance Program and an ARPA Capital Projects: Broadband Deployment Program. To build on those efforts, the Office will be activating a robust community outreach and engagement effort, as well as a data collection initiative to inform required plans that will lead to generational federal funds for broadband access and adoption in the following years.

Below is our detailed response to each recommendation in the audit.

RECOMMENDATION 1		
Determine an appropriate number of staffing and resources to assign to the Broadband Office's mission while awaiting the next opportunity to request a permanent staffing increase from the Legislature.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	1/2024	Chris Cummings 503-991-9722

Narrative for Recommendation 1

Completed: OBO has been aggressive in its efforts to increase staffing and resources and that is why it requested and received approval to add eight full-time employees and spending limitation for consultants to implement three federal grants at the September 23, 2022, E-Board.

In progress: OBO applied for the BEAD State Planning Grant in August 2022 and received an award announcement in November 2022 that the state will get \$5M. The first deliverable from this grant that OBO will submit will be a 5-Year Action Plan. A requirement of the plan is an analysis of

current and planned staffing and consultants. Information from this plan will inform future staffing asks.

RECOMMENDATION 2		
Address internal control issues by defining and documenting broadband policies, processes, and procedures, as well as personnel roles and responsibilities, to address and monitor current gaps in broadband and Oregon’s specific broadband barriers.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	1/2024	Nick Batz 971-930-2399

Narrative for Recommendation 2

In progress: To build on Business Oregon’s existing 28 agency policies and four agency procedures, OBO is preparing standard operating procedures. OBO applied for the BEAD State Planning Grant in August 2022 and received an award announcement in November 2022 that the state will get \$5M. The first deliverable from this grant that OBO will submit will be a 5-Year Action Plan. Requirements of the plan include an analysis of current and planned staffing and consultants (roles).

Additionally, the office is conducting a review of existing programs and activities, and a needs and gap assessment. For existing programs, the review will provide details of the existing broadband program including current program activities, entity-wide plans and goals for broadband availability, and experience awarding broadband deployment grants. Regarding needs and gap analysis, the review will need to include funding that the state already has in place, data collection and local planning, and broadband funding sources.

RECOMMENDATION 3		
For each funding source, establish program plans for broadband implementation, stakeholder engagement, and public private partnerships to include:		
<ul style="list-style-type: none"> a. Goals, roadmaps, and timelines; b. Stakeholder communication; c. Measurement and reporting regarding the effectiveness of these plans; and d. Plan of actions for continuous improvement of efforts. 		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	12/2024	Daniel Holbrook 503-877-7006

Narrative for Recommendation 3

In progress: [a-d] In September 2022, the OBO announced the release of draft rules for Broadband Programs and new draft program handbooks for Broadband Technical Assistance and ARPA

Capital Projects – Broadband Deployment programs. All draft documents are available at the office’s website. For the Broadband Technical Assistance Program, the Oregon Broadband Office developed draft program rules and a draft program handbook. There is \$1.5 million in place and this program is expected to be ready by Spring 2023. Additionally, the office developed and released a draft handbook and proposal scorecard for the pending ARPA: Capital Projects – Broadband Deployment Program. The draft handbook was created and submitted for purposes of Oregon’s federal grant application for ARPA: Capital Project Funds. The funds have not yet been received by the state but are expected in 2023.

Each handbook provides proposed details regarding applications for grant assistance. These details include criteria, process, scoring, and other program information. The handbooks are intended to provide greater clarity for both applicants and program administrators. The Broadband Office expects to formally adopt the handbooks as rules. However, before the ARPA: Capital Projects – Broadband Deployment Program handbook can be adopted, the Broadband Office is looking for further feedback and authorization from the U.S. Treasury regarding its application and from the Oregon Legislature regarding potential statutory modifications to the Broadband Fund. The Broadband Office’s goal for ARPA: Capital Projects Funds is to ensure Oregon receives its maximum possible allocation of funds.

Start in Fall 2023: Develop programs for the Digital Equity implementation grant and the Broadband, Equity, Access, and Deployment program. These activities are due 180 days after issuance of their Notice of Available Amounts for the BEAD program and acceptance of a State Digital Equity Plan.

RECOMMENDATION 4		
Establish Key Performance Measures that are in line with both the mission and the statutory requirements of the office, and a mechanism for reporting on how well the office is meeting them.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	07/2025	Nathan Buehler 503-689-3559

Narrative for Recommendation 4

Key Performance Measures (KPM) for Business Oregon do not cover every section and program within the agency. These KPMs are legislatively established and take legislative action to change. We commit to working with the legislature and the Legislative Fiscal Office on the most appropriate way to track Oregon Broadband Office success. Regardless of establishing additional Business Oregon Key Performance measures, the Oregon Broadband Office is committed to establishing clear, measurable metrics to gauge the outcomes of its work. These metrics will be associated with each funding mechanism to match that mechanism’s intent, scale, and timeline.

