Federal Broadband Funding and Implementation in IIJA and ARP
August 18, 2022

In nearly every aspect of our lives, high-speed internet access, or broadband, is fundamental, allowing us access to information and connecting us to a broader online community. Yet, **more than 30 million Americans live in areas where there is no broadband infrastructure, and [a quarter million](#) still use dial-up**. The COVID-19 pandemic intensified our reliance on and increased the need for universal broadband services. Investments in broadband will help close the digital divide and ensure that Americans have access to affordable high speed internet services. This explainer provides context on the funding allocated for broadband in the [Infrastructure Investment and Jobs Act](#) (IIJA), the American Rescue Plan (ARP) and the Omnibus, including guidance for how such funding will be implemented at the state and local level.

Budget

Broadband Program(s)	Infrastructure Investment and Jobs Act, P.L 117-58 allocation ($ billion)
Broadband Equity, Access, and Deployment	42.45
Affordable Connectivity Program	14.2
Digital Equity Program	2.75
Rural Utilities Service ReConnect	2
Tribal Broadband Connectivity	2
Middle-Mile Infrastructure	1
Private Activity Bonds	.60

Total	65

Types of Connections

- ☐ **DSL**: Digital subscriber line that dedicates broadband to houses, but can be slow (10 to 40 Mbps) and fluctuates in reliability.

- ☐ **Cable modem**: Can provide service to areas further away but draws power from the electrical grid, increasing the carbon footprint and complicating repairs during storms and electrical outages. Bandwidth is also shared, meaning increasingly slower speeds with greater utilization.

- ☐ **Cellular service**: Provides service to wide areas via a cell tower with relatively fast speeds (4G/5G), but also draws power from the electrical grid and shares bandwidth.

- ☐ **Fiber Optic to Home**: Provides the fastest speeds (1000 Mbps). Speeds are maintained during storm outages and bandwidth is dedicated to each home or business. so thousands can connect without speeds being affected.

Program Priorities for IIJA Broadband Programs

- ☐ Unserved locations (No access to 25/3 Mbps)
- ☐ Underserved locations (No access to 100/20 Mbps)
- ☐ Community anchor institutions (Without gigabit connections)

Eligible entities must also prioritize persistent poverty/high-poverty areas, speed of the proposed network, and build time and demonstrated records on compliance with federal labor and employment laws. Eligible entities will also be required to offer a low-cost plan to all their subscribers. The details and rules around the low-cost plans will be part of each State's plan, which will have to be approved by NTIA.

Key Broadband Programs

BEAD Program

On November 15, 2021, President Biden signed the Infrastructure Investment and Jobs Act (IIJA) into law. **The IIJA invests a total of $65 billion to help fund major broadband provisions and grant programs.** The largest allotment of funding dedicates $42.45 billion to the National Telecommunications and Information Administration (NTIA) for the **Broadband Equity, Access, and Deployment** program (BEAD). In May 2022, the NTIA released its Notice of Funding Opportunity (NOFO) that specifies the BEAD grant requirements and processes. The BEAD program is a formula-based grant centered on broadband deployment to connect unserved and underserved areas. An "unserved" area is one that does not have broadband available to it at speeds of at least 25/3 Mbps, while an "underserved" area is considered to be one that lacks connectivity speed at or above 100/20 Mbps.

Each state, the District of Columbia, and Puerto Rico, will receive a minimum allotment of $100 million to support broadband building capacity, along with a $100 million allocation to be divided evenly amongst U.S. territories ($25 million each). To ensure efficient and affordable broadband infrastructure deployment, grants allocated to states and territories through the BEAD program must fund networks that offer speeds of at least 100/20 Mbps and offer a low-cost plan for recipients. The remainder of the funds ($36.45 billion) will be allocated based on a formula that factors in geographic remoteness and the number of high-cost unserved locations. The grant program also stipulates certain service quality requirements, including requirements that connections allow for "real-time interactive applications" and that network outages do not exceed 48 hours over a 365-day period.

The BEAD Program will require states to develop plans to be approved by the NTIA in order to receive funding for eligible projects. States will be required to prioritize funding in areas that are unserved before funding projects in areas with existing coverage. States will then be required to prioritize underserved areas followed by

community institutions like libraries. Additionaly, grant programs must ensure they meet the speed and reliability of 100 Mbps/20 Mbps. Only 2% of the amounts available in each fiscal year shall be for salaries, expenses, administration, and oversight. States will be [required to provide a challenge process to contest determinations](#) made about whether a location has broadband to ensure not to overbuild existing networks.

