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Overview of Federal Broadband Funding Opportunities

Prepared for the Commonwealth of Kentucky
October 2015

Overview

- ▶ Federal Communications Commission
 - ▶ Universal Service Fund
- ▶ Department of Agriculture
 - ▶ Rural Utilities Service
- ▶ Department of Commerce
 - ▶ Economic Development Administration
 - ▶ National Telecommunications and Information Administration
- ▶ Appalachian Regional Commission
- ▶ Note also the Broadband Opportunities Council

Detailed Resources

- ▶ <http://finance.ky.gov/initiatives/nextgenkih/Documents/KentuckyWired%20Community%20Broadband%20Funding%20Guidebook%2020150508.pdf>
- ▶ <http://finance.ky.gov/initiatives/nextgenkih/Documents/KentuckyWired%20Community%20Fiber%20Planning%20Guidebook%2020150508.pdf>

FCC Universal Service Fund (USF)

- ▶ Connect America Fund (CAF)
- ▶ E-rate
- ▶ Lifeline
- ▶ Health Care Connect

US Department of Agriculture

▶ Rural Utilities Service(RUS)

- ▶ Broadband loan program
- ▶ Electric loan program
- ▶ Community Connect
- ▶ Digital Learning and Telemedicine (DLT)

US Department of Commerce

- ▶ Economic Development Administration (EDA)
- ▶ National Telecommunications and Information Administration (NTIA)—technical assistance only

USF Connect America Fund (CAF) II

- ▶ Offer of ongoing support (supplementary income) to “price cap” carriers (AT&T, Frontier, CenturyLink)
- ▶ Opportunity for competitive access to funds through reverse option in those census blocks that received bids in Rural Broadband Experiments in 2014 (and in most Verizon territories)
- ▶ Resources: www.FCC.gov
 - ▶ Amount of funding available
 - ▶ Map of funded census blocks
 - ▶ Spreadsheet of funded census blocks

Future CAF Opportunities

- ▶ Ongoing subsidy to “price cap” carriers is for six years only
- ▶ FCC plans to reverse auction off the subsidized areas in 2020 for future funding
- ▶ Plan is for bidding to be open to all entities (unlike this year)

Future CAF Opportunities (cont'd)

- ▶ FCC has not yet determined how to apply CAF to “rate of return” carriers
- ▶ Potential for competition?
- ▶ Could be addressed in next 16 months?

USF E-rate

- ▶ Federal subsidy program of 50 to 90% for service to schools and libraries
 - ▶ Note that there is a counterpart program for hospitals
- ▶ Localities and non-profits are eligible providers
- ▶ If you are in or considering the fiber business, E-rate should be a crucial part of your business plan

E-Rate (cont'd)

- ▶ Economics
 - ▶ Competition is good for users and for the E-rate program
 - ▶ Revenue stream to you as provider
 - ▶ Economic activity in your community
- ▶ E-Rate can help support school, library use of your network
- ▶ E-rate can provide revenue stream that justifies backbone buildout and can *fund construction of fiber laterals to the network*

Three Models for E-Rate Funding

- ▶ Subsidy for services
- ▶ Subsidy for dark fiber and services to light the fiber
- ▶ Subsidy for school and library self-construction

- ▶ (plus funding for fiber construction if that is the most cost-effective option)

Subsidy for Services or Dark Fiber/Services

- ▶ Based on cost-effectiveness and competitive process
- ▶ Lit services or dark fiber IRUs with contract services over the fiber

Subsidy for Fiber Construction

- ▶ IF the most cost-effective option over a period of time determined by the schools/libraries
- ▶ No amortization of E-rate funds for construction
- ▶ Allows applicants to pay the non-discounted portion of non-recurring construction costs over multiple years
- ▶ Offers additional E-rate discounts when States match fund for high-speed broadband construction

