

# nrtc **FUNDING ALERT!**

Professional Assistance for Today's Unprecedented Funding Opportunities

## Coronavirus Capital Projects Fund (CPF)

### Program Name

Coronavirus Capital Projects Fund (CPF)

**\$10 billion**

### Background

**Administrator:** U.S. Department of Treasury ("Treasury")

**Authorizing Legislation:** American Rescue Plan Act of 2021

**Total Fund Size:** \$10 billion

**Allocation Approach:** Funds are directly allocated to states, territories and Tribal governments ("Applicants" or "Recipients")

**Guidance:** Treasury issued separate guidance for [State](#) and [Tribal](#) governments in September 2021. The summary below captures the most salient elements for an NRTC member aiming to provide broadband to unserved and underserved communities.

### Allocation Amounts per State

**State Allocation Methodology:** The 50 states and two territories each received \$100M (\$5.2 billion), plus a percentage of \$4.6 billion based on its proportion of total U.S. population, total rural population, and total households below 150% of the poverty line.

**Tribal Governments:** Received a total of \$100 million

**Allocation Table:** <https://home.treasury.gov/system/files/136/Allocations-States.pdf>

### General Purpose

**Stated Purpose:** "To carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency with respect to the Coronavirus Disease (COVID-19)"

### Major Focus: Broadband

**Broadband Prioritization:** Treasury expects many Recipients (i.e., States) will apply grant funding for Broadband Infrastructure Projects, given the pandemic "highlighted that access to high-quality internet can enable work, education, and health access, and that individuals and communities that lack affordable access to such high-quality internet are at a marked disadvantage."

**Eligible Broadband Categories:** Investment in high-quality broadband infrastructure as well as other connectivity infrastructure, devices, and equipment.

# nrtc **FUNDING ALERT!**

Professional Assistance for Today's Unprecedented Funding Opportunities

## Process Overview

**Application Submission:** States must submit an Application to establish its eligibility by December 27, 2021.

**Grant and Program Plans:** States must then submit a separate Grant Plan by September 24, 2022. The Grant Plan lists the broad categories of capital projects that the recipient aims to undertake (e.g., Broadband Infrastructure Projects, Digital Connectivity Technology Projects, Multi-Purpose Community Facility Projects) and associated spending. In addition, the State must file a Program Plan involving the details for the particular type of capital project(s). This Program Plan constitutes an Applicant's funding request.

**\*\* Note:** For Tribal governments, the Application also serves as the Grant Plan

**Payments:** Treasury to provide payments directly to States, Tribal Governments, and territories

**Consultation:** Treasury encourages consultation with the statewide entity or office that oversees broadband planning and implementation, where such an entity or office exists.

## Service Providers May Be Subrecipients

**Subrecipients:** Recipients may award funds to Subrecipients, which can be government units (e.g., municipalities or counties), non-profits, or private entities. These may include co-operatives, electric utilities, and others that build or operate broadband networks.

**\*\*Note:** Networks can be owned, operated by, or affiliated with local governments.

## Key Dates

**State Applications Due:** December 27, 2021

**Grant Plan Deadline:** September 24, 2022

**Deadline for Expenditure of Funds:** December 31, 2026 (end of the period of performance)

**Extensions:** Determined by the sole discretion of Treasury

**Timeline for Interested ISPs:** These will vary by state. Some states have already created broadband grant programs that apply their CPF allocations, or are actively planning such programs. NRTC can help you identify and explain existing or emerging programs.

## Mandatory Project Criteria

**Capital project must meet ALL of the following three criteria:**

- Invests in capital assets designed to directly enable work, education, and health monitoring.
- Designed to address a critical need that resulted from or was made apparent or exacerbated by the COVID-19 public health emergency.
- Designed to address a critical need of the community to be served.

# nrtc **FUNDING ALERT!**

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## Recommended Selection Criteria for Broadband Infrastructure Projects

Treasury offers the following guidelines that Recipients (e.g., States) should consider for the project selection.

