

January 19, 2010

Second round ARRA broadband funding

On Jan. 15, the National Telecommunications and Information Administration (NTIA) and the USDA Rural Utility Service (RUS) issued separate [Notices of Funds Availability \(NOFA\)](#) for the second and final round of broadband funding under the 2009 federal stimulus bill (ARRA). This memorandum provides a brief summary of the key components of the NOFAs.

Round one status

Demand greatly exceeded funds available as 2,200 applications were submitted to NTIA and RUS in the first round seeking funding of nearly \$28 billion across the various project categories, while the total funds available in round one was \$1.6 billion. An additional \$10.5 billion in matching funds committed by applicants increased the total in proposed projects to over \$38 billion. To date, only \$137 million has been awarded, and awards will continue to be made on a rolling basis. I am not aware of any Virginia projects that have received an NTIA or RUS award so far. At least several Virginia applications are in the “due diligence” phase.

Round two application deadlines

Applications must be submitted between Feb. 16 and March 15 at 5 p.m. All funds have to be awarded by Sept. 30. Projects receiving funds have to be significantly complete within two years of award and complete within three years.

BTOP and BIP separated

Unlike in the first round, the NTIA’s Broadband Technology Opportunity Program (BTOP) and RUS’ Broadband Initiative Program (BIP) will have entirely separate applications. There is no longer a requirement to apply through RUS (even if you are really seeking a BTOP grant) if the proposed service is 75 percent rural. However, the BTOP NOFA indicates that such projects will not be favored by NTIA, and that predominantly rural, list mile projects should proceed under the RUS program. NTIA reserves the ability to pass an application over to RUS if it does not meet the BTOP requirements. There were 830 applications jointly filed with both agencies in round one.

National Telecommunications and Information Administration NOFA:

Total NTIA grant amounts available/ changes to matching criteria

\$2.6 billion is available to be awarded under the following categories:

1. Comprehensive Community Infrastructure (CCI) - \$2.25 billion
2. Public Computer Centers (PCC) – at least \$150 million
3. Sustainable Broadband Adoption (SBA) – at least \$100 million

Emphasis on “middle mile” projects

Instead of the general broadband infrastructure category of round one, which included both middle mile and last mile projects, round two will have a strong emphasis on middle mile projects through the CCI program. Projects in this category must focus on middle mile projects that offer new or substantially upgraded connections to community anchor institutions (libraries,

emergency services, schools, community centers, etc.), with a particular emphasis on community colleges. The goal of the CCI program is to both enhance/expand public access to broadband services, and provide a middle mile infrastructure to support and incentivize eventual last mile deployment. There is also more emphasis on job creation and economic development.

It is important to note that CCI projects can have a “last mile” component. However, it cannot exceed 20 percent of the overall costs for which grant funds are sought.

Changes to determination of underserved

Two significant changes have been made from round one. First the geographical unit to be used for determining unserved and underserved has been enlarged from individual census blocks to larger census tracts. Second, serving an underserved or unserved area is no longer a requirement, but has instead been reduced to a scoring factor. If, however, an unserved/underserved area is proposed to be served, then the presumption and expectation will be that the project will serve the entire portion of the proposed area.

Non-federal matching requirement

The non-federal funding component of a project must still be at least 20 percent. However, applicants that propose to contribute 30 percent or more toward the project will be awarded additional points.

Changes to existing provider comment period

This period is reduced from 30 days to 15 days. Some of the information provided by those commenting on pending applications will be made available to the public, including the name of the company and a summary of the information it provides to NTIA; while proprietary information will be held in confidence.

Rural Utility Service NOFA:

Economic Development in rural unserved and underserved areas

Focused on economic development and continued expansion of service in rural unserved and underserved areas. Any area that has less than 5 Mbps upload and download speeds (combined) in at least 50 percent of the area will be qualified. Overall service areas still must be at least 75 percent rural.

Emphasis on last mile

Unlike the revamped BTOP, the focus of BIP will be on projects that deploy last mile broadband service. Middle mile projects will still be considered; however, such applications are discouraged unless submitted by existing RUS grant/loan recipients. Otherwise, middle mile applicants are strongly encouraged to apply for BTOP grants.

Anticipated award of funds by category

1. Last mile - \$1.7 billion
2. Middle mile – \$300 million
3. Satellite projects - \$100 million
4. Rural libraries, and technical assistance - \$5 million

Satellite technology recognized

For areas that cannot otherwise be served, RUS has added a new category for funding for satellite-based broadband projects.

Grant/Loan ratio improved

Under round one, RUS is awarding 50 percent loan/50 percent grant. This has been changed in the second round to 75 percent grant/25 percent loan. However, applications that request a higher loan amount will be looked upon more favorably. Remember, 100 percent loans remain available for extremely remote projects.

Elimination of two-step process

Unlike round one, this round will have a single one-step application and approval process under RUS.

Elimination of census block reporting

Whereas NTIA replaces census blocks with census tracts, RUS eliminates the concept altogether.

Cost effectiveness

Projects generally cannot exceed a cost-per-premises of \$10,000.

Non-discrimination and Interconnection requirements

These requirements from round one remain in this round for both BTOP and BIP

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