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ACLP Overview of IIJA Digital Literacy Programs - February 2022

New York Law School

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A GUIDE TO FEDERAL BROADBAND FUNDING PROGRAMS

An Overview of the Infrastructure Investment & Jobs Act's Digital Equity Programs

February 2022

Included among the Infrastructure Investment & Jobs Act's ("IIJA") myriad broadband-focused provisions are two grant programs focused on bolstering digital equity across the country.¹ The programs – the State Digital Equity Capacity Grant Program ("Capacity Grant Program") and the Digital Equity Competitive Grant Program ("Competitive Grant Program") – will make available a total of \$2.69 billion in grants over the next five years to support a range of digital equity initiatives (an additional \$60 million has been allocated to assist in the development of state digital equity plans as part of the Capacity Grant Program).

The *Capacity Grant Program* will ultimately be administered by the states after applying for and receiving funds from the National Telecommunications & Information Administration ("NTIA"). Via this program, each state will receive a proportionate share of a total of \$1.44 billion in grant funding. Those funds will be disbursed according to each state's digital equity plan, which must be developed to receive grant funds. **Section 1** of this document (1) unpacks this program's requirements as set forth in the IIJA, and (2) offers estimates of how much funding each state might receive via the program (a detailed Methodology for these estimates is included in the Appendix).

The *Competitive Grant Program* will be administered entirely by NTIA. This program will make available a total of \$1.25 billion in grant funding over the next five years. Entities seeking grants via this program will apply directly to NTIA. **Section 2** of this document details the mechanics of this program as set forth in the IIJA.

1. STATE DIGITAL EQUITY CAPACITY GRANT PROGRAM

The Capacity Grant Program is established to "promote the achievement of digital equity, support digital inclusion activities, and build capacity efforts by States relating to the

¹ Infrastructure Investment & Jobs Act, Pub. Law No. 117-58, <https://www.congress.gov/bill/117th-congress/house-bill/3684/text> ("IIJA").

adoption of broadband by residents of those States.”² NTIA is tasked with developing the rules and procedures that will govern how funds make their way to states and, eventually, to those entities that will be entrusted with working at the community level to bolster digital equity.

1.1 Program Requirements

IIJA requires states to choose an agency to administer the program; develop and implement a digital equity plan; and make grants to further digital equity efforts in the state.³ The administering entity could be a state agency; a nonprofit organization or foundation; an anchor institution; a workforce development program; or a partnership between these entities.

States must develop digital equity plans if they wish to participate in the Capacity Grant Program.⁴ Required aspects of the plan are detailed at length in the statute.⁵ Key components include:

- Identifying the barriers to digital equity facing key user groups in the state.
- “Measurable objectives” for documenting and promoting improved access to and affordability of wireline and wireless broadband connections and computing devices; digital literacy; and enhanced awareness of online privacy and cybersecurity.
- How these objectives will impact the state’s economic and workforce development goals; educational and health outcomes; civic engagement; and the delivery of other critical services.
- How the state plans to collaborate with key stakeholders in the implementation of its plan. These stakeholders include, among others: anchor institutions; local governments and educational agencies; tribal organizations; nonprofits; entities working on behalf of underrepresented groups like aging and incarcerated individuals; and public housing authorities.

² IIJA, § 60304(a)(1)(A).

³ *Id.* at § 60304(b)(1) *et seq.*

⁴ *Id.* at § 60304(c)(1).

⁵ *Id.* at § 60304(c)(1)(A)-(E).

States must make their draft plans available for public comment not less than 30 days prior to their submission to NTIA.⁶

IJA includes \$60 million to assist states in the development of their digital equity plans.⁷ This will be distributed proportionately, according to the same formula used by NTIA to distribute the \$1.44 billion in grant funding to the states (estimates of how much each state might receive for planning purposes and for grantmaking are included in section 1.2). To receive planning funds, states must submit applications, which will be developed by NTIA.

