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A Guide to Federal Broadband Funding Programs - Overview of BEAD (updated) - June 2022

New York Law School

A GUIDE TO FEDERAL BROADBAND FUNDING PROGRAMS

An Overview of the Infrastructure Investment & Jobs Act's Broadband Equity, Access & Deployment (BEAD) Program

June 2022

Via an array of broadband funding programs that have been launched since the onset of the COVID-19 pandemic, approximately $82 billion has been earmarked for bolstering broadband connectivity across the United States (see chart below).

The largest single allocation – $42.45 billion – will be steered to states via the Broadband Equity, Access & Deployment (BEAD) Program, which is being administered by the National Telecommunications & Information Administration (NTIA). This document examines two core aspects of BEAD: (1) what are the mechanics of the program, and (2) how much BEAD funding might each state receive?

| Federal Law	Total Amount Allocated	Amount Allocated for Broadband	How Funds Are Used for Broadband
Coronavirus Aid, Relief, and Economic Security Act (CARES)	$2.2T	~$3.3B	Stimulus funds were sent to cities and states for a variety of uses, including addressing pandemic-related connectivity issues.
Consolidated Appropriations Act (CAA)	$2.4T	$1.6B	Most funding was allocated to NTIA for doling out via NTIA grant programs.
American Rescue Plan Act (ARPA)	$1.9T	~$11.3B by states* ~$700M by localities*	Stimulus funds are being sent directly to localities and states for a variety of uses, including "necessary" broadband investments, which are subject to a range of criteria.
Infrastructure Investment & Jobs Act (IIJA)	$1.2T	$65B total **$42.45B for BEAD**	NTIA to administer BEAD. Funds will go to state broadband programs, which will give grants to ISPs. Municipalities, utilities, and other non-traditional entities must be deemed eligible for grants.

Sources: SHLB; ACLP Analysis (on file)

*ACLP estimate of how much funding states and localities have chosen to allocate to broadband from the $360B made available to them via ARPA.

1. The Mechanics of BEAD

BEAD is an NTIA grant program. The agency will oversee the disbursement of $42.45B to each of the 50 states, the District of Columbia, and the U.S. territories. Recipients, in turn, will allocate grants to eligible partners in support of (1) the deployment of broadband networks to unserved and underserved areas and (2) efforts aimed at bolstering adoption rates and digital literacy. The amount of funding directed to each state will depend on several factors (see Section 2, below, for additional discussion).