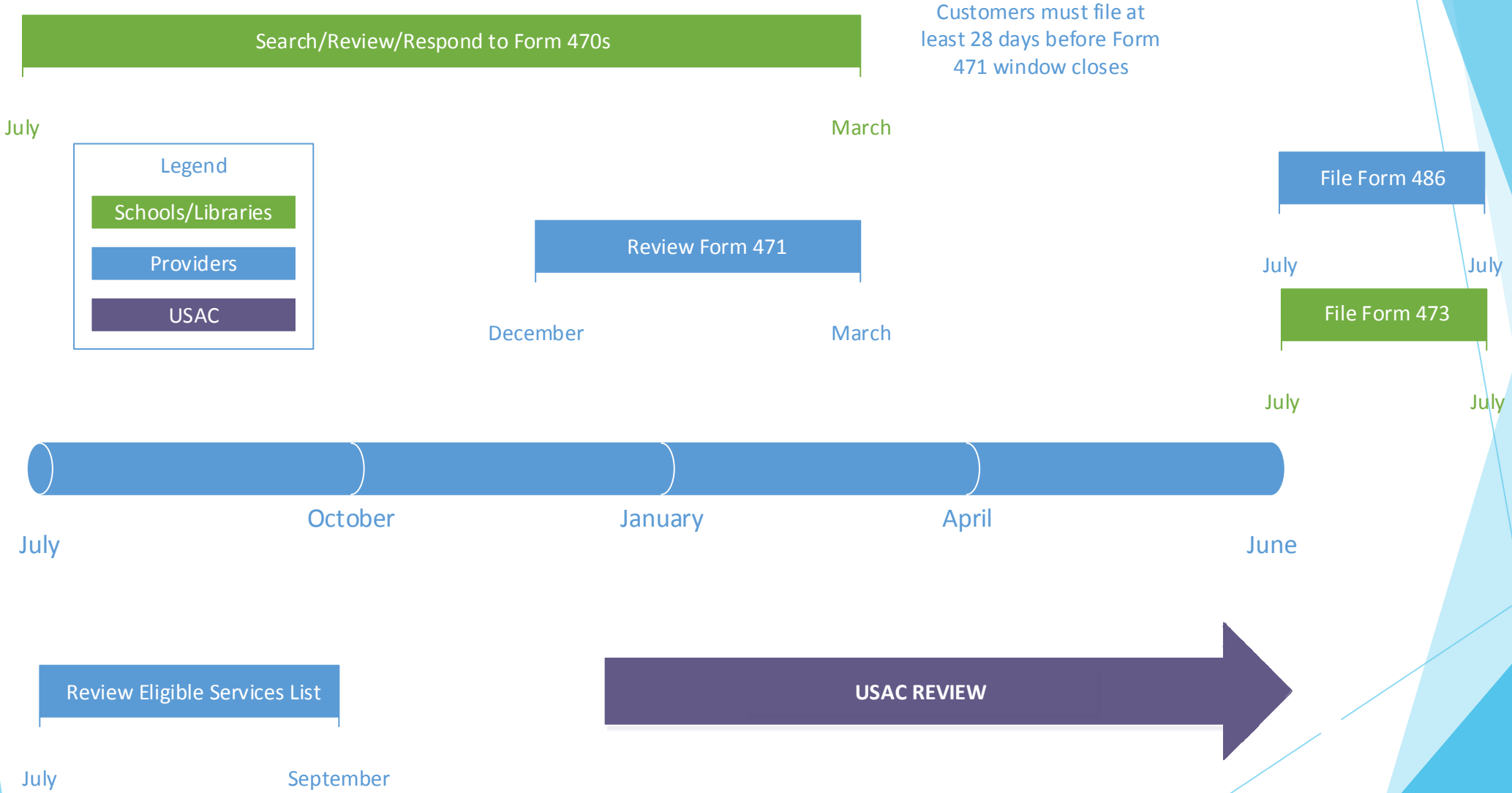
Areas for Caution

- ▶ The competitive bidding process must be robust and real
- ▶ Competition will (hopefully) put real pressure on pricing