Capacity grants will begin flowing to the states no later than two years after NTIA begins awarding funding for digital equity plan development.⁸ NTIA will issue a Notice of Funding Availability to signal that such grant funding is available. States that wish to receive this funding must submit an application, the components of which are detailed in the statute.⁹

The entities to which states may make grants stemming from this program include:¹⁰

- “A political subdivision, agency, or instrumentality of a State, including an agency of a State that is responsible for administering or supervising adult education and literacy activities, or for providing public housing, in the State.
- “An Indian Tribe, an Alaska Native entity, or a Native Hawaiian organization.
- “A foundation, corporation, institution, or association that is a not-for-profit entity...and not a school.
- “A community anchor institution.
- “A local educational agency.
- “An entity that carries out a workforce development program.
- “A partnership between any of the [preceding] entities.
- “A partnership between—
 - o “an entity described [above]; and
 - o “an entity that...the Assistant Secretary, by rule, determines to be in the public interest.”

⁶ *Id.* at § 60304(c)(2).

⁷ *Id.* at § 60304(k)(1).

⁸ *Id.* at § 60304(d)(1).

⁹ *Id.* at § 60304(d)(2) *et seq.*

¹⁰ *Id.* at § 60305(b).

It should be noted that this list excludes private for-profit entities like ISPs. To participate, these entities would need to be deemed “in the public interest” by NTIA.

Both the state-level administering entity and the entities receiving grant funding from that entity must comply with a series of statutory reporting requirements, many of which revolve around offering data to demonstrate progress toward achieving the digital equity goals detailed in the state’s plan.

1.2 Estimates of How Much Each State Might Receive Via the Capacity Grant Program

The IJA allocated a total of \$1,500,000,000 to the Capacity Grant Program, with \$240,000,000 awarded in fiscal year 2022, \$300,000,000 “for each of fiscal years 2023 through 2026,” and \$60,000,000 to assist states in developing digital equity plans.¹¹ Assuming that all states participate in the program, the ACLP estimates that, over the course of the Program, each state will receive the funding amount shown in the following table.

It should be noted that these are very preliminary estimates that are likely to differ from the final amounts ultimately sent to states. That said, these estimates provide a useful initial insight into the magnitude of digital equity funding that each state might receive over the next few years. A detailed methodology is provided in the Appendix.

State	Capacity Grant	Planning Grant	Total Funding
Alabama	\$25,639,844	\$1,068,327	\$26,708,171
Alaska	\$7,200,000	\$300,000	\$7,500,000
Arizona	\$32,875,440	\$1,369,810	\$34,245,250
Arkansas	\$16,597,082	\$691,545	\$17,288,628
California	\$154,296,883	\$6,429,037	\$160,725,920
Colorado	\$23,284,709	\$970,196	\$24,254,905
Connecticut	\$12,531,345	\$522,139	\$13,053,485
Delaware	\$7,200,000	\$300,000	\$7,500,000
District of Columbia	\$7,200,000	\$300,000	\$7,500,000
Florida	\$85,375,631	\$3,557,318	\$88,932,949
Georgia	\$45,448,839	\$1,893,702	\$47,342,540
Hawaii	\$7,200,000	\$300,000	\$7,500,000
Idaho	\$9,246,818	\$385,284	\$9,632,102
Illinois	\$51,313,735	\$2,138,072	\$53,451,807
Indiana	\$30,329,739	\$1,263,739	\$31,593,479
Iowa	\$13,537,594	\$564,066	\$14,101,660

¹¹ *Id.* at § 60304(k)(1).

