



# Broadband Funding Options

A compilation of some programs available as of May 2014 and not meant to be a comprehensive list.

This project funded by:



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# BROADBAND GRANTS

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## Virginia Department of Housing and Community Development (VDHCD)

### Community Development Block Grant Planning Grant

<http://www.dhcd.virginia.gov/index.php/community-partnerships-dhcd/79-community-development-block-grant-cdbg-planning-grant.html>

- Funds may be utilized to
  - Promote awareness of CDBG eligible activities and gauge stakeholder interest
  - Create a management team to oversee the creation of a telecommunications plan
  - Efforts to determine eligibility of future telecommunications planning and implementation efforts for CDBG funding
  - Informational and training programs
  - Identify and procure professional assistance as necessary
- Funds for telecommunications implementation can only be accessed when there is a completed community-based telecommunications plan.
  - CDBG funds can only be used for open-access networks that support competition among providers
- Available from January through September 2014 until funds depleted.
- Eligibility:
  - Units of local government in non-entitlement localities, a list of eligible localities is available online  
[http://www.dhcd.virginia.gov/CommunityDevelopmentRevitalization/PDFs/CDBG\\_EligibleLocalities.pdf](http://www.dhcd.virginia.gov/CommunityDevelopmentRevitalization/PDFs/CDBG_EligibleLocalities.pdf)
  - Localities may partner with Planning District Commissions, nonprofit organizations and other entities.
- Funding Amount:
  - Up to \$25,000 per project is available for telecommunications planning
    - Regional planning grants are available for up to \$40,000.
  - This is not typically enough for a comprehensive plan, applicants are expected to show available additional funds and commitment.

## Appalachian Regional Commission (ARC)

<http://www.arc.gov/funding/ARCProjectGrants.asp>

### ARC Project Grants

- Telecommunications activities which are funded include:
  - Strategic telecommunications planning
  - Equipment acquisition

- Aggregation of demand
- Community awareness and outreach training programs
- Sector-specific IT/e-commerce training programs for small and medium-sized businesses
- Installation of telecom infrastructure to support the development of IT incubators or “Smart Parks”

## USDA Rural Utilities Service (RUS)

[http://www.rurdev.usda.gov/RD\\_Grants.html](http://www.rurdev.usda.gov/RD_Grants.html)

### Community Connect Grants

[http://www.rurdev.usda.gov/utp\\_commconnect.html](http://www.rurdev.usda.gov/utp_commconnect.html)

- Traditionally that program has provided grants for small scale broadband network projects that also include two public computer terminals and wireless computer connectivity in communities that cannot get broadband today.
- Must provide 2 years free service to all Community Anchor Institutions
- Provide a community center with at least two PC connects and free wireless for all for 2 years
- Urban area not next to a city with populations > 50,000
- Eligibility:
  - Any organization or state/local government
  - City, town or incorporated area with population <= 20,000
- If any resident or business within a community is served by wireless, DSL or cable modem the entire community will be considered ineligible. Satellite and cellular Internet access is excluded in this service determination.
- Funding Amount:
  - \$50,000 to \$1,000,000
  - Must provide 15% match
- NOFA usually issued in January with a 90-day window to apply.
- PROPOSED CHANGES as of November 2012:
  - funding recipients would be able to use their 15% matching funds toward the operating costs of broadband projects – something they can’t do today—
  - and would be able to use grant funds for larger geographic areas rather than for a single community.
  - In addition, the application process would be streamlined and [funding applications would be prioritized based on a variety of factors](#) including:
    - Service provided to communities in persistent poverty counties
    - Service provided to communities in out-migration communities

- The rurality of the proposed funded service area
- The speed of service provided by the project
- Service to substantially underserved trust areas
- Services provided to persons with disabilities
- Any other socio-economic factors that may be described in the notice of funding availability to differentiate and rank applications

## **Distance Learning and Telemedicine Program (DLT)**

[http://www.rurdev.usda.gov/UTP\\_DLT.html](http://www.rurdev.usda.gov/UTP_DLT.html)

- Objective to connection education and healthcare facilities for distance learning and telemedicine
- Uses the same “rurality” definition as the Community Connect program
- Does not fund transmission facilities but does fund the following:
  - Computer hardware and software
  - Audio and video equipment
  - Interactive video equipment
  - Computer network components
  - Instructional programming
  - Providing technical assistance and instruction
- Funding Amounts
  - \$50,000 to \$500,000
  - Requires a match of 15% for 100% grant

