VPS Consulting Memo

Funding: What is Happening?

REVIEW & REPORT OF RECENT AND UPCOMING FUNDING

Overview

Vantage Point Solutions is dedicated to keeping our clients informed of the various funding opportunities on the horizon.

We strive to keep up to speed with the unprecedented current and future funding opportunities and are here to be a resource to you and your company!

The enclosed report provides basic information regarding current and proposed future funding opportunities including the pending Infrastructure Bill.

Current and Future Funding Opportunities

PROGRAM & ADMINISTRATING AGENCY	FUND AMOUNT	ELIGIBLE RECIPIENT
⏰ **Application Period Currently Open**		
Minority Broadband Initiatives (NTIA)	$268 Million	Historically Black Colleges and Tribal
Capital Projects Fund (Treasury)	$10 Billion	States and Territories
Emergency Connectivity Fund (USAC)	$7.2 Billion	Schools & Libraries
Emergency Broadband Benefit Program (USAC)	$3.21 Billion	Consumers
💵 **Anticipated Future Funding**		
ReConnect Loan and Grant Program – Round 3 (USDA)	$800 Million+	Providers
Infrastructure Bill	$65 Billion	Consumers, States, Providers
Community Connect Grant Program	$50 Million	Providers

⏰ Minority Broadband Initiatives

$285 Million – *Administered by NTIA – Funding window open until Dec. 1, 2021*

What is It?

Targeted to focus on broadband access and adoption at historically black colleges or universities, tribal colleges, and universities.

https://www.ntia.doc.gov/category/minority-broadband-initiative

Who is Eligible?

A historically black college or university, tribal college/university, minority-serving institution, or consortium led by the aforementioned, may apply if in an eligible anchor community (250% of the federal poverty level).

https://www.grants.gov/web/grants/view-opportunity.html?oppId=335076

⏰ Capital Projects Fund

$10 Billion – *Administered by U.S. Treasury – Funding window open until Dec. 27, 2021*

What is It?

The American Rescue Plan appropriated $10 billion to the U.S. 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)."

Key Items

- Projects must meet criteria to qualify
- A grant plan is required
- $100M ($5.2 B) disbursed to states based on population, remainder ($4.6 B) disbursed based population (50%), rurality (25%), and poverty (25%)
- Fiber-optic service where feasible with at least 100Mbps/20 to 100 Mbps scalable to 100 Mbps symmetrical, price affordable for the market, and a low-cost option for consumers
- Digital Connectivity Technology project option includes laptops, tablets, and desktops owned by grant recipient

⏰ Emergency Connectivity Fund

$7.2 Billion – *Administered by USAC – Funding window open until Oct. 13, 2021*

What is It?

Emergency Relief to allow the use of E-Rate Funds to support Remote Learning during the COVID-19 Pandemic.

https://www.emergencyconnectivityfund.org/

Eligible Applicants and Eligible Services

- E-Rate Eligible Schools and Libraries
- Reasonable costs for eligible Equipment, Broadband Services, and Devices
- Program administered by USAC like the existing E-Rate program

⏰ Emergency Broadband Benefit Program (EBBP)

$3.21 Billion – *Administered by USAC*

Consumer Benefit

- Receive $50 or $75 (enhanced tribal lands benefit)
- $100 towards a connected device with a co-pay of $10 to $50
- Credit applied directly to invoice

Provider Information

Yes! Broadband providers can continue to enroll in the program.

Note: Initially, service providers found the program difficult to administer due to USAC system functionality. However, recent system promotions have made the administration of the program much easier.

Expires when funding is exhausted or 6 months after COVID-19 pandemic has been declared ended.

**The Infrastructure Bill plans the continuation of the program as the *Affordable Connectivity Program* with updates (ex. benefit amount from $50 to $30).

💵 ReConnect Loan and Grant Program – Round III

$700-$800+ Million – *Administered by USDA*

What is It?

The Broadband ReConnect Program furnishes loans and grants to provide funds for the costs of construction, improvement, or acquisition of facilities and equipment needed to provide broadband service in eligible rural areas.

VPS is anticipating a fall application period for Round 3 and is waiting on the NOFO for final eligibility criteria. In previous rounds, areas had to lack access to 10M/1M service; however, this will change in Round 3. Previous rounds included options of 100% grant (equates to 75% grant/25% match), 100% loan, or 50% grant/50% match. This is a complex application; however, allows for larger projects, up to $25M in grant funds or $50M with loan funds.