State	Capacity Grant	Planning Grant	Total Funding
Kansas	\$13,276,347	\$553,181	\$13,829,528
Kentucky	\$20,142,733	\$839,281	\$20,982,014
Louisiana	\$23,219,410	\$967,475	\$24,186,886
Maine	\$7,200,000	\$300,000	\$7,500,000
Maryland	\$23,479,221	\$978,301	\$24,457,522
Massachusetts	\$24,293,677	\$1,012,237	\$25,305,914
Michigan	\$43,483,791	\$1,811,825	\$45,295,616
Minnesota	\$22,320,811	\$930,034	\$23,250,845
Mississippi	\$19,192,159	\$799,673	\$19,991,833
Missouri	\$29,431,193	\$1,226,300	\$30,657,493
Montana	\$7,200,000	\$300,000	\$7,500,000
Nebraska	\$8,495,383	\$353,974	\$8,849,358
Nevada	\$13,052,860	\$543,869	\$13,596,730
New Hampshire	\$7,200,000	\$300,000	\$7,500,000
New Jersey	\$32,481,755	\$1,353,406	\$33,835,162
New Mexico	\$11,265,312	\$469,388	\$11,734,700
New York	\$74,106,113	\$3,087,755	\$77,193,868
North Carolina	\$43,437,884	\$1,809,912	\$45,247,796
North Dakota	\$7,200,000	\$300,000	\$7,500,000
Ohio	\$46,841,045	\$1,951,710	\$48,792,756
Oklahoma	\$21,635,369	\$901,474	\$22,536,843
Oregon	\$17,455,689	\$727,320	\$18,183,010
Pennsylvania	\$50,677,426	\$2,111,559	\$52,788,986
Rhode Island	\$7,200,000	\$300,000	\$7,500,000
South Carolina	\$23,238,168	\$968,257	\$24,206,425
South Dakota	\$7,200,000	\$300,000	\$7,500,000
Tennessee	\$30,211,153	\$1,258,798	\$31,469,951
Texas	\$128,042,948	\$5,335,123	\$133,378,070
Utah	\$11,679,040	\$486,627	\$12,165,666
Vermont	\$7,200,000	\$300,000	\$7,500,000
Virginia	\$37,439,619	\$1,559,984	\$38,999,603
Washington	\$30,031,853	\$1,251,327	\$31,283,180
West Virginia	\$9,771,246	\$407,135	\$10,178,381
Wisconsin	\$25,282,624	\$1,053,443	\$26,336,067
Wyoming	\$7,200,000	\$300,000	\$7,500,000
Puerto Rico	\$19,137,507	\$797,396	\$19,934,903

Per the statute, these funds are meant to “supplement, not supplant, other Federal or State funds that have been made available to carry out” digital equity activities.¹² This means that the above estimates represent a minimum amount of funding available to states for digital equity purposes. These funds could be supplemented by allocations from the BEAD program, the American Rescue Plan Act, state general funds, and potentially other sources. With demand-side issues long overlooked by policymakers, the IJJA’s digital equity allocations represent a historic investment in addressing a critical set of issues.

2. DIGITAL EQUITY COMPETITIVE GRANT PROGRAM

No later than 30 days after NTIA launches the Capacity Grant Program, it must also establish the Competitive Grant Program, which it will administer in its entirety. The purpose of the Competitive Grant Program is to “award grants to support efforts to achieve digital equity, promote digital inclusion activities, and spur greater adoption of broadband” among key populations.¹³ Accepted uses of the funds in furtherance of these goals include:

- Deploying digital inclusion activities impacting key populations
- Facilitating broadband adoption by key populations in an effort to provide educational and employment opportunities
- Implementing training programs to develop digital literacy skills and related workforce development efforts
- Making available equipment, hardware, software, or related digital network technology for broadband services
- Constructing, upgrading, extending, or operating public access computing centers
- Any other project or activity deemed to be consistent with the overarching purposes of the Program by NTIA

The total amount of funding available via the Competitive Grant Program is \$1.25 billion over five years; \$250 million will be available for the next five fiscal years.¹⁴ NTIA may award grants to the same group of entities as those eligible for State Capacity Grants (see section 1.1, above, for the list).¹⁵ Interested entities must apply directly to NTIA. The IJJA details a range of required application components, including, among other things, the proposed scope of the digital equity project; its cost; and information demonstrating the organization’s ability to successfully carry out the project.¹⁶

¹² *Id.* at § 60304(h).

¹³ *Id.* at § 60305(a)(1).

¹⁴ *Id.* at § 60305(l).

¹⁵ *Id.* at § 60305(b).

¹⁶ *Id.* at § 60305(c).