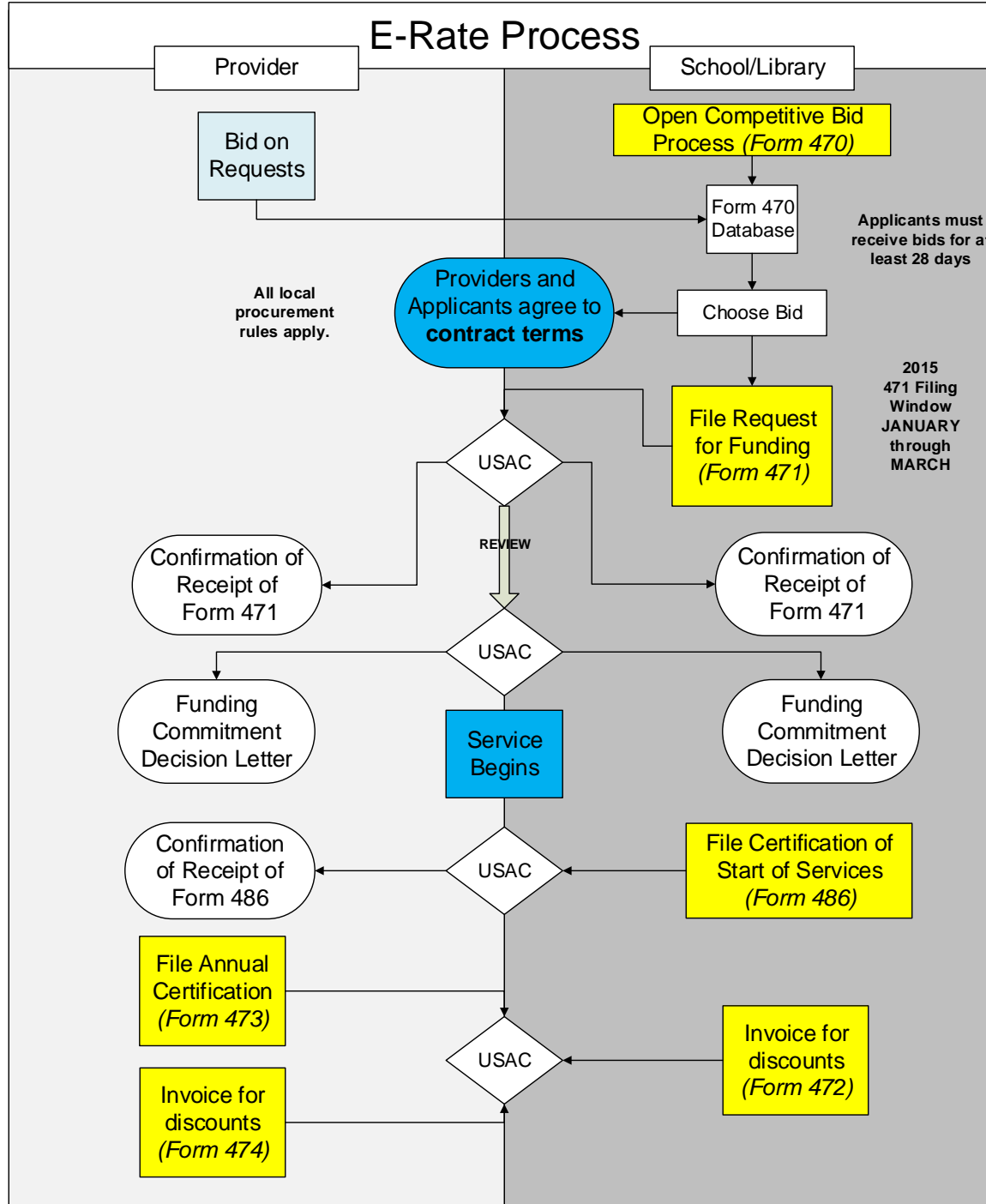
E-Rate Timeline

- ▶ Fall to spring: Funding application window opens
 - ▶ Schools/libraries can post RFPs/Form 470 for service and the provider can bid
 - ▶ 28 days posting required before contract award
- ▶ July 1 to June 30 is the E-Rate funding year
- ▶ July 1/ start of services:
 - ▶ File Form 486 - Certification of start of services
- ▶ June 1, each year:
 - ▶ Provider files annual certification (Form 473)
 - ▶ Must occur before it may submit invoices to USAC