Affordable Connectivity Program

The Affordable Connectivity Program is an initiative designed to help low-income households pay for internet service. Through the IIJA, the program will provide the Federal Communications Commission (FCC) $14.2 billion for $30 monthly broadband subsidies for eligible households. These funds will also support one-time discounts of $100 for a device like a laptop, desktop, or tablet, if the household can contribute more than $10. However, [households must meet specific income criteria in order to qualify for this program.](#)

The Affordable Connectivity Program will be administered by Universal Service Administrative Company (USAC) with oversight from the Federal Communications Commission (FCC). This has [replaced the Emergency Broadband Benefit (EBB Program)](#), providing qualifying households monthly credits to assist for broadband service. The EBB was a temporary emergency program designed to assist households struggling to afford internet service with a maximum monthly credit of $50 per month. The Affordable Connectivity Program is a long-term program designed to also assist families, with a lower maximum monthly credit ($30 per month).For qualified households on Tribal lands, a $75 credit will remain. The newly-created program maintains many eligibility criteria from the EBB, including at least one member of the household receiving federal assistance such as WIC, Pell Grants, Medicaid, etc. The Affordable Connectivity Program does exclude households who experienced job loss or a reduction in income from qualifying to receive assistance, meaning that some households who previously were eligible under EBB may not qualify under the Affordable Connectivity Program.

Digital Equity Program

In an effort to promote digital inclusion and equity, IIJA appropriates $2.75 billion in three sequenced grants for the **Digital Equity Program**. The goal of these programs is to promote the use of broadband services to low-income households, aging populations, incarcerated individuals, veterans, people with disabilities, people with language barriers, racial and ethnic minorities, and rural inhabitants. Specific support services include device distribution, literacy training, and digital navigation assistance. The first program, the *State Digital Equity Capacity Grant Program*, provides $60 million in funding to states to develop digital equity plans. After states and territories develop their respective plans,

Number of Fixed Residential Broadband Providers

https://broadbandmap.fcc.gov/#/area-summary

$1.44 billion will be allocated for states and territories through the *State Digital Equity Capacity Grant Program* to implement digital equity plans for states to distribute funding to aid recipients over a five-year period. Lastly, NTIA will allocate $1.25 billion for the *Digital Equity Competitive Grant Program*, which awards local governments, nonprofits, and community anchor institutions grant funding to implement digital equity projects over five years.
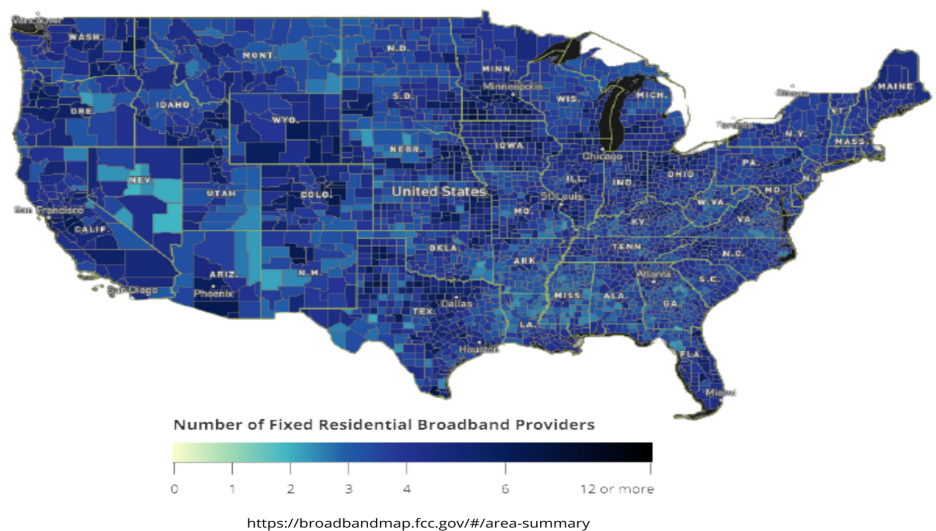
For states to utilize funds from the Digital Equity Program, the Governor of a participating state will select an administering entity that will develop, implement, and oversee programming efforts. States that wish to be awarded access to funds must develop a State Digital Equity Plan that reviews the barriers to digital equity faced by covered populations and includes measurable objectives. No more than 5%

of the grant will be allocated for the implementation and administration of the program.

Rural Utilities Service Reconnect

Rural Utilities Service ReConnect provides $2 billion to the U.S. Department of Agriculture for loans and grants to fund broadband services. [Specifically, this program funds](#) construction, improvement of facilities, and equipment that will support services in rural areas.

The [USDA determines](#) areas must be rural with [90% of households in the area lacking sufficient access](#) to be eligible for the Rural Utilities Service ReConnect program. The minimum request for funding across all categories is $100,000.