## **Virginia Tobacco Indemnification and Community Revitalization Commission**

<http://www.tic.virginia.gov/overview.shtml>

## **Economic Development Grant Program**

- Promote economic growth and development in tobacco-dependent communities in an equitable manner throughout the [Southside](#) and [Southwest](#) regions of the Commonwealth in order to assist such communities in reducing their dependency on tobacco and tobacco-related business.
- They encourage all potential applicants to review the [Commission's Strategic Plan](#) for guidance on our targeted strategic priorities, and to use our [pre-application](#) as a tool for feedback from Commission staff prior to submitting a full application.

- One objective in the strategic plan is to “Increase water, wastewater, broadband and other basic infrastructure capacity that supports new private capital investments and creation of direct jobs.”
- Eligibility:
  - Local governments, economic development organizations, and IRS-designated nonprofits (funds that will ultimately benefit a private entity must have a public purpose and flow through a public or nonprofit grantee, based upon terms of a performance-based agreement).
- Application Cycle:
  - Announced annually. The Commission staff reviews applications for feasibility and the potential to positively impact the regional economic base, then provides recommendations to the Commissioners serving on the respective program [Committee](#). Committee recommendations are determined in public meetings and are then forwarded to the full Commission for final action at one of its quarterly meetings.

## Federal Funding

### e-Rate Funding for Schools

<http://www.fcc.gov/encyclopedia/e-rate-schools-libraries-usf-program>

- NOTE: There is a huge Federal effort underway to modernize the e-rate program and there is a substantial increase in the available funding!!
- The federal E-rate program provides subsidies to schools and libraries, including funds to upgrade services under certain circumstances.
- The specific resources funded through these sorts of programs are restricted to use only by qualified schools, libraries and research institutions, but in many cases those specific resources can be purchased from or be made part of a larger project.
  - Local governments have been successful in expanding broadband services by partnering with local providers and moving all local government / schools service to one provider to provide sustainability to that provider and entice the provider to expand services.

### Federal Economic Development Administration

(<http://www.grants.gov/search/search.do;jsessionid=knDpQzXGJ6gWnzy1h6Tn3D1fjKBNK9Fw40vITDxWx3xrJGpLpCN4!-861966415?oppId=208353&mode=VIEW> )

- The EDA, will partially fund public works projects used for economic development purposes.
- Broadband projects are theoretically eligible for this funding, and it is ideally suited to funding lateral extensions to under and unserved commercial and industrial areas.

## Federal and State Agencies for Telemedicine

- Federal and State agencies provide funding for broadband resources that support telemedicine programs.
- Typically, telemedicine programs buy services from existing providers rather than constructing facilities, and can potentially be anchor tenants of new broadband projects.
- The possibility of tapping into these funds should be considered whenever a health care provider can be served by proposed lateral or other network extensions

## Rural Health Care Program

<http://www.fcc.gov/encyclopedia/rural-health-care>

- Funding for eligible Health Care Providers (HCPs) for telecommunications and broadband services.
- Goal is to improve health care in rural communities by providing access to telecommunications and broadband services.
- \$400 million in funding available annually.
- Four programs
  - Healthcare Connect Fund
  - Telecommunications program
  - Internet Access Program
  - Rural Healthcare Pilot Program
- The Healthcare Connect Fund encourages state and regional HCP high-capacity broadband networks.
  - Both rural and non-rural HCPs that are members of a consortium where more than 50% of members sites are rural are eligible to receive a 65% discount on all eligible expenses
    - Which can include HCP-constructed and owned networks

# INNOVATIVE FUNDING MODELS

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<http://www.cjspeaks.com/msp/snapshot-5-21.pdf>

## Promissory Notes

- Twenty-three Vermont towns created [ECFiber](#), an LLC nonprofit corporation. ECFiber offers tax-exempt 15-year \$2,500 promissory notes that effectively earn 6 percent interest. Fifty thousand people in these towns raised over \$900,000 in 2011 to begin an initial buildout covering 26 miles. Several additional fundraising efforts generated hundreds of thousands of dollars to continue the buildout.

