

2022 TXICC CONFERENCE

November 9, 2022

Greg Conte

Director, Broadband Development Office

Overview

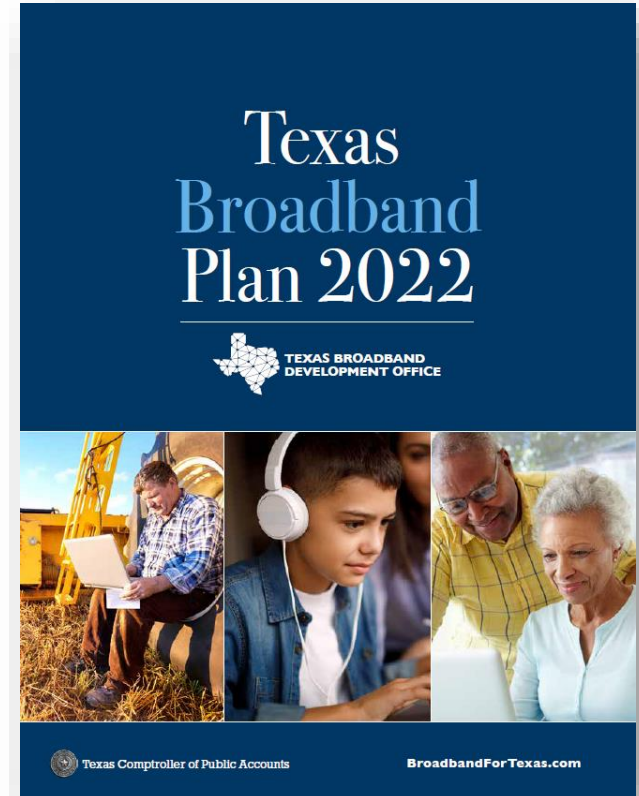
- Overview & Implementation
 - House Bill 5 (87R)
 - TX Broadband Availability Map
 - House Bill 1505 (87R)
- Federal Funding Opportunities

House Bill 5 (87R)

- Established the Broadband Development Office (BDO) within the Comptroller of Public Accounts
- BDO Milestones & Objectives:
 - Create a state broadband plan (June 15, 2022)
 - Develop a federally-compliant competitive financial incentive program (early 2023)
 - Establish a statewide availability map (January 1, 2023)
 - Conduct outreach and digital literacy programs
 - Make recommendations regarding areas eligible for funding

State Broadband Plan

- Published in June
- A strategic guide to close the digital divide in Texas
- Resource for creating broadband development program
- BDO collected stakeholder feedback through a combination of outreach activities



Broadband Development Program

- Federally compliant grant program
- Focuses on last mile connectivity
- Comptroller published proposed rules (September 2022)
 - 34 Tex. Admin. Code §16, Subchapter A
- Coming Soon:
 - Notice of Funding Availability
 - Scoring Criteria
 - Reporting Requirements
- Target: BDO will begin accepting applications early 2023

