

MEMORANDUM

TO: Virginia Telecommunication Initiative Applicants

FROM: Erik C. Johnston, Director
Virginia Department of Housing and Community Development

DATE: August 16, 2021

RE: FY2022 Virginia Telecommunication Initiative and American Rescue Plan Act Funding

On August 10, 2021 Governor Northam signed HB 7001 into law, which allocates billions of American Rescue Plan Act (ARPA) funding. This includes a historic \$700 million investment in the Virginia Telecommunication Initiative (VATI), \$479 million sourced from the State and Local Fiscal Recovery Fund and \$221 million sourced from the Capital Project Fund. These once-in-a-generation funds mean we can move quickly to close the digital divide and bring universal broadband access to Virginia by 2024.

Pursuant to the legislation, this funding shall be distributed through the VATI program and the Department of Housing and Community Development (DHCD) may “adjust the criteria to reflect the provisions established by the U.S. Department of the Treasury’s rules and regulations regarding the Coronavirus State and Local Fiscal Recovery Funds established under the American Rescue Plan Act.”

All VATI applicants will be considered for funding under both the state general fund \$50 million VATI budget as well as ARPA funding. DHCD reserves the right to determine the source of funds through which VATI awards are made. Applications, solicited project structure, and evaluation of projects will primarily be reviewed using FY22 VATI guidelines, although U.S. Department of Treasury ARPA guidance may be taken into account in certain instances (recognizing that VATI and ARPA guidance may diverge at times). All applications will be scored using the FY22 VATI scoring criteria. Awarded projects sourced from state general funds will be governed and administered via FY22 VATI guidelines. Awarded projects sourced from ARPA funds will be governed and administered via U.S. Department of Treasury ARPA guidance. Awarded projects sourced from ARPA funds may be required to provide additional project and expenditure reports pursuant to U.S. Department of Treasury reporting requirements.

Please note the ARPA guidance referred to in this memorandum is the U.S. Department of Treasury’s interim final rule released on May 10, 2021. The interim final rule and subsequent July 19, 2021 FAQs can be found here - <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

Frequently Asked Questions:

- Do these guidelines also apply to the funding local governments received through ARP?
 - No. ARPA Local Fiscal Recovery funds directly allocated to local governments, unless used as match in a VATI application, are subject to the U.S. Department of Treasury's guidance outlined in the Interim Final Rule of the Local Fiscal Recovery Fund and not subject to the VATI guidelines.
- Should all proposed VATI projects meet the speed requirements listed in ARPA guidance of 100 mbps download and 20 mbps upload at the time of construction, with scalable speeds of 100 mbps symmetrical service?
 - Proposed VATI projects must follow the VATI speed requirements in the program guidelines and criteria. DHCD reserves the right to determine the source of funds through which VATI awards are made. Awarded projects sourced from ARPA funds will be governed and administered via U.S. Department of Treasury ARPA guidance. High-scoring projects submitted to VATI that do not meet ARPA requirements will be eligible to receive funding through the \$49.7 million state general funds available for the FY22 round of VATI, as long as local ARPA funds were not used as match in the VATI application.
- How does VATI interact with the Line Extension Customer Assistance Program (LECAP) to support the extension of existing broadband networks to low to moderate income residents?
 - LECAP is a separate program from VATI. DHCD is currently working to develop guidelines and criteria for this program and will likely launch the program in 2022.
- This new funding has brought several internet service providers to the table for broadband expansion. Can I submit two or more VATI applications?
 - DHCD encourages units of local governments to submit more than one application if both applications collectively move toward or accomplish the goal of universal coverage. If submitting multiple applications, it is strongly recommended that proposed areas do not overlap, as defined project area decisions should be made at the local level. A separate application must be submitted with each internet service provider. Units of local governments are encouraged to contact DHCD staff for technical assistance at vati@dhcd.virginia.gov.