### Level of Need

- **Critical Needs:** Recipients have flexibility to identify impacted communities, but should demonstrate they have: a) critical needs related to work, education, and health monitoring; b) critical need for those projects as is related to access, affordability, reliability, and/or consistency.
- **Lack of High-Speed Broadband:** Recipients are encouraged to prioritize projects in areas where households and businesses are not currently served by a wireline connection that reliably delivers at least 100/20 Mbps.
- **Performance Perspective:** Projects should be geared toward “communities that currently lack access to the affordable, reliable, high-quality broadband internet that is necessary for full participation in school, healthcare, employment, social services, government programs, and civic life.”
- **Avoid Duplication with Existing Government Funding Commitments:** Recipients are encouraged to ensure CPF funds are not used for costs that will be reimbursed by the other federal or state funding stream(s) for those locations having existing enforceable federal or state funding commitments for reliable wireline service at speeds of at least 100/20 Mbps. For such communities, CPF funds must be used for complementary purposes and ensure there is additional public benefit.

### Network Criteria

- **Speed:** Reliably meets or exceeds symmetrical download/upload of 100 Mbps. (Note: If impracticable due to geography, topography, or excessive cost, project should offer 100 Mbps download and 20-100 Mbps upload speeds BUT be scalable to at least 100 Mbps symmetrical).
- **Last vs. Middle Mile:** Treasury encourages Recipients to focus on last-mile connections. However, Recipients funding a middle-mile projects are encouraged to have commitments in place to support new and/or improved last-mile service.
- **Fiber Networks:** Recipients are encouraged to prioritize investments in fiber-optic infrastructure where feasible, as such advanced technology better supports future needs.

### Entity Type

- **Ownership Model:** Treasury also encourages Recipients “to prioritize Projects that involve broadband networks owned, operated by or affiliated with local governments, non-profits, and co-operatives—providers with less pressure to generate profits and with a commitment to serving entire communities.”

### Emphasis on Affordability

- **Market Assessment:** Treasury requires Recipients to consider the service affordability for the targeted markets. Recipients are encouraged to consult with the community in their evaluation of affordability, and publish the description of the process for considering affordability.
- **Low-Cost Option:** Recipients are encouraged to require project awardees to provide at least one low-cost option offered at speeds that are sufficient for a household with multiple, simultaneous users engaging in telework and remote learning.
- **Pricing Data Reporting:** Recipients will be required to report pricing data as part of program performance and monitoring.
- **Participation in Federal Price Subsidy Programs:** Project awardees should participate in federal programs that provide low-income consumers with service subsidies, including the FCC's Emergency Broadband Benefit (EBB) program and other future programs to foster affordability.

# nrtc **FUNDING ALERT!**

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## Data to Showcase Need

**Data Sets:** Recipients may consider any available data, including:

- a) documentation of existing service performance
- b) federal and/or state collected broadband data
- c) user speed test results
- d) interviews with community members and business owners
- e) reports from community organizations – and other relevant information
- f) advertised speed claims not consistent with actual user experience

**Other Consideration Factors to Demonstrate Broadband Need:**

- a) consistency of speeds (users actually receive internet service at or above speed thresholds at all hours of the day)
- b) performance factors (including latency, jitter, reliability)
- c) existence of legacy technologies (copper telephone lines or early versions of cable system technology (e.g., DOCSIS 2.0))

## Financial Match and Costs

### Financial Match

- **Project Match:** Treasury does not require financial match requirements on the Recipients' programs. (However, the Recipient may enact their own match requirements.)

### Eligible Project Costs (ones particular to an ISP)

- **Pre-project development costs and uses:** Includes data-gathering, feasibility studies, community engagement and public feedback processes, equity assessments and planning, and needs assessments; permitting, planning, architectural design, engineering design, and work related to environmental, historical, and cultural reviews.
- **Development:** Costs of repair, rehabilitation, construction, improvement, and acquisition of real property, equipment (e.g., devices and office equipment), and facilities (e.g., telecommunications equipment, including infrastructure for backhaul, middle, and last mile networks).
- **Leases:** Cost of long-term leases (greater than one year) of facilities required to provide qualifying broadband service, including indefeasible right-of-use (IRU) agreements and capital leases.
- **Personnel Costs:** Includes salaries and fringe benefits for staff and consultants required for carrying out a Capital Project (such as project managers, program directors, subject matter experts, equity consultants, grant administrators, financial analysts, accountants, and attorneys).
- **Ancillary Costs:** Ancillary costs necessary to operationalize and put the capital assets to full use.
- **Broadband Adoption:** Activities to foster broadband adoption and improve digital literacy.
- **Reporting:** Costs associated with monitoring of and reporting on Projects in compliance with Treasury requirements, including award closeout costs.
- **Performance Measurement:** Costs associated with collecting and measuring performance data and conducting activities needed to establish and maintain a performance management and evaluation regime related to Projects funded by the Capital Projects Fund program.