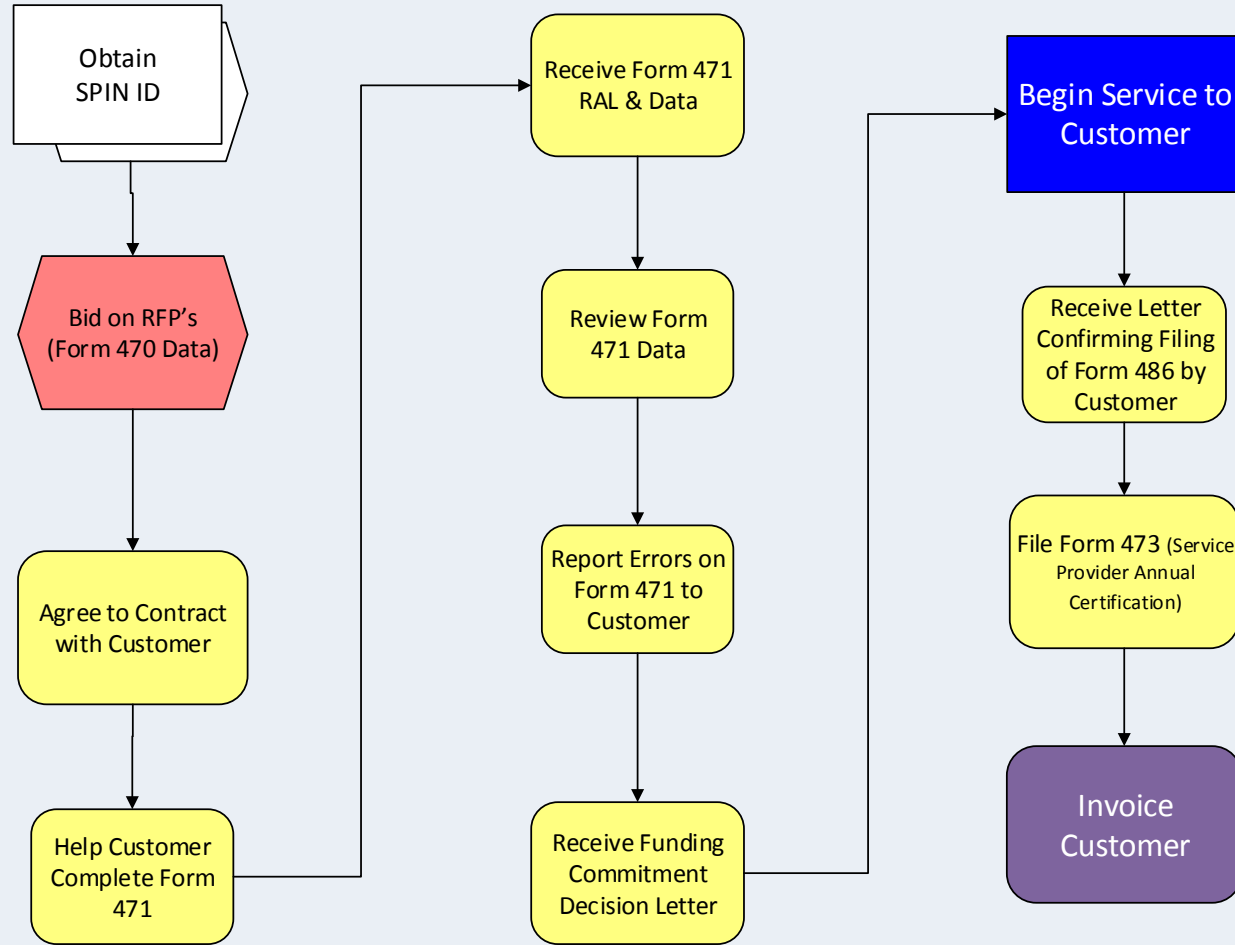
E-Rate Timeline Overview



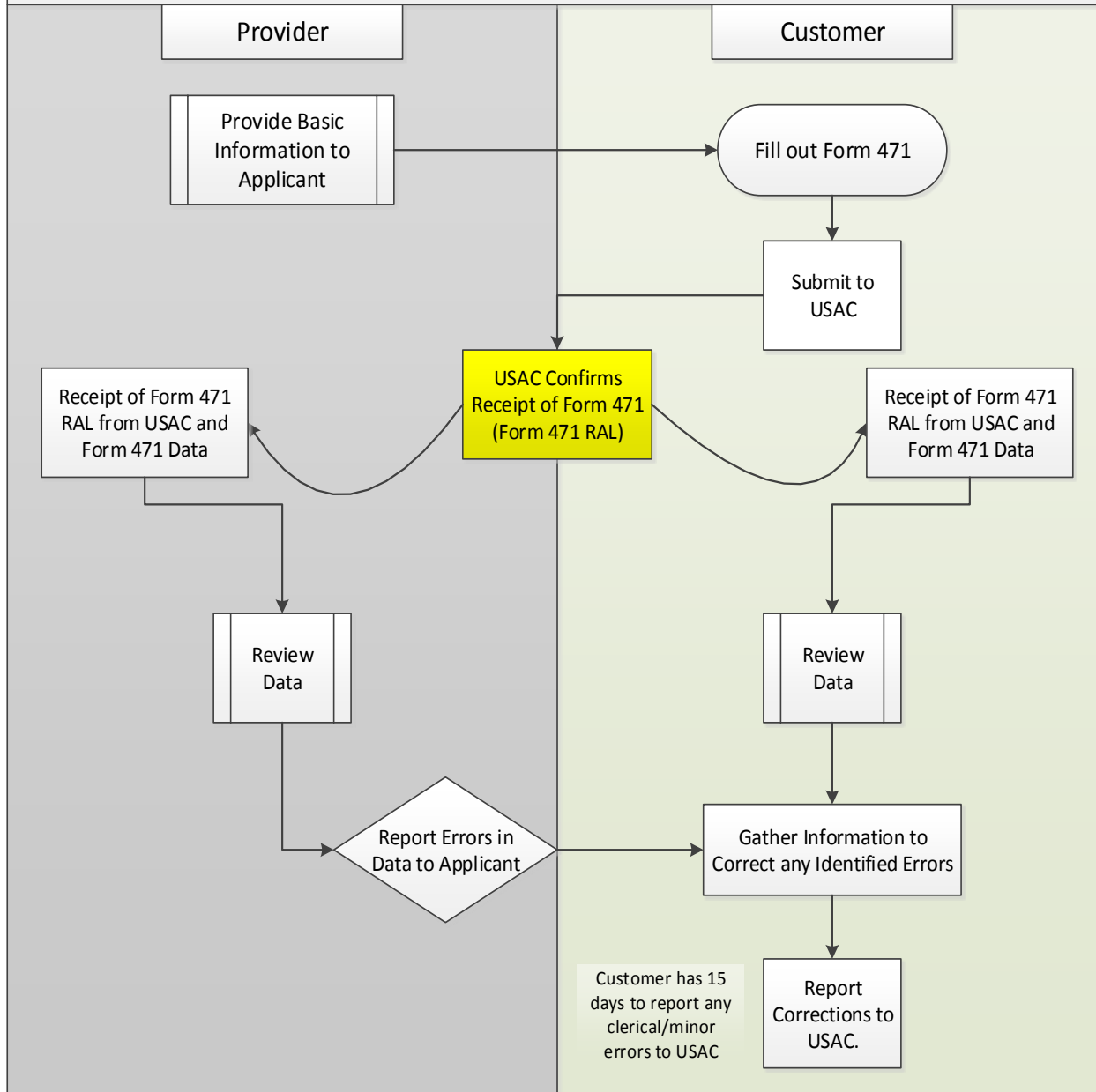
E-Rate Process



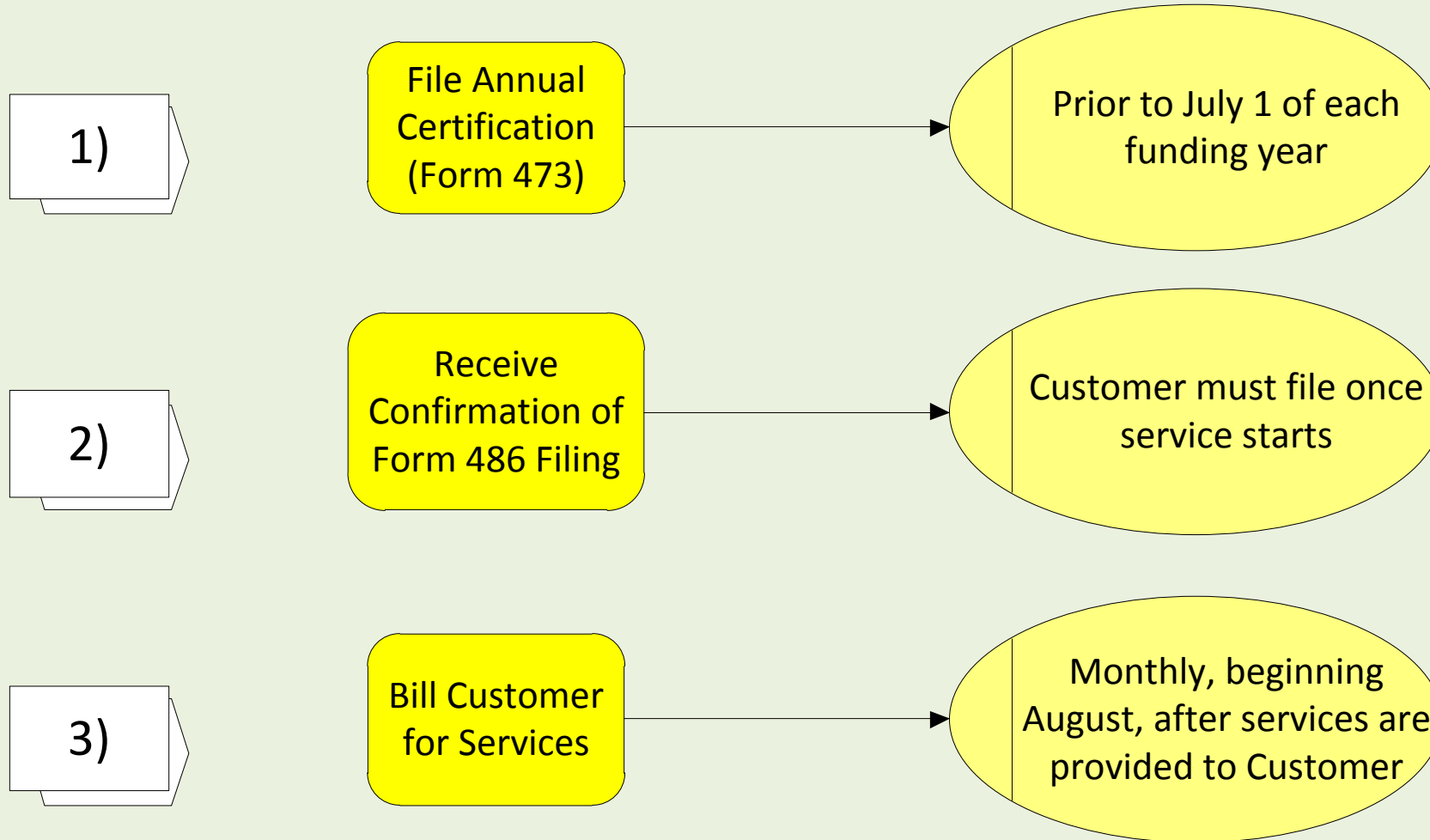
E-Rate Process Overview



Form 471 Process



USAC Billing Pre-Requisites



Service Provider Checklist

- 1) Apply for and receive a SPIN ID using FCC Form 498
- 2) File initial FCC Form 499
- 3) Search for and bid on RFPs posted by schools and libraries (Customers) using the online system
- 4) Enter into a contractual relationship with Customer
- 5) File Form 473, certifying compliance with program rules
- 6) Review Form 471 with Customer prior to Customer filing

Service Provider Checklist (cont.)

- 7) Receive confirmation from USAC of the submission of Form 471
- 8) Review Form 471 confirmation/data filed
- 9) Receive a copy of the Funding Commitment Decision Letter (FCDL)
- 10) File Form 486 (confirmation of start of services) and USAC will send confirmation of filing
- 11) Begin invoicing Customers for services provided
- 12) Set up recordkeeping to store 10 years of data related to services and billing

Eligible Services

Category 1

Digital Transmission & Internet

ATM

Broadband over Power Lines

Cable Modem

Digital Subscriber Line (DSL)

DS-1 (T-1), DS-3 (T-3) and Fractional

Ethernet

Fiber (Lit and Dark)

Frame Relay

Integrated Services Digital Network (ISDN)

Multi-Protocol Label Switching (MPLS)

OC-1, OC-3, OC-12, OC-n

Satellite Service

Switched Multimegabit Data Services

Telephone Dial-Up

Wireless Services (e.g., Microwave)

Data Plans and Air Cards (Conditional)

Category 2

Broadband Internal Connections

Wireless AP & Controller Systems

Antennas, Cabling, Connectors, etc.