TX Broadband Availability Map

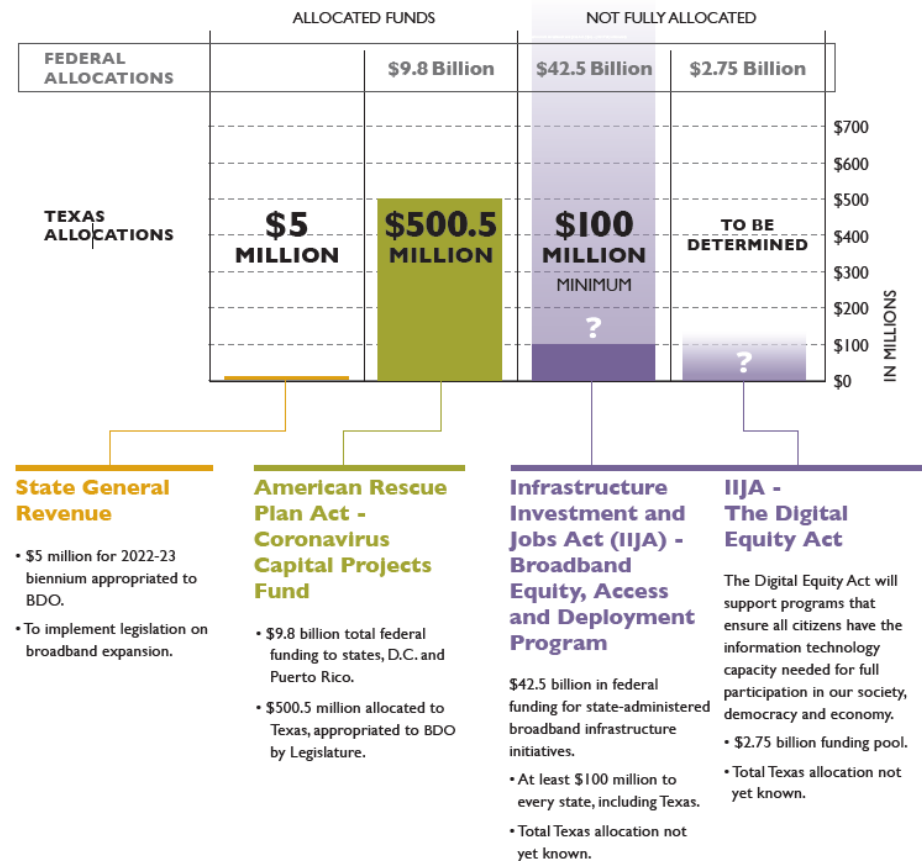
- LightBox selected as vendor to develop TX availability map (August 2022)
 - Reached out to 211 ISPs in Texas for data acquisition (Sept. 9- Oct.7)
 - Out of the 211, BDO received 139 submissions
- TX Availability Map:
 - Interactive map will display areas in the state as eligible or ineligible for financial assistance (Gov't Code §490I.0105)
 - Eligible areas defined as an area where <80% of addresses have access to broadband services **and** the federal government has not already awarded funding to the area
 - The map will be updated 2x/year, and the next data request will be in early 2023
 - Statutory deadline to post map online: January 1, 2023

House Bill 1505 (87R)

- Establishes the Texas Broadband Pole Replacement Program and creates a fund to be used solely to support the program
- Milestones:
 - Comptroller published rules for the program (March 2022)
 - 34 Tex. Admin. Code §16, Subchapter A
 - Apply to U.S. Treasury for funding (September 2022)
- U.S. Treasury has stated that standalone pole replacement programs are an ineligible use of the Coronavirus Capital Project Fund

Federal Funding

- Federal Funding Opportunities
 - American Rescue Plan Act (ARPA): TX Allocation - \$500.5 million
 - Infrastructure Investment and Jobs Act (IIJA): TX Allocation - TBD



Federal Funding



Texas Congressional Delegation
June 28, 2022
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June 28, 2022

Texas Congressional Delegation
United States Congress
Washington, D.C.

Dear Members of the Texas Congressional Delegation:

I write to you to express concerns about the Notice of Funding Opportunity for the \$42.5 billion Broadband Equity, Access, and Deployment (BEAD) Program issued on May 13 by the National Telecommunications and Information Administration (NTIA). While the State of Texas will submit a letter of intent to apply for these funds by the July 18, 2022, deadline, I am concerned about the unnecessary restraints NTIA has placed on this program.

Last year, Texas state lawmakers created the Texas Broadband Development Office (BDO) and placed it within my office. This represented a major step toward closing the digital divide that plagues so many hard-working Texans, especially in rural parts of the state. The BDO recently released Texas' first-ever comprehensive broadband plan. But the NTIA has subsequently placed unnecessary stipulations on federal broadband funding that effectively will put limits on the BDO and its mission to expand broadband in Texas.

As Texas Comptroller, I understand putting up guardrails on funding resources and government spending, but I also recognize when the guardrails are burdensome. Texas is a big state, with large swaths of rural land that make it hugely challenging to implement fiber connectivity. With these rules, which require all states to prioritize fiber, the federal government could deny grants to Texas communities that have no choice but to implement non-fiber broadband deployment projects.

