Federal Broadband Spending

Overview of Programs

January 2022
Last Mile Access

Rural Expansion

Suburban Expansion

Fiber-fixed Wireless Hybrid Solutions

Single Management Solution

5G Densification

MDU Capture

BROADBAND DEMAND
Expanded Use Cases - quicker ROI

Deploy a mix of low capacity and high capacity access services

- Residential, Schools, Business Broadband
- Basic Use Cases
- Power Grid Mgmt, Smart Grid
- Smart City/Home
- Mobile Backhaul, Industrial IoT,
  eGov, Telehealth, eLearning
- SD-WAN

Expanded Use Cases
FEDERALLY ADMINISTERED PROGRAMS

Program Highlights

CAF
- First USF monies targeted specifically at Broadband

RDOF
- Administered by FCC: ~$8B/10 years to serve 4.2M locations with Gigabit
- Buildout over 6 years with incentive to build 20% in year 1
- $11B available to award in Phase 2, once broadband mapping is improved

USDA Reconnect
- $500-600 mil/year through 2021, $700M-$1.15B for 2022
- Round 3 application window 11/24/2022 - 2/22/2022
- $2B funded via Infrastructure Bill for future rounds
STATE/LOCALLY ADMINISTERED PROGRAMS

Program Highlights

CARES Act
- Enacted in 2020; funds must be spent in 2021
- $139B to states/large local governments (allocated by population)
- Some monies allocated to Broadband for “shovel ready” projects

ARPA
- Estimated 10-15% to be spent on Broadband ($15B-$20B)
- State and Local Fiscal Recovery Funds - Divvied up to States/Tribes and Territories/Local
- Capital Project Fund – projects dedicated to enabling work, education, and health

Infrastructure Bill
- Broadband Equity, Access, and Deployment Program (BEAD)
- $42.4B earmarked for BEAD out of overall Infrastructure Bill
- Allows funds for administrative and pre-deployment work in order to best plan
Summary

- **Reconnect Phase 3**
  - $0.7 - $1.15B
  - USDA/RUS
  - Projects must complete in 5 years (2027)

- **RDOF - Phase 1**
  - $8 - $9B
  - FCC
  - Projects must complete within 6 years
  - Must meet interim milestones

- **RDOF - Phase 2**
  - $11 - $12B
  - FCC
  - Details TBD

- **ARPA**
  - Estimate $15B - $20B
  - US Treasury – Administered at State/Local Level
  - Projects must complete by EOY of 2026

- **Infrastructure Bill**
  - $40B
  - NTIA
  - Details TBD
BROADBAND FUNDING

Resources available for-

• Feasibility study
• Grant writing
• Site engineering
• Network design
• Build and operate
• Speed / certification testing

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Additional Detail

USDA Reconnect
**American Rescue Plan Act - ARPA**

<table>
<thead>
<tr>
<th>Broadband Portion</th>
<th>~$360B – Available for Broadband Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>Coronavirus State and Local Fiscal Recovery Funds</td>
</tr>
<tr>
<td>Breakdown</td>
<td>State + Tribal + Territory Funds</td>
</tr>
<tr>
<td>Total Budget</td>
<td>~$220B</td>
</tr>
<tr>
<td>Goal</td>
<td>Address the pandemic's economic fallout and ensure equitable recovery</td>
</tr>
</tbody>
</table>
| Uses              | - Support public health expenditures  
- Address negative economic impacts caused by the pandemic  
- Replace lost public sector revenue  
- Provide premium pay for essential workers  
- Invest in water, sewer, and broadband infrastructure | - Support public health expenditures  
- Address negative economic impacts caused by the pandemic  
- Replace lost public sector revenue  
- Provide premium pay for essential workers  
- Invest in water, sewer, and broadband infrastructure | Projects that focus on broadband and digital connectivity related to:  
- Work  
- Education  
- Healthcare |
BROADBAND FUNDING

Summary

- **ReConnect Phase 3**: ($0.7-1.15B)
  - USDA/RUS
  - Project must complete within 5 years (2027)

- **RDOF (Phase 1)**: ($8-9B) (2026-2027)
  - FCC
  - Complete within 6 years from funding start
  - Interim milestones with penalties:
    - 40% of locations in Y3, 60%/Y4, 80%/Y5
    - Financial incentive to hit 20% of locations in Y1

- **RDOF (Phase 2)**: ($11-12B)
  - FCC
  - TBD

- **ARPA (~$15-20B)**:
  - US Treasury – Allocated at State/Local Level
  - Project complete by end of 2026

- **Infrastructure Bill ($40B)**:
  - NTIA
  - TBD
**USDA Reconnect**

**Key Points:**
- Application window 11/24/21 – 2/22/22
- $1.15B announced across 4 categories:
  - $200M – 100% Loans
  - $250M – 50/50 Grant/Loan
  - $350M – 100% Grant (25% match)
  - $350M – 100% Grant for Tribes, Socially vulnerable
- Includes “Buy American” provision

**What areas are eligible?**
- Lack sufficient access to Broadband
  - 90% of HH w/o access to 100M/20M
- Must serve all premises in PFSA with 100M/100M
- Be in a rural area
- Not be in a prior funded service area
  - Cannot have received non-federal funds
  - Means previous RUS/FCC areas are eligible
- Preference given for RDOF areas