Caching

Firewall Services & Components

Switches

Routers

Racks

UPS Battery Backup

Software for Eligible Components

Basic Maintenance of Internal Connections

NEW - Managed Internal Broadband Services

E-rate Resources

- ▶ Search for Posted Form 470s
 - ▶ <http://www.usac.org/sl/tools/view-an-fcc-form-470.aspx>

How to Find Previous FY Funding Information

- ▶ Utilize USAC Search Tools
 - ▶ <http://www.usac.org/sl/tools/default.aspx>

USF Health Care Connect Fund

- ▶ Provides 65% subsidy for eligible broadband services and equipment
- ▶ Supports creation of broadband networks through consortia
- ▶ Urban health care providers can participate in consortia
- ▶ Funding available on ongoing basis
- ▶ Open application window

Health Care Connect--FCC Goals

- ▶ Increase broadband access to rural HCPs
- ▶ Maximize cost-effectiveness of federal spend
- ▶ Foster collaboration, consortia among rural and urban HCPs to share resources
- ▶ Increase payment percentage but reduce total costs by improving buying power (more competitive marketplace)
- ▶ Better connectivity to health information exchanges (HIEs)—can be part of consortium
- ▶ Create larger, interconnected healthcare networks

Health Care Connect--Entities Eligible

- ▶ Public or non-profit hospital
- ▶ Rural HCP
- ▶ Community health center
- ▶ Local health department or agency
- ▶ Post-secondary educational institution (teaching hospital, university)
- ▶ Consortium of the above, including non-rural HCPs

Health Care Connect--Services Eligible

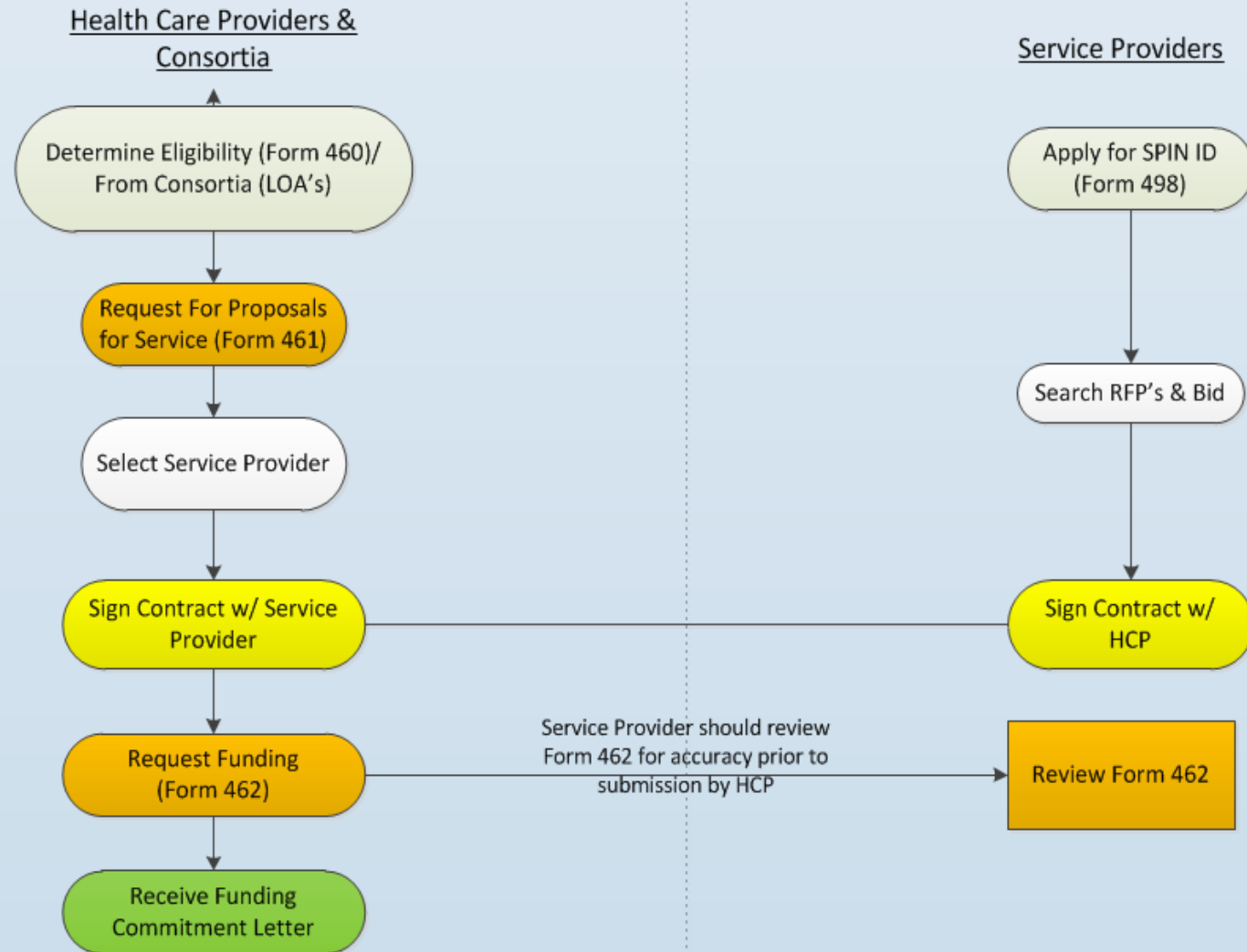
- ▶ Any advanced service that
 - ▶ Enables HCPs to post their own data
 - ▶ Interact with stored data
 - ▶ Generate new data
 - ▶ Communicate by providing connectivity over private dedicated networks or the Internet