Tribal Broadband Connectivity Program

IIJA also provides allocations to build connectivity and broadband access to Tribal communities. $2 billion will go towards the **Tribal Broadband Connectivity Program** (TBCP) that will be [directly allocated to tribal governments](#). Funds will be used for broadband deployment, telehealth, distance learning, broadband affordability, and digital inclusion.

The Tribal Broadband Connectivity Program builds upon investments under the [Consolidated Appropriations Act of 2021](#). Infrastructure projects funded through this program are expected to range from $1 million to $50 million. The NTIA will not require matching funds for awards under this grant.

Middle-Mile Infrastructure

The cost of connecting unserved and underserved areas while creating alternative network connection paths can be high. However, IIJA includes $1 billion appropriated towards a **Middle-Mile Infrastructure** program for the purpose of expanding and extending infrastructure broadband networks.

Under the **Middle-Mile Infrastructure program,** funds will [not flow through the](#)

states. Applicants will apply directly to NTIA for funds. Agencies must prioritize projects that leverage existing rights-of-way, assets, and infrastructure.

In addition, the law creates new **private activity bonds** for broadband. These private activity bonds will provide $600 million to finance qualified broadband projects. "Qualified broadband projects" are defined as any service project to underserved geographic areas lacking the infrastructure capable of supporting minimum broadband speeds. Nevertheless, the use of these tax-free bonds to attract private funds could be used to finance existing cable and wireless providers, absent any requirements for higher speeds or reliability. Studies have shown that private activity bonds may also contribute to "inefficient allocation of capital" and "higher cost of financing traditional governmental activities," and could additionally "help higher-income investors avoid taxes, and reduce federal revenues."

Broadband Funding from Additional Legislation

American Rescue Plan

Separate funding from the American Rescue Plan (ARP) provides an additional $10 billion for capital projects that fund broadband infrastructure to develop work, education, health, and remote options in response to Covid-19. The U.S. Department of the Treasury is issuing guidance for states, territories, and Tribal governments to submit applications for funds through the Coronavirus Capital Projects Fund, which can also be used for broadband projects. The ARP also includes $350 billion in State and Local Fiscal Recovery Funds, which can be used to provide additional funding for broadband deployment and affordability.

Coronavirus Capital Projects, Allocated Funding through the American Rescue Plan	Amount ($ billions)
States, District of Columbia, and Puerto Rico	9.8
Territories	.1

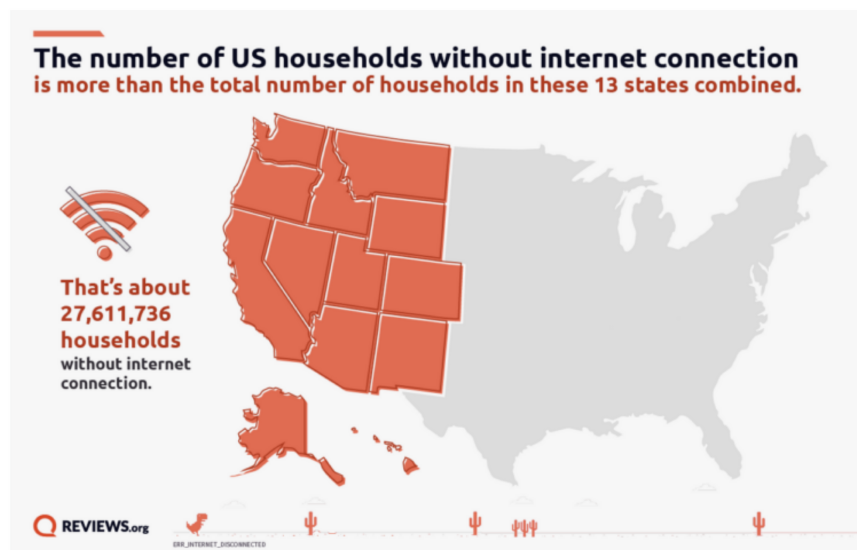| Tribal Governments	.1
Total	10

Omnibus Bill

In March, President Biden signed the Consolidated Appropriations Act of 2022 into law, which provides funding for the government through September of this year. The law also provides additional funding for the expansion of broadband programs.

P.L 117-103; Consolidated Appropriations Act, 2022 Allocated Funding	Amount ($ millions)
Rural Development Programs	4
Expansion of Broadband Services	550
ReConnect Program	450
FCC support	382
Total	1.3 (billion)

Digital Inclusion

The FCC has emphasized that lack of internet connectivity is not just an issue for those who live in what is typically considered rural America. The term "digital divide" is often used to describe the lack of access to broadband in poorly connected areas in any type of community, and is a measure of how the country is faring when it comes to having

The number of US households without internet connection is more than the total number of households in these 13 states combined.