When evaluating proposals, NTIA’s primary considerations are to include: (1) determining whether the proposed program or project will “increase internet access and the adoption of broadband among the covered populations to be served by the applicant;”¹⁷ (2) ensuring that the award does not “result in unjust enrichment;”¹⁸ (3) the “comparative geographic diversity of the application relative to other...applications;”¹⁹ and (4) protecting against the inefficient duplication of efforts.²⁰

As with the Capacity Grant Program, funds made available via the Competitive Grant Program are meant to supplement, and not supplant, other federal and state funds for digital equity purposes.

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¹⁷ *Id.* at § 60305(d)(1)(A)(i).

¹⁸ *Id.* at § 60305(d)(1)(A)(ii).

¹⁹ *Id.* at § 60305(d)(1)(B).

²⁰ *Id.* at § 60305(d)(1)(C).

APPENDIX

METHODOLOGY & DATA SOURCES USED TO ESTIMATE STATE CAPACITY GRANTS

1. METHODOLOGY

While the statute provides high-level guidance as to the method by which funding will be divided amongst the states, it does not provide specific detail regarding the actual mathematical calculation. In addition, the IJA does not specify which sources of data should be used for counts of “covered population” and other categories. As such, our allocation methodology, and estimates, may differ from those ultimately implemented by NTIA, and are intended primarily to be illustrative of the magnitude of funding coming to the states.

In the statute, the amount of funding to be steered to the states via the State Digital Equity Capacity Grant program is broken into three buckets:

1. 50 percent is allocated “based on the population of the eligible State in proportion to the total population of all eligible States.”²¹
2. 25 percent is “based on the number of individuals in the eligible State who are members of covered populations in proportion to the total number of individuals in all eligible States who are members of covered populations.”²²
3. 25 percent is “based on the comparative lack of availability and adoption of broadband in the eligible State in proportion to the lack of availability and adoption of broadband of all eligible States.”²³

Estimates for each category were performed separately, and their methodologies and data sources are discussed below.

1.1 Population

Fifty percent of the grant funding, \$720 million over the course of the program, is to be allocated “based on the population of the eligible State in proportion to the total population of all eligible States.” Using state population figures from the 2020 Census, each state was assigned a proportion of the \$720 million relative to its share of total US population.

²¹ *Id.* at § 60304(d)(3)(A)(i)(I).

²² *Id.* at § 60304(d)(3)(A)(i)(II).

²³ *Id.* at § 60304(d)(3)(A)(i)(III).

The calculation for each state can be summarized as:

$$\text{Allocation} = \left(\frac{\text{State population}}{\text{US population}} \right) * (50\% * \$1,440M)$$

1.2 Covered Population

Twenty-five percent of the grant funding, \$360 million over the course of the program, is to be allocated “based on the number of individuals in the eligible State who are members of covered populations in proportion to the total number of individuals in all eligible States who are members of covered populations.” Those “covered populations”²⁴ include:

- Individuals who live in households whose income “is not more than 150 percent of...the poverty level”
- “Aging individuals,” defined as those 60 years or older
- “Incarcerated individuals, other than individuals who are incarcerated in a Federal correctional facility”
- Veterans
- Individuals with disabilities
- Individuals “with a language barrier” including those who “are English learners” and those who “have low levels of literacy”
- “Members of a racial or ethnic minority group”
- Individuals “who primarily reside in a rural area”

The simplest method to have estimated this portion of allocations would have been to obtain a count of individuals in each state that fall into one or more of the “covered” categories listed above. Unfortunately, while data regarding each category is available from the Census Bureau or other sources, there is no available method to prevent double counting, and thus the counts for each category inevitably include individuals who are also in one or more other categories.

To address this, our estimates compute a weighted average of each state’s proportional share of the “covered” categories. Each category is weighted based on its magnitude compared to the other categories. Specifically, the weights are computed by dividing the number of individuals in a given category by the total across all eight covered categories.

The weights for each category are shown in the table below:

²⁴ *Id.* at § 60302(8).