Health Care Connect Services Eligible (cont'd)

- ▶ Cloud-based and point-to-multipoint connectivity services
- ▶ Dark fiber, including fiber maintenance costs
- ▶ Internet2 and National LambdaRail
- ▶ Customized networks
- ▶ Reasonable and customary installation charges
- ▶ Equipment necessary to make service functional
- ▶ Connections to off-site administrative offices and data centers
- ▶ Connections to research and education networks
- ▶ Consortium Applicants are eligible for
 - ▶ Necessary equipment to establish a Network Operations Center
 - ▶ Upfront charges for deployment of new or upgraded facilities, including dark fiber
 - ▶ HCP-constructed and owned facilities, if proven to be most cost-effective option

Healthcare Connect Fund

Process Overview

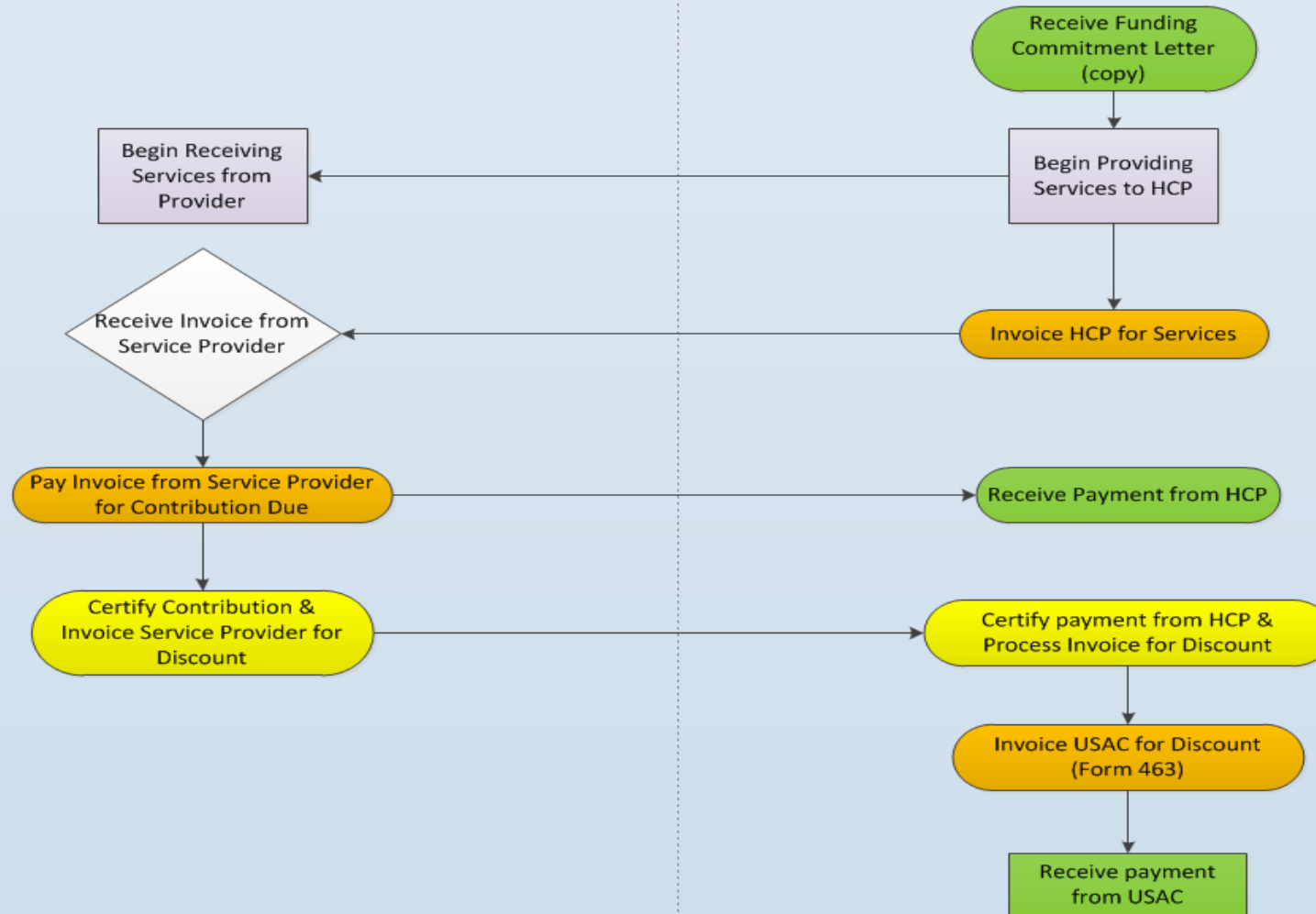


Healthcare Connect Fund

Process Overview

Health Care Providers & Consortia

Service Providers



Health Care Connect Resources

- ▶ <http://www.usac.org/rhc/healthcare-connect/default.aspx>
- ▶ Frequently Asked Questions
http://www.usac.org/_res/documents/rhc/pdf/fcc/FCC-HCF-FAQs.pdf
- ▶ Rural Health Care Program Website
<http://www.fcc.gov/encyclopedia/rural-health-care>
- ▶ Rural Healthcare Order (Dec. 12, 2012)
http://www.usac.org/_res/documents/rhc/pdf/fcc/13.02.25_Linked_Order.pdf
- ▶ Sample forms and templates
<http://www.usac.org/rhc/healthcare-connect/tools/sample-documents.aspx>