Texas' broadband legislation that went into effect last year favors technology-neutral policies, meaning one type of technology is not preferred over another. I agree that fiber-line broadband is ideal because it produces the fastest speeds, and it should be used whenever and wherever possible, but that technology is not feasible for many smaller and more remote communities — and those communities should not be penalized. There are many other types of technology fully capable of delivering high-speed and affordable broadband service to rural Texans.

The new rules requiring the prioritization of fiber will hamper Texas' ability to work with a diverse range of communities and stakeholders, to connect every household to broadband and to close the digital divide. Moreover, with every state required to focus on a single technology to expand broadband, production bottlenecks related to that technology may arise. Considering the nation's supply chain issues over the past two years, the timing could not be worse.

Prioritizing fiber also could exacerbate existing labor shortages in Texas. Internet service providers and network construction contractors nationwide already are anticipating a logjam of work orders and significant delays in expanding broadband networks, due in large part to a workforce that is stretched thin.

Like Texas' legislation, the federal broadband infrastructure grant programs, as written in the Infrastructure Investment and Jobs Act (IIJA), are technology neutral. But the NTIA's new rules skew the original intentions of the IIJA and potentially engender a government bias toward certain technologies and, consequently, particular internet service providers. These bills garnered bipartisan support because they gave states the freedom to address unique challenges, but now NTIA is using bait-and-switch tactics to subvert the will of Congress. In doing so, these restrictions undermine the good-faith negotiations that created this program.

These rules do not help large states like Texas that have vast and topographically diverse areas to accommodate. A preference for fiber technology may work in densely populated states and communities, but in Texas, it will serve as a roadblock that slows down progress and increases costs in our most at-risk communities. Texas needs flexibility from the federal government to ensure that its residents are connected to broadband as quickly and efficiently as possible.

I urge you to contact NTIA and request they reconsider their guidance so that all technologies have equal opportunity to compete for these funds, as Congress intended.

I appreciate your consideration.

Sincerely,

Glenn Hegar

Letter from Comptroller Hegar emphasizing the need for more flexibility to deploy various types broadband technology across Texas



ARPA: CPF

- **Coronavirus Capital Projects Fund (CPF)**
 - Purpose: Investing in broadband for communities that lack affordable access to such high-quality internet
 - Administered by U.S. Treasury, block grants to states to set up competitive grant programs
 - Texas was allotted \$500.5 million
 - SB 8 (87-3) appropriated full amount to the Broadband Development Office (BDO) & dedicated \$75 million of those funds to HB 1505 (87R)
 - Projects must include a universally available, low-cost option and provider must participate in ACP
- **Program Deadlines & Next Steps**
 - States submit Letter of Intent (July 18, 2022)
 - States request for Initial Planning Funds (August 15, 2022)
 - States submit final grant plan to U.S. Treasury (September 24, 2022)
 - All funds must be expended by December 31, 2026

ARPA : CPF

- Projects must:
 - be in locations that lack 100/20
 - provide 100/20 after funding (100/100 scalable)
 - follow compliance requirements for construction
- States must:
 - develop a grant plan for approval (submitted September 2022)
 - demonstrate how they'll identify communities with critical needs related to work, education, and health monitoring
 - define affordability related to low-cost service packages
 - demonstrate the process they'll use to determine if fiber, or another technology, is preferable

ARPA Funding: CPF

- Standalone pole replacement programs
 - Replacement or placement of utility poles is an eligible project cost when it is part of a CPF-approved last mile program
 - Treasury: “CPF funds **may not** be used to fund a program or project which only supports the replacement or placement of utility poles”