RECOMMENDATION 5

<p>Establish a digital equity and inclusion position to support the Broadband Office's digital equity and inclusion efforts. These efforts should include:</p> <ol style="list-style-type: none"> Developing a strategic plan focusing on broadband implementation and grant efforts for areas of Oregon most unserved and underserved by broadband; Lobbying for and promoting low-cost ISP options for low-income households; and Coordinating with community anchor institutions to ensure literacy and technical skills are developed for new users of broadband. 		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	7/2024	Daniel Holbrook 503-877-7006

Narrative for Recommendation 5

Completed: The OBO has been aggressive in its efforts to increase staffing and resources. The Office requested and received approval from the September 2022 Emergency Board to add eight full-time employees and spending limitation for consultants to implement three federal grants. One of those positions is for a Digital Equity Coordinator and spending limitation to hire a consultant to prepare a state digital equity plan.

In progress: [a-c] The OBO is currently recruiting for the Digital Equity Coordinator position. Additionally, it is in the Request for Proposal process to select a consultant to prepare a state digital equity plan. Furthermore, for the ARPA: Capital Projects – Broadband Deployment Program, a draft handbook was created and requires participation in the federal Affordable Connectivity Program.

<p>RECOMMENDATION 6</p> <p>Work with the FCC and other relevant entities to develop and publish a more accurate broadband map to provide more meaningful information to entities regarding the true state of broadband speeds and the availability of services. This may include:</p> <ol style="list-style-type: none"> Developing a process for local and Tribal governments, individuals, and ISPs to submit, review and challenge data that is inaccurate in the Broadband Data Collection process; Supplementing the required FCC broadband data used for mapping with data that more accurately reflects people's access and internet speeds; and Providing information to the public regarding unserved and underserved areas in Oregon, including public wi-fi locations, and ISP territories. 		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	12/2024	Nick Batz 971-930-2399

Narrative for Recommendation 6

In progress: [a-c] The FCC's National Broadband Availability Map was released to the public on November 18, 2022. It provides an opportunity for individuals and governments to challenge location and broadband availability data provided by broadband internet providers. NTIA has stated that the last date to challenge data is January 13, 2023, to best influence BEAD allocation for states. In response to this action, the Broadband Office started a campaign to engage and inform Oregon communities, associations, and individuals. The Office's [website](#) was updated with instructions and a toolkit on how to challenge the map, E-blasts were sent out to 700+ subscribers, a social media campaign began, advertising was placed, and media outreach conducted. Furthermore, materials were translated into five additional languages. The OBO needs everyone's help to make sure the FCC has the most accurate picture of broadband availability needs in Oregon. The mapping effort per the FCC will be an ongoing effort.

The OBO applied for the BEAD State Planning Grant in August 2022 and received an award announcement in November 2022 that the state will get \$5M. The first deliverable from this grant that OBO will submit will be a 5-Year Action Plan. Requirements of the plan include an analysis of broadband deployment. The following details are required and relate to the audit recommendation: state owned structures, utilities and land that could be used at low or no-cost for broadband deployment; existing rights of way, conduit or dark fiber, current or future capital projects that would allow providers to lay new fiber at lower costs. It also includes listing public Wi-Fi and networks, public access points, cellular connectivity, and open access middle-mile networks.

As a part of a Statewide Planning Grant from US Economic Development Administration, the OBO in consultation with State Enterprise Information Services (EIS) has contracted with Oregon State University to design a Business Oregon Broadband Grant Application Portal and Map, which will publicly track the availability of broadband service, intake grant applicant information, and display proposed and awarded broadband deployment projects. The map of broadband service availability will use the latest data reported by service providers to the Federal Communications Commission (FCC) in addition to other publicly available datasets. A beta version of the map will be released in the first quarter of 2023. Business Oregon is in the process of recruiting a GIS Analyst to lead mapping and data collection efforts.

RECOMMENDATION 7

Be innovative in leading Oregon's broadband efforts by being more aggressive and assertive in promoting public policy to address known issues and barriers to bringing broadband internet to all people of Oregon. This should include:

- a. Proposing updated future-ready broadband speed minimum standards.
- b. Exploring innovative solutions, such as giving appropriate due deference to grant applications from Tribal governments, allowing in-kind services in exchange for providing up-front capital for infrastructure with Tribal partners that respects Tribal government sovereignty and traditions, while providing affordable internet service to the Tribal communities in Oregon.

Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	12/2024	Daniel Holbrook

Narrative for Recommendation 7

Completed [a] In September 2022, the OBO announced the release of draft rules for Broadband Programs and new draft handbook and proposal scorecard for a pending ARPA: Capital Projects – Broadband Deployment Program. The draft handbook was created and submitted for purposes of Oregon’s federal grant application for ARPA Capital Project Funds. The program defines an eligible project as “one that offers reliable 100/100 Mbps that lack at least 100/20 Mbps reliable service.” Per the Oregon Broadband Statewide Assessment and Best Practices Study in 2020, Future Ready is defined as “...the fastest advertised service is capable of speeds greater than or equal to 100 Mbps download and 100 Mbps upload”.