USF Lifeline

- ▶ Subsidy program for low-income Americans for phone service
- ▶ Available to qualified applicants IF the phone provider chooses to participate
- ▶ FCC currently considering whether and how to extend to broadband services
- ▶ If you are a provider, this is an additional source of revenues

USDA Community Connect

- ▶ Grants average less than \$1 million
- ▶ Requires 15% match
- ▶ Benefits low-income communities in rural areas
- ▶ Requires 5Mbps service to all premises in funding area
- ▶ Requires free service for 2 years to all critical facilities and a community center
- ▶ Very competitive (10% funded)
- ▶ Strong history of funding KY communities

Community Connect Resources

- ▶ <http://www.rd.usda.gov/programs-services/community-connect-grants>
- ▶ Comprehensive application guide
<http://www.rd.usda.gov/files/utp2015CommConnectAppGuide.pdf>
- ▶ Frequently Asked Questions
<http://www.rd.usda.gov/files/utp2014CommConnectFAQs.pdf>
- ▶ Detailed presentation
http://www.rd.usda.gov/files/UTP_CC2015CombinedPresentation.pdf

USDA Broadband and Electric Loan Programs

- ▶ Loans are limited to eligible rural communities (i.e., an area with less than 20,000 inhabitants and not adjacent to an urbanized area with more than 50,000 inhabitants).
- ▶ Borrowers must have the legal authority to provide, construct, operate and maintain the proposed facilities or services.
- ▶ All facilities receiving federal financing must be used for a public purpose

USDA Loan Program Resources

- ▶ General background on Broadband Loan Program:
www.rurdev.usda.gov/utp_farmbill.html (including application materials) and
<http://edocket.access.gpo.gov/2011/pdf/2011-5615.pdf>
- ▶ Application guide (Broadband Loan Program):
http://www.rurdev.usda.gov/UTP_FarmBillAppGuide.html
- ▶ Farm Bill loan program brochure:
http://www.rurdev.usda.gov/supportdocuments/BBLoanProgramBrochure_8-11.pdf
- ▶ Presentation on the Broadband Loan Program:
<http://www.rurdev.usda.gov/supportdocuments/FarmBillRegulationPresentation.pdf>
- ▶ RUS Electric Infrastructure Loan & Loan Guarantee website:
<http://www.rd.usda.gov/programs-services/electric-infrastructure-loan-loan-guarantee-program>
- ▶ Presentation with additional background on the program:
http://apps1.eere.energy.gov/tribalenergy/pdfs/tribal_business/usda_rus_0811.pdf

USDA Distance Learning & Telemedicine

- ▶ Funds equipment for teleconferencing
- ▶ Available to any entity providing education or medical care through telecommunications
- ▶ 100% grant (primary source of funding in recent years)
 - ▶ \$50,000 to \$500,000

DLT Resources

- ▶ <http://www.rd.usda.gov/programs-services/distance-learning-telemedicine-grants>
- ▶ **Comprehensive Application Guide**
http://www.rd.usda.gov/files/UTP_2014-DLT-App-Guide.pdf
- ▶ **Grant Toolkit with fillable forms**
http://www.rd.usda.gov/files/UTP_2014-DLT-Grant-Toolkit-Fillable.pdf

Department of Commerce Economic Development Administration (EDA)

- ▶ Public broadband projects in distressed communities eligible for funding under both the Public Works and Economic Adjustment Assistance programs
- ▶ “Public Works investments help facilitate the transition of communities from being distressed to becoming competitive in the worldwide economy by developing key public infrastructure, such as technology-based facilities that utilize distance learning networks, smart rooms, and smart buildings; multitenant manufacturing and other facilities; business and industrial parks with fiber optic cable; and telecommunications and development facilities...”

EDA (cont'd)

- ▶ Awards to state or local gov't, tribes, universities, non-profits
- ▶ Awards grants with 50% match
 - ▶ Reduced to 20% if economic need shown
 - ▶ Other federal funding can be used (eg, ARC)
- ▶ Awards average \$800,000 (EAA) to \$1.4 million (public works)

EDA Resources

- ▶ Funding Announcement and Application Guide:
<http://www.grants.gov/web/grants/view-opportunity.html?oppld=273468> (click on “Full Announcement” for additional background)
- ▶ Public Works Program one pager
<http://www.eda.gov/pdf/about/Public-Works-Program-1-Pager.pdf>
- ▶ Economic Adjustment Assistance one pager
<http://www.eda.gov/pdf/about/Economic-Adjustment-Assistance-Program-1-Pager.pdf>

Appalachian Regional Commission

- ▶ Likely to be modest last mile grants
- ▶ ARC grants homepage <http://www.arc.gov/grants>
- ▶ Kentucky grant application process (for deadlines, application forms, and guidance)
<https://kydlgweb.ky.gov/FederalGrants/ARC.cfm>
- ▶ Program Administration guidelines
<http://www.arc.gov/forms>

Please feel free to contact me with questions

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