Details on this funding program are to be determined – more information is anticipated in an October 2021 announcement. ReConnect Website: https://www.usda.gov/reconnect

Key Items

Some factors to consider from previous rounds include:
- Service obligation term of 5 years
- Project must start within 180 days and must be completed within 5 years
- RUS will take a priority lien
- Bound by equal opportunity
- Awardee cannot assign or transfer rights or obligations without written consent
- Award funds can only be used toward materials produced/manufactured in the US or another eligible country
- Reporting Obligations including financial, mapping, and project updates
- Negative Covenants consisting of:
    - Awardee cannot incur lien, mortgage on the project assets
    - Requires written consent to enter into the contract for operation/management of any substantial part of the project
    - Requires written approval to make dividend, stock or capital distribution outside of the grant/loan agreement
    - Requires written consent to change principal place of business
    - Must provide 60 days prior written notice before legally changing name
    - Requires written consent to construct any facility involving site/building eligible for inclusion in the National Register of Historic Places
    - Requires written consent to sell or transfer any collateral, unless necessary/useful for business operation
    - Requires written approval prior to changing the line-item project budget

💵 Infrastructure Bill and Jobs Act

$65 Billion – *Administered by Various Agencies*

Broadband Deployment ($42.45B)

- Qualifying Location Information:
  - Unserved = 25/3 Mbps and Underserved 100/20 Mbps
  - Not Less than 80% of population
  - Maps are critical
- Awarded Broadband Information:
  - Not less than 100/20 Mbps with service quality requirements
  - Low-cost broadband option available
  - Public notification and awareness campaigns
  - 4-year deployment time frame

Middle Mile ($1B)

- Fiscally sustainable/non-discriminatory/benefit national security
- Written interest from last mile broadband providers
- Supplemental investments or in-kind support

Tribal Broadband ($2B)

- Commitment time frame of funds increased to 18 months from 180 days
- Grant funds expenditure time frame changed from 1 year to 4 years
- 2.5% of grant funds for planning and feasibility

USDA RUS Distance Learning, Telemedicine and Broadband ($2B)

- $1,926,000,000 for broadband loan and grant pilot program
- 25/3 Mbps and 50% of household to be served are rural
- 10% set aside where at least 90% of households are without sufficient access

Digital Equity ($2.75B)

- Promotion of digital equity, support, and inclusion activities
- Eligible Entities include state agencies, tribes, not-for-profit non-school community anchor institution, workforce development entity, public multi-family housing authority

Affordable Connectivity Program ($14.2B)

- Continuation of Emergency Broadband Program
- Standard benefit change from $50 to $30
- Change in fiscal eligibility
- Required for all services

💵 Community Connect Grant

$50 Million – *Administered by USDA*

What is It?

The 2018 Farm Bill authorizes $50 million for each of the fiscal years 2018 through 2023 to the Community Connect program. The purpose of this program is to help rural communities extend access where broadband service is least likely to be commercially available, but where it can make a tremendous difference in the quality of life for people and businesses. The 2021 Community Connect grant round closed December 23, 2020. Details on the next round of grants have not been released. More information can be found at: https://www.rd.usda.gov/programs-services/community-connect-grants

Key Items

- $3M maximum grant award
- Match Requirement: 15%
- Eligible areas must lack access to 10M/1M
- Reporting Obligations include financial, mapping, and project updates.
- Project must include a Community Center with Internet access.

State Grants

State Funding Programs

Proposed Broadband Funding

In addition to the above federal programs, several states have proposed broadband funding to support infrastructure, training, and education during the 2021 fiscal budget process. Proposed funding being seen across the states ranges from the high side with the State of Iowa at $450M to be allocated over the next three years, State of Tennessee at $200M and goes down to the State of New Mexico at $10M and State of Missouri at $5M. State Governors and state leaders know broadband is important and the speeds at which people have access need to be adequate. In most states, the budget requests are in the Legislative cycle and as a result, final approved funding may vary from what was requested. VPS's connection with the state advocacy organizations and state leaders helps us keep up to date on the various programs and VPS will share information as it becomes available.

What Can Providers Do Now?

Whether you are looking at federal or state grant or support funding, or other broadband funding programs, many of the funding options have common application elements.

Prepare

The key to being successful is being prepared with a plan so when the funding windows open you are ready to be able to submit a strong application.

- Review/update your strategic plan.
- Gather estimated costs, capital expenditures and operating estimates.
- Engage a Professional Engineer to review your existing network and your plans to grow.
    - (Funding programs usually require a PE Certification)
- Leadership and operating team background and experience summaries readiness.

Communicate

Building community support for the project early is a key to success. Community support is usually part of fund evaluation criteria.

- Have conversations with your local educational facilities, healthcare facilities, businesses, public safety, and community leaders (anchor institutions) regarding how broadband impacts their existing operation.
- Engage with your local leaders and legislative representative regarding the current and future impacts of broadband in the community.

Funding application windows are typically short and the more prepared a company can be before the window opens, the more successful it will be in securing funding.

Vantage Point Solutions Support

Vantage Point Solutions has a deep breadth of experience with a variety of funding programs. Each program is different and consists of data collection and analysis, such as mapping, identifying current levels of broadband availability, identifying areas where funding has already been obligated, demographics such as age, race, income, and poverty levels to name a few. Vantage Point Solutions is well positioned with its team of funding experts and consultants to assist our clients. Nationwide, Vantage Point Solutions has been extremely active in securing grants and loans on behalf of clients, including $114.6M through the USDA ReConnect Program. In total, Vantage Point Solutions has secured over $2.4 billion in grants and loans for our clients.

For information on any of these funding programs and opportunities or if you would like Vantage Point Solutions' guidance, please contact a team member below or your customer relations representative.

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