## Investments (pre-paid)

- The Utah Telecommunication Open Infrastructure Agency (UTOPIA) is a consortium of 16 Utah cities. Community residents became "investors" in the network by paying upfront for its buildout. UTOPIA CEO Todd Marriott said that "if residents were interested we'd bill them one fee of \$3,000/home to connect to the network. We offered financing if they agreed to have a lien put on their houses. Over 31 percent of residents subscribed, with 25 percent of these households paying the \$3,000 up front."

## Donations

- The Steuben County [IN] Community Foundation created a supporting organization called iMAN that raised \$2.7 million through mostly local donations to build a dark fiber network infrastructure. iMAN sells the dark fiber to businesses that in turn contract with ISPs to turn on the fiber and sell Internet services. Sixty-five percent of activation fees go to the Foundation whose Board of Directors fund local economic development projects.

## Crowd-funding

- Crowd-funding has been used in the private sector to gather people with a common interest to pool their resources – typically money – to fund an event or service and typically leverage social media (Facebook, etc.) to build the momentum.
- A technology company in Kansas City – Neighbor.ly – is working with some local governments to use crowd-funding to solicit support (money) from residents to fund and promote services they want. Kansas City is using this service to expand the number of neighborhoods eligible for the Google fiber network and another effort to raise money (over \$400,000) to establish a downtown bicycle-sharing program.



# LOAN OPPORTUNITIES

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## USDA Rural Utilities Service (RUS)

[http://www.rurdev.usda.gov/RD\\_Loans.html](http://www.rurdev.usda.gov/RD_Loans.html)

## Farm Bill Broadband Loan Program

<https://agriculture.house.gov/bill/agricultural-act-2014>

- The act includes provisions now to create the Rural Gigabit Network Pilot Program, making \$10 million available for each fiscal year from 2014 through 2018.
- Companies will be able to pursue a mix of loans, grants and loan guarantees to bring broadband to rural cities and towns.
- Build-outs must occur where broadband does not currently exist and construction must be completed within 3 years.
- The program funds the costs of construction, improvement, and acquisition of facilities and equipment to provide broadband service to eligible rural areas on a technology-neutral basis.
- Direct loans are in the form of a cost-of-money loan, a 4-percent loan, or a combination of the two.
- Broadband loans provide funding for:
  - The construction, improvement, and acquisition of all facilities required to provide service at the broadband lending speed to rural areas, including facilities required for providing other services over the same facilities;
  - The cost of leasing facilities required to provide service at the broadband lending speed if such lease qualifies as a capital lease under GAAP (Generally Accepted Accounting Principles);
  - An acquisition, under certain circumstances and with restrictions (see the interim rule for more details).
- Eligibility:
  - Rural area means any area, as confirmed by the latest decennial census by the U.S. Census Bureau, which is not located within: (a) A city, town, or incorporated area that has a population of more than 20,000 people; or (b) An urbanized area contiguous and adjacent to a city or town with a population of more than 50,000 people. An urbanized area means a densely populated territory as defined in the latest decennial census.
  - To be eligible for a broadband loan, an applicant may be either a nonprofit or for-profit organization, and must take one of the following forms: (1) Corporation; (2)

Limited liability company (LLC); (3) Cooperative or mutual organization; (4) Federally recognized Indian tribe or tribal organization; or (5) State or local government, including any agency, subdivision, or one of their units.

- A service area may be eligible for a broadband loan if all of the following are true: (1) The service area is completely contained within a rural area; (2) At least 25 percent of the households in the service area are underserved households; (3) No part of the service area has three or more incumbent service providers; (4) No part of the funded service area overlaps with the service area of current RUS borrowers and grantees; (5) No part of the funded service area is included in a pending application before RUS seeking funding to provide broadband service.

## **Virginia Resources Authority**

<http://www.vra.state.va.us/projectfinancing.shtml>

### **Loan Programs**

- The Virginia Resources Authority provides innovative, cost-effective and sustainable financial solutions to build vibrant and healthy Virginia communities. Created by the General Assembly in 1984.
- Will finance broadband infrastructure and equipment (wired and wireless).
- VRA makes loans to counties, cities, towns, and authorities in several loan programs with the advantage of below market rates or credit enhancement.
- VRA conducts a thorough credit review of each project and borrower in its loan programs and provides post closing monitoring of every loan.