The funds have not yet been received by the state but are expected in 2023. This handbook provides proposed details regarding applications for grant assistance. These details include criteria, process, scoring, and other program information. The handbooks are intended to provide greater clarity for both applicants and program administrators. The Broadband Office expects to adopt the handbooks as rules. However, before the ARPA: Capital Projects – Broadband Deployment Program handbook can be adopted, the Broadband Office is looking for further feedback and authorization from the U.S. Treasury regarding its application and from the Oregon Legislature potential statutory modifications to the Broadband Fund. The Broadband Office’s goal is to ensure Oregon’s receipt of the full allocation of ARPA: Capital Projects Funds.

In progress: [b] The OBO applied for the Broadband, Equity, Access, and Deployment State Planning Grant in August 2022 and received an award announcement in November 2022 that the state will get \$5M. The first deliverable from this grant that OBO will submit will be a 5-Year Action Plan. Requirements of the plan include setting goals and objectives for this plan which will inform both the initial and final proposals.

RECOMMENDATION 8		
Establish a regular review process to analyze data received from future grant cycles and use this data to improve transparency regarding Oregon’s broadband challenges and successes for stakeholders.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	1/2024	Nick Batz 971-930-2399

Narrative for Recommendation 8

Completed: Draft Broadband Program rules include a provision that require reporting requirements so that the office will have data.

In progress: The OBO applied for the Broadband, Equity, Access, and Deployment State Planning Grant in August 2022 and received an award announcement in November 2022 that the state will be awarded \$5M. The required deliverables from this grant will be to submit a 5-Year Action Plan, Initial Proposal and Final Proposal. Since the goal of the grant is to connect all Oregonians, it is

unclear if this will include one or multi-application cycles. If it is one cycle, this recommendation may be moot.

The mapping project previously mentioned applies to this recommendation as well, that OBO in consultation with State Enterprise Information Services (EIS) has contracted with Oregon State University to design a Business Oregon Broadband Grant Application Portal and Map will aid in project transparency, being able to publicly track the availability of broadband service, grant applicant information, and display proposed and awarded broadband deployment projects.

<p>RECOMMENDATION 9 Partner with broadband stakeholders, such as other state agencies, service providers, and broadband action teams, to develop and publish materials to help educate and onboard individuals who wish to understand or help to improve broadband in their region in order to be transparent, including:</p> <ul style="list-style-type: none"> a. List of public private partnerships; b. Grant opportunities and grant awardee information; c. Rules, guidelines, and Frequently Asked Questions for stakeholders; and d. Broadband development project cost and status. 		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	1/2024	Daniel Holbrook 503-877-7006

Narrative for Recommendation 9

Completed: [a-d] The Office posted materials on its website regarding broadband program development, including: relevant state laws, speed testing, the OBO’s strategic plan, the Statewide Broadband Assessment and Best Practice Study, the FCC’s Broadband Data Collection and Map, both state and federal funding programs, Affordable Connectivity Program, and Undersea Cables, draft Broadband Program rules, draft Broadband Technical Assistance Handbook, Draft American Rescue Plan Act: Capital Projects – Broadband Deployment Program Handbook, and broadband projects funded with Cares Act of 2020. Additionally, the OBO sends out monthly E-blasts to over 700+ interested parties, which include grant and engagement opportunities.

In progress: [a] The OBO will solicit information to create a public private partnership list and also look for resources to help educate and onboard individuals who wish to understand or help to improve broadband and post on the website.

<p>RECOMMENDATION 10 Use data to continually assess broadband needs as the broadband landscape changes, develops, and grows; and to inform decisions around broadband implementation efforts, including grant awards and broadband project planning.</p>

Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	1/2024	Nick Batz 971-930-2399

Narrative for Recommendation 10

In progress: The OBO applied for the Broadband, Equity, Access, and Deployment State Planning Grant in August 2022 and received an award announcement in November 2022 that the state will get \$5M. The state is currently reviewing responses to a Requests for Proposal which states, “The successful proposer will develop and execute an overarching strategy for community engagement, facilitate meetings, collect and analyze data, and then develop the deliverable products” and “The expected responsibilities include the design of a model for data collection, specifically as it relates to identifying current broadband service and adoption. The data collection responsibilities will include measures to ensure that all communities are represented in the model, specifically including traditionally underrepresented groups.”

In closing, Business Oregon believes broadband access is a necessary part of 21st century infrastructure for Oregon communities to prosper. We have been committed to quickly scaling the office, advocating for resources, and taking advantage of every funding opportunity. We appreciate the work of the Secretary of State’s Audit division to check-in in the midst of this work. Thank you for the opportunity to work with your office on this audit and the accompanying agency response. Please contact me with any questions.

Sincerely,



Sophorn Cheang
 Director
 Business Oregon
 Cell: (503) 910-0524

cc: Erika Ungern, Audit Division, Secretary of State
 Matthew Owens, Audit Division, Secretary of State