Category	Total Count	Weight
1. Poverty	67,044,983	15.1%
2. 60 or over	74,466,122	16.8%
3. Incarcerated	2,195,204	0.5%
4. Veterans	17,487,768	3.9%
5. Disabled	41,774,913	9.4%
6. Language barrier	51,874,897	11.7%
7. Minority	129,897,290	29.2%
8. Rural	59,724,800	13.4%

To compute the final weighted share of covered population, each state's share in each category was multiplied by the weights in table above, and then summed. That figure was then multiplied by \$360 million to arrive at the covered population allocation for a given state.

The calculation for each state's allocation can be summarized as:

$$Allocation = \left(\sum_{i=1}^8 (Share\ of\ Category_i * Weight\ of\ Category_i) \right) * (25\% * \$1,440M)$$

1.3 Comparative Lack of Availability and Adoption

Twenty-five percent of the grant funding, \$360 million over the course of the program, is to be allocated "based on the comparative lack of availability and adoption of broadband in the eligible State in proportion to the lack of availability and adoption of broadband of all eligible States." To compute this portion of the allocations, we averaged each state's share of households without a broadband connection and their share of households who have not adopted broadband. That average proportion was then multiplied by \$360 million to arrive at the allocation for a given state.

The calculation for each state's allocation can be summarized as:

$$Allocation = \left(\frac{Share\ of\ Unserved + Share\ of\ Non\ Adopting}{2} \right) * (25\% * \$1,440M)$$

1.4 Final Aggregation & Minimum Award

Once the above three buckets of funding had been computed, a preliminary total for each state was computed, equal to the sum of all three buckets. The statute mandates that:

“The amount of a grant awarded to an eligible State under this subsection in a fiscal year shall be not less than 0.5 percent of the total amount made available to award grants to eligible States for that fiscal year.”²⁵

To ensure that each state received at least 0.5% of total funding, we applied a floor to the funding totals to bring all states whose preliminary total was less than 0.5% of total funding up to 0.5%. The funding for states above the 0.5% threshold was reduced (proportional to their share of the total award) to account for the additional funding needed to bring those below the threshold up to 0.5%.

2. SUMMARY OF DATA SOURCES

For ease of reference, the data sources for each of the three buckets above are shown in the following table. Where applicable, the specific Census/ACS table code and row label are listed.

Bucket	Category	Source
Population	State Population	2020 Census – P1 Race [Total Population]
Covered Population	Poverty	2019 ACS 1YR – S1701 Poverty Status in the Past 12 Months [Total count below “150 percent of poverty level”]
	60 or over	2019 ACS 1YR – S1701 Poverty Status in the Past 12 Months [Total count “60 years and over”]
	Incarcerated	2019 ACS 5YR – B26103 Group Quarters Type (3 Types) [“Adult correctional facilities”]
	Veterans	2019 ACS 1YR – S2101 Veteran Status
	Disabled	2019 ACS 1YR – S1810 Disability Characteristics
	Language barrier	2012-2017 PIAAC Skills Map Data [“Population at or below Level 1 indirect estimates”]
	Minority	2020 Census – P1 Race [Total Population minus “White alone”]
	Rural	2010 Census – P2 Urban and Rural [“Rural”]
Availability & Adoption	Availability	Dec 2020 FCC Form 477 Data & 2020 FCC Staff Block Estimates
	Adoption	2019 ACS 1YR – S2801 Types of Computers and Internet Subscriptions [“Broadband such as cable, fiber optic or DSL” and “Total households”]

²⁵ *Id.* at § 60304(d)(3)(A)(ii).

In the case of the “language barrier” figures, the PIAAC data did not include Puerto Rico. The statute states that in the case “specific data for Puerto Rico is unavailable...the Assistant Secretary shall use the median data point with respect to that factor among all eligible States and assign it to Puerto Rico.”²⁶ We addressed that issue as such, utilizing the median rate of “Population at or below Level 1 indirect estimates” for Puerto Rico.

²⁶ *Id.* at § 60304(d)(3)(A)(iv).