From an administrative standpoint, BEAD is somewhat complex. The graphic below attempts to boil down how NTIA will launch BEAD over the next few months. This graphic depicts two separate tracks that correspond with different "trigger" dates. As discussed in more detail below, there are two such "trigger" dates in the IIJA. The process is depicted in this manner so that it is easy to see "at a glance" what happens after each "trigger" date.
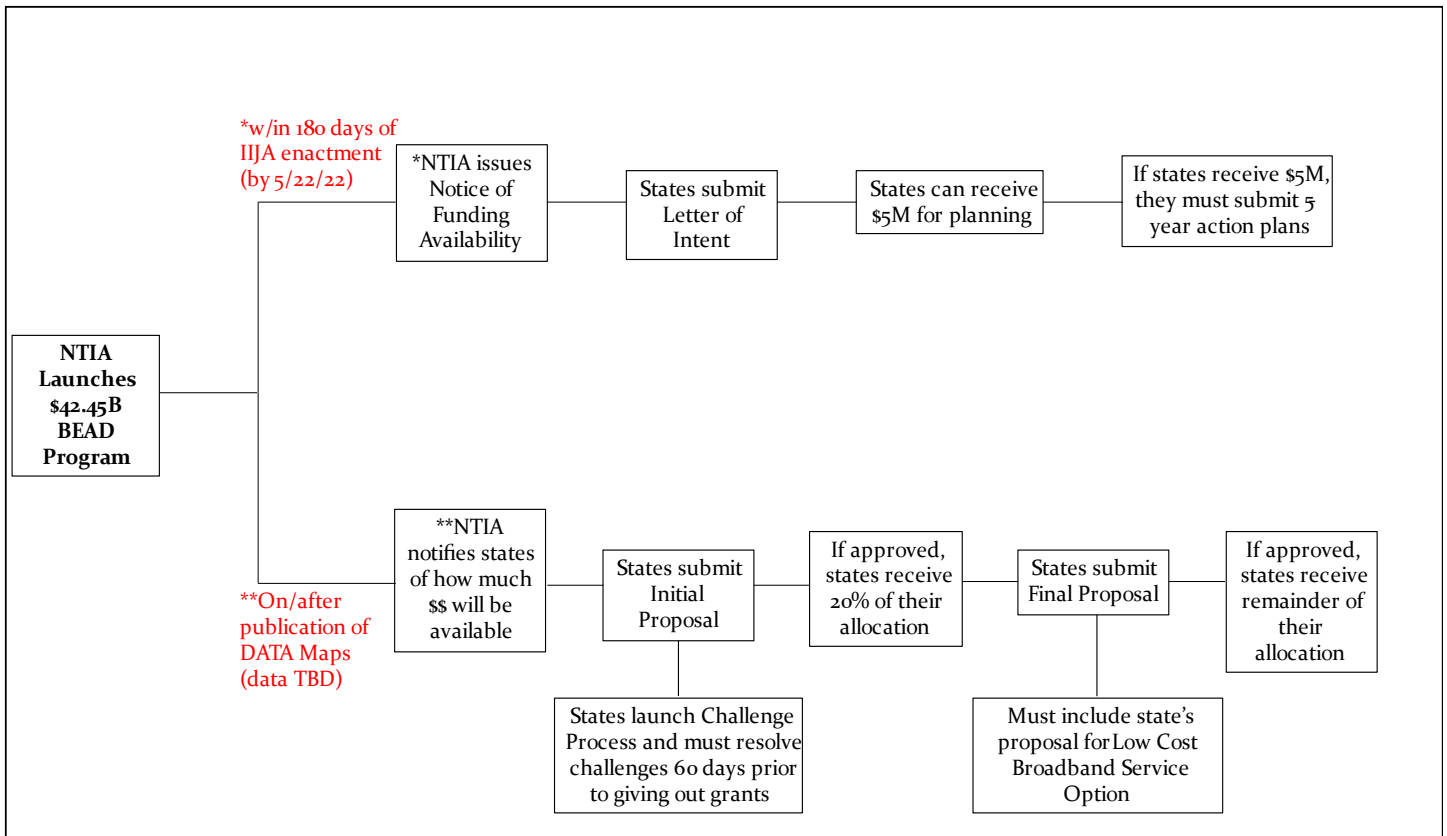
The first "trigger" date is May 22, 2022. By that time (*i.e.,* within 180 days from enactment of the IIJA), NTIA must issue a Notice of Funding Availability (NOFA). This Notice can and likely will come before the new FCC broadband DATA maps are published, thereby formally opening the program.

In response to NTIA's NOFA, states can submit letters of intent indicating their interest in participating in the program. States *may* receive $5M for planning if they request it. The $5M figure represents 5% of the $100M minimum amount of funding guaranteed to each state (see the Estimated Allocations in Section 2 below for additional information). A state that requests and receives the $5M must submit a 5-year action plan.

The second "trigger" date occurs on publication of the new FCC DATA maps. These maps promise to be more precise vis-à-vis identifying unserved and underserved areas. The maps are pivotal to BEAD. *How much a state receives in total BEAD funding depends on the proportion of unserved households in the state relative to all unserved households in the country.*

Once the maps are published, NTIA will calculate these amounts and notify the states – and the public – of how much will be made available to each state (rough initial estimates are included in Section 2).

Thereafter, NTIA will begin the process of awarding funds to the states based on the following process:

➢ A state must submit an *Initial Proposal* to receive the first 20% of its allocation. Upon submission of the Initial Proposal, a state is required to launch a challenge process to provide ISPs and others with an opportunity to identify whether unserved/underserved areas have been misidentified. Challenges must be resolved no later than 60 days before grants can be awarded by the state.

➢ To receive the remainder of its allocation, a state must subsequently submit a *Final Proposal*, which must include a proposal for a Low Cost Broadband Service Option. Sub-grantees receiving BEAD funds will be required to offer this Option.

➢ The statutory language associated with this part of the process does not specify timeframes. The only requirement is that NTIA must obligate the funds in an "expedient manner."

➢ During review of both the Initial and Final Proposals, NTIA will, among other matters, certify that there was sufficient coordination with political subdivisions in each state. This is a recurring requirement throughout the statute – localities must have a seat at the table.

2.   Initial Estimates of BEAD Allocations to the States

The following sets forth initial estimates of how much each state will receive in BEAD funding from NTIA. These rough estimates are subject to a number of important

qualifications. These qualifications and the methodology used to arrive at the estimates are set forth below. As the estimates indicate, substantial federal broadband funding is being provided to all states over the next few years.