**Scoring:**
- Area – rurality, current service level, economic need, tribal, socially vulnerable
- Commitment – affordability, labor standards, net neutrality, wholesale broadband service
- Partnerships – points for projects submitted by local governments, non-profits, co-ops

**Who can apply?**
- Corporation
- LLC/LLP
- Cooperatives/ mutual organization
- State/local government
- US territory
- Indian tribe
** Only single entity can apply
  ** One application per applicant
Additional Detail

ARPA
ARPA Fiscal Recovery Funds
“Coronavirus State and Local Fiscal Recovery Funds”

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount ($ billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>States &amp; District of Columbia</td>
<td>$195.3</td>
</tr>
<tr>
<td>Tribal Governments</td>
<td>$20.0</td>
</tr>
<tr>
<td>Territories</td>
<td>$4.5</td>
</tr>
<tr>
<td>Counties</td>
<td>$65.1</td>
</tr>
<tr>
<td>Metropolitan Cities</td>
<td>$45.6</td>
</tr>
<tr>
<td>Non-entitlement Units of Local Government (towns/cities with populations &lt;50K, money funneled through state governments)</td>
<td>$19.5</td>
</tr>
</tbody>
</table>

- Process: State and Local Governments determine amount spent on Broadband and projects to be funded
- Money available: 50% mid-2021, 50% mid-2022
- Must be spent by government by EOY 2024 and project completed by EOY 2026
- Based on public announcements to date, we estimate the percentage of state funds for Broadband is ~10%
- Use for Broadband Infrastructure at County/City level will vary widely

ARPA BROADBAND FUNDS

FRF vs. CPF

Fiscal Recovery Funds (~$350B)
- Administered by state/local governments
- Spread over these areas:
  - Support public health expenditures
  - Address negative economic impacts caused by the public health emergency
  - Replace lost public sector revenue
  - Provide premium pay for essential workers
  - Invest in water, sewer, and broadband infrastructure

Coronavirus Capital Project Funds ($10B)
- Administered by US Treasury, funds allocated to states, territories, and tribes
- Focused on Broadband and Digital Connectivity related to Work, Education and Healthcare
- Presumed eligible projects:
  - Broadband infrastructure
  - Digital connectivity technology
  - Multi-purpose community facility
- Presumed ineligible projects
  - Roads, bridges, ports, etc.
  - Other construction not aligned with the fund charter
FRF vs. CPF – Interim Final Rules

Fiscal Recovery Funds
• 100M/100M service required (unless not feasible)
• Areas without at least 25M/3M wireline broadband are eligible
• Recipients are encouraged to:
  • Prioritize last mile connections
  • Prioritize fiber optic infrastructure investment
  • Avoid investing in areas that have received funding to provide 100M/20M service by 12/24
    • Note- can still use funds to accelerate RDOF
  • Support networks associated with local governments, non-profits, or co-ops
  • Integrate affordability into design

Coronavirus Capital Project Funds
• Service provider must participate in program(s) to provide subsidies to low income subscribers
• Can be reimbursed for expenses 3/15/21 or later
• Timeline:

<table>
<thead>
<tr>
<th>Type</th>
<th>Application Portal Launch Date</th>
<th>Deadline to Request Funding</th>
<th>Deadline to Submit Grant Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>States, Territories &amp; Freely Associated States</td>
<td>September 24, 2021</td>
<td>December 27, 2021</td>
<td>September 24, 2022</td>
</tr>
<tr>
<td>Tribal Governments</td>
<td>October 1, 2021</td>
<td>June 1, 2022</td>
<td>Not Applicable</td>
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</table>
Additional Detail
Infrastructure Bill
STATE BROADBAND GRANT PROGRAMS

Infrastructure Bill

- BEAD = Broadband Equity, Access, and Deployment Program
- $42.4B, allocated as follows:
  - $1.6B for administration (2% federal/2% states)
  - $2.1B (5%) for “pre-deployment” activities – mapping, multi-year action plans, etc
  - Allocated based on “unserved needs”, but each state will get at least $100M
- State-level grant program is required, with plan approved by federal government:
  - 20% of funds available immediately; rest available once plan is approved by feds
  - Must have a state broadband office to administer
  - Grants must have 25% match, but match may come from other funding programs
- Rules announced so far:
  - Highest priority: Unserved: < 25/3 low latency
  - Next priority: Underserved: <100/20 low latency
  - Administrator to define parameters around Reliable Broadband Service
Infrastructure Bill

**Who can get funds?**
- Cooperatives
- Nonprofit organizations
- Public-private partnerships
- Private companies
- Public or private utilities
- Public utility districts
- Local governments

**Who gets priority?**
- Projects that serve un/under served areas
- Projects that connect eligible community anchor institutions
- Other factors:
  - Broadband deployment to persistent/high poverty areas
  - Speed offering
  - Expediency of project completion
  - Compliance with labor laws
Infrastructure Bill
Appalachian Regional Commission (ARC)

- Explicit broadband focus added to charter
- Dedicated Broadband Funding increased from $10M/year to $20M/year (10% of overall funds)
  - $13 million of the broadband funding must go toward construction and deployment activities
- Focused on project construction and deployment as well as:
  - Research
  - Analysis
  - Training related to broadband adoption efforts
Thank you!