ARPA: CPF

Program	Amount	Additional Information
BDO Grant Program	\$363.8 million	<i>Focuses on last mile connectivity</i>
Pole Replacement Program	\$75 million	<i>Reimbursing the replacement of poles in connection with last mile connectivity</i>
TSLAC – Infrastructure and Facility Access Improvement Grant Program	\$7.8 million	<i>Support libraries in rural/underserved areas that serve historically disadvantaged communities</i>
TDA – Texas Rural Hospital Broadband Program	\$22.8 million	<i>Bring reliable broadband to rural hospitals</i>
TxDOT – El Paso District Safety Rest Area Broadband Infrastructure Project	\$6 million	<i>El Paso District SRAs serve as community hubs and provide HSBB access in a rural area with limited to no HSBB access.</i>
Administration	\$25 million	<i>Capped at 5% of total;</i>
TOTAL	\$500.5 million	

IIJA : BEAD & DEA

- Infrastructure Investment and Jobs Act
 - Broadband funds administered by National Telecommunications and Information Administration (NTIA)
- Includes two major state-administered initiatives:
 - Broadband Equity, Access, and Deployment (BEAD)
 - \$42.5 billion nationwide, minimum of \$100 million per state to expand broadband availability
 - New FCC maps will determine TX allocation
 - Digital Equity Act (DEA)
 - \$2.75 billion available nationwide to expand access to digital devices and digital training.
 - Estimates for TX allocation: \$70m-\$100m via capacity grants

IIJA: BEAD

- Focuses on last-mile deployment projects
- States must submit a 5-year action plan
- Cascading use of funds
- Pending new FCC maps

1. Unserved (< 25/3 Mbps)

↳ 2. Underserved (< 100/20 Mbps)

↳ 3. Community anchor institutions

IIJA: BEAD

- Program Deadlines & Next Steps
 - States submit Letter of Intent (July 18, 2022)
 - States request for Initial Planning Funds (August 15, 2022)
 - Estimated \$5 million for Texas
 - States develop and submit a Five-Year Action Plan (2023)
 - NTIA issues a Notice of Available Amounts for each state
 - Pending FCC Maps (late 2022 or early 2023)
 - States submit an initial proposal to NTIA (2023)
 - States undergo a challenge process (2023)
 - States conduct a subgrantee selection process (2023)
 - NTIA releases 20% funding (2023)
 - States submit final proposal and receive remaining funds (2024/2025)

IIJA: BEAD

- Subgrantee obligations per NTIA:
 - Network capabilities
 - Speed: $\geq 100/20$ Mbps ($\geq 1/1$ Gbps for CAIs)
 - Latency: 95% below 100 milliseconds round trip
 - Deployment requirements
 - Deploy and begin service not later than 4 years after subgrant received
 - Cost Sharing/Matching
 - $\geq 25\%$ of project costs
 - includes in-kind contributions
 - waived in “high cost” areas

IIJA: BEAD

- Subgrantee obligations per NTIA:
 - Service obligations
 - Offer a low-cost and a middle-class affordability plan
 - Participate in ACP and subsequent affordability programs
 - Do not impose data usage caps
 - Conduct awareness campaigns to increase adoption
 - Permit interconnection for middle mile infrastructure receiving funding
 - Adhere to baseline requirements related to cybersecurity and supply chain

IIJA: DEA

- \$2.75 billion nationwide to support the closure of the digital divide by expanding access to digital devices and digital training.
 - \$60 million for State Digital Equity Planning Grants
 - Estimate \$3.1 million for Texas
 - \$1.44 billion for State Digital Equity Capacity Grants
 - Estimate \$70- \$100 million for Texas
 - \$1.25 billion for Digital Equity Competitive Grants (states are not eligible for this funding pool)

IIJA/DEA

- Digital Equity Plans should be closely linked to BEAD
- The Digital Equity Act focuses on addressing the needs of "covered populations" as defined by the statute:
 - Low-income households
 - Aging populations
 - Incarcerated individuals
 - Veterans
 - People with disabilities
 - People with language barriers
 - Racial and ethnic minorities
 - Rural inhabitants

IIJA: DEA

- Program Deadlines & Next Steps
 - States submit application (July 12, 2022)
 - Notice of Award for planning funds (Estimated September 2022)
 - After award, states have 1 year to develop state digital equity plan

Questions

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BroadbandForTexas.com