# nrtc **FUNDING ALERT!**

Professional Assistance for Today's Unprecedented Funding Opportunities

## Financial Match and Costs (continued)

### Ineligible Project Costs

- Acquisition of spectrum licenses; operating expenses, other than grant administration costs; short-term operating leases; payment of interest or principal on outstanding debt instruments, or other debt service; costs incurred prior to March 15, 2021; fees or issuance costs associated with the issuance of new debt; satisfaction of any obligation arising under or pursuant to a settlement agreement, judgment, consent decree, or judicially confirmed debt restructuring plan; or to support or oppose collective bargaining.

## Other Eligible Projects

### Digital Connectivity Technology Projects

- **Permitted devices:** : Laptops, tablets, and desktop personal computers for distribution to members of the public through a short- or long-term loan program or used in public facilities. Ownership of the equipment must be maintained by the Recipient or Subrecipient.
- **Permitted equipment:** Network equipment as part of public wi-fi infrastructure (e.g., access points, repeaters, routers).
- **Justification for critical need:** Provide supporting data – e.g., existing broadband internet service performance and pricing; federal and/or state collected broadband data (e.g., American Community Survey, NTIA Indicators of Broadband Need, etc.); user speed test results; interviews with community members; reports from community organizations; etc.

### Multi-Purpose Community Facility Projects

Projects to construct or improve buildings that are designed to jointly and directly enable work, education, and health monitoring for FIVE years

### Case by Case Projects

- Recipients can fund other capital projects designed to:
  - 1) directly enable all three purposes work, education, and health monitoring (please see guidelines for relevant activities)
  - 2) serve a community with critical need (please see Treasury guidelines regarding ascertaining need)
- Capital Project means the construction, purchase, and installation of, and/or improvements to capital assets which can be capitalized or depreciated, including ancillary costs
- Capital Asset Examples (for case-by-case): Buildings, towers, digital devices and equipment, fiber-optic lines, broadband networks, and ancillary costs (e.g., ancillary items include project planning and feasibility, broadband installation, and community engagement, broadband adoption, digital literacy, and training)

# nrtc **FUNDING ALERT!**

Professional Assistance for Today's Unprecedented Funding Opportunities

## Planning Considerations for NRTC Members

**Identify Eligible Communities in Service Area:** Include service areas that:

- a) fall below 100/20 Mbps
- b) have such speeds but not through wireline networks
- c) have 100/20 Mbps wireline networks BUT face challenges with regard to accessing affordable, reliable, high-quality broadband.

**Reach Out to State Broadband Policymakers:** Communicate your priorities to state broadband leaders (office, council, task force, etc.) regarding:

- 1) communities' critical level of need
- 2) planned technology, business model, ownership structure, and strategy to deliver affordable solutions offering at least 100/100 Mbps today via a network that is scalable and future-proof, backed by a sustainable financial plan.

**NRTC Collaboration:** Work with the team at NRTC to develop your grant strategy, business plan, comprehensive market analysis, network design, and viable business case.

## Key Reference Links

**Landing Page:** [www.treasury.gov/CPF](http://www.treasury.gov/CPF)

**Guidelines for State Recipients:** <https://home.treasury.gov/system/files/136/Capital-Projects-Fund-Guidance-States-Territories-and-Freely-Associated-States.pdf>

**Landing Page for Tribal Governments:** <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/capital-projects-fund/cpf-fund-for-tribal-governments>

**Guidelines for Tribal Governments:** <https://home.treasury.gov/system/files/136/Capital-Projects-Fund-Guidance-Tribal-Governments.pdf>

## Do You Need Help?

**Contact NRTC for Funding Assistance:**

NRTC's Funding Practice offers key benefits including:

- Opportunity Evaluation
- Effective Grant Writing
- Track Record of Success

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