That's about 27,611,736 households without internet connection.

REVIEWS.org

ERR_INTERNET_DISCONNECTED

Source: Reviews.org

equal access to high-speed home internet.

Tribal communities face challenges when it comes to broadband access. For example, FCC data from 2019 showed that only 65% of housing units on rural Tribal lands have broadband access. Barriers to access for Tribal communities can vary. The Office of Indian Energy and Economic Development has identified challenges such as insufficient funding, complex permitting, and weak connection to economic development. Since the September 1, 2021 NTIA Tribal Broadband Connectivity application deadline, there have been over 301 applications requesting more than $5.84 billion in broadband funding. **The amount of funding requested by Tribal communities is almost 6 times the available funding amount.** Given this over-application for Tribal funds, it is important that the federal government continue to monitor the issue and support remedies to ensure equitable access.

Frequently, low-income communities of color sit on the difficult side of the digital divide. The COVID-19 pandemic has shifted the way in which agencies and providers serve clients. With an increase in remote work, health care services have switched to telehealth, video calls, and over-the-phone medical guidance. **The Office of the Assistant Secretary for Planning and Evaluations (ASPE) has found that more than one-in-six people in poverty have no internet access and, as a result, face limited access to human services.** Those that live in nonmetropolitan areas have less access than those in metropolitan areas and access among people in poverty varies across states. This is a national challenge that will require internet service providers to facilitate equal access for all in order to remedy health disparities.

Policy Implications

Implications for State Resources
As the IIJA is implemented, these federal programs will require significant work on states' part with respect to internal planning, review, and staffing. However, not all states will be in the position to handle the influx of federal funds. **Only 23 states and the District of Columbia have a broadband office**. Should states fail to prepare adequately or allocate resources appropriately, disruptions in implementation could

occur.

The federal government will need to prioritize working with states to establish rules and educate teams to handle the implementation and evaluation processes of these major grants. Importantly, awareness of these funds should be increased among local and grassroots groups, so that they can effectively advocate for the initial and continued disbursement of these funds.

Implications for Digital Redlining

The allocation of funding for broadband has important implications for states with sizable populations of people of color in non-rural areas as well. Low-income Americans, particularly those in urban areas, may live in areas with access to broadband but lack the income to afford it. **Internet service providers sometimes skip over urban and suburban areas in underserved low-income and non-white areas—a practice referred to as "[digital redlining](),"** which exacerbates connectivity challenges in underserved communities. There currently are no federal regulations to require internet service providers to service every resident within their geographic boundaries, or bring faster speeds to every neighborhood in an equitable manner.

IIJA aims to combat digital discrimination by allocating funding to increase access nationwide. In March, FCC Chairwoman Jessica Rosenworcel [announced the formation of a cross-agency task force]() focused on rulemaking to promote equal access to broadband service. Though this rule can be difficult to enforce given the different regulatory regimes that govern traditional telecoms (AT&T, Verizon, etc.), cable (Comcast, Charter, etc.), and new service entrants that have no defined "franchise" or "service area," it can serve as a blueprint for states and local governments to combat digital discrimination.

Implications for Closing the "Homework Gap"

Bringing an end to digital redlining is not only essential to strengthening broadband infrastructure and digital inclusion, but also to ensuring that low-income families and under-resourced community centers like libraries and schools have adequate means

to connect to the wider world. Going online is a crucial component of daily life and educational studies in K-12 schools, with a [Pew Research report](#) showing that **93% of U.S parents have children who engaged in some type of online instruction since the coronavirus pandemic**. Nearly a third of parents with children whose schools were closed during the pandemic said their child encountered technology-related difficulties completing their schoolwork, and parents with lower incomes were more likely to face technology-related obstacles at home. Given that the lack of a reliable source of internet at home—known as the "[homework gap](#)"—could exacerbate existing disparities in student achievement, it is vital that implementation strategies focus on narrowing the gap between the more than 17 million students who currently lack access to high-speed internet.

Implications for Worker Rights and Safety

IIJA requires that states give preference to broadband providers that have a record of labor law compliance and proactive plans to respect workers' rights. Assuring proper oversight over broadband deployment is crucial, given the number of providers using subcontractors to save costs. This can result in inadequate safety training and low wages and quality standards that cause accidents and damage to utilities, public property, and homes. Thus, it is imperative that public subsidies for broadband go primarily to providers that supply highly-qualified technicians with quality wages and benefits.