State	Est. Allocation	State	Est. Allocation
Alabama	$1,052,243,770	Montana	$351,536,563
Alaska	$225,922,736	Nebraska	$319,121,512
Arizona	$1,423,252,971	Nevada	$373,613,377
Arkansas	$831,319,841	New Hampshire	$100,000,000
California	$2,749,518,684	New Jersey	$271,233,010
Colorado	$818,913,752	New Mexico	$534,640,866
Connecticut	$100,000,000	New York	$341,079,247
Delaware	$100,000,000	North Carolina	$773,083,897
D.C.	$100,000,000	North Dakota	$100,000,000
Florida	$1,450,729,953	Ohio	$884,296,640
Georgia	$1,061,085,938	Oklahoma	$1,201,509,000
Hawaii	$100,000,000	Oregon	$537,286,344
Idaho	$572,542,984	Pennsylvania	$885,302,717
Illinois	$1,133,197,062	Puerto Rico	$659,724,307
Indiana	$1,100,567,049	Rhode Island	$100,000,000
Iowa	$360,511,603	South Carolina	$663,718,757
Kansas	$539,252,575	South Dakota	$119,802,969
Kentucky	$550,901,036	Tennessee	$775,995,253
Louisiana	$904,571,246	Texas	$4,098,258,996
Maine	$100,000,000	Utah	$317,066,924
Maryland	$359,821,933	Vermont	$100,000,000
Massachusetts	$246,100,483	Virginia	$1,236,469,533
Michigan	$1,297,634,211	Washington	$798,989,979
Minnesota	$536,329,081	West Virginia	$534,702,606
Mississippi	$1,240,635,997	Wisconsin	$834,372,312
Missouri	$1,270,020,861	Wyoming	$206,021,428

Calculation Methodology. The above estimates were calculated as follows:

➢ The total amount allocated to BEAD in IIJA: $42,450,000,000

➢ Minus $4,245,000,000, representing 10% of BEAD funds that will be immediately allocated to high-cost areas

➢ Minus 2% allocated for administrative purposes

➢ Minus $100,000,000 to U.S. territories (not including Puerto Rico)

- The remaining **$37,342,900,000** *is to be divided amongst the 50 states, D.C., and Puerto Rico based on the number of unserved "locations" in those areas relative to all unserved locations in the U.S.*

- Each state receives a minimum of $100,000,000. In calculating the estimates above, any states that would have received less than $100,000,000 based on their relative share of unserved locations were brought up to $100,000,000; funding for the remaining states was adjusted accordingly.

Qualifications

These estimates are imperfect at best. Although the estimates are based on the most recent available data, such data will be outdated by the time NTIA formally calculates the allocations using different data sources. Limitations on the above estimates are discussed below. Even with the limitations, these projections offer a reasonable estimate of the forthcoming distribution of BEAD funds among the states.

Qualification #1: The calculation estimates total unserved households in a state using the most recent FCC Form 477 data (from December 2020). "Locations" will be identified in the FCC's forthcoming "fabric" DATA map. Due to the radically different, and ostensibly more accurate, methodology being used for the forthcoming "fabric" map, each state's relative proportion of total U.S. unserved households will likely differ from the proportion derived from current FCC data.

As an example, Georgia recently released its own fabric map that could provide insight into how the above estimates might be adjusted once the FCC's fabric map is released. Using the current approach to calculating broadband availability (*i.e.*, based on current Form 477 data), Georgia's broadband availability is reported as 94.2%. Georgia's new map, though, shows availability as 90.9% – a difference of 3.3%.

How might this impact the funding estimates? If the difference between current estimates of unserved and new estimates of unserved derived from the FCC's forthcoming fabric map is relatively even across states, then the impact will be near zero. For example, if the number of unserved households in each state went up by 1%, the estimates would not change.

However, to the extent that some states are more affected by the switch to the fabric map than others, the balance of funding will change – for all states. The magnitude of such a change will not be known until the fabric map is released, but it is reasonable to assume that it won't be so large as to completely reorient the estimates above.

Qualification #2: The calculation of estimated state allocations relies on FCC staff estimates of total households in a state, which are based on 2010 Census figures. The Census Bureau has yet to release updated household counts based on the 2020 Census. Almost every state in the country saw its population grow between 2010 and 2020, and some states gained significantly more residents than others. Updated household counts based on the 2020 Census will likely alter the relative balance of unserved households, and thus funding amounts.

Additional Considerations

Along with the expected differences due to newer and more accurate data, actual funding amounts will differ from the estimates above due to the additional $4,245,000,000 that will be disbursed to states based on their relative proportion of unserved high-cost locations. As detailed above, this amount was excluded from the calculation of estimated state allocations since data regarding the number of such high-cost "locations" is not currently available.

It should also be noted that BEAD funds are meant to supplement and not supplant funds made available for broadband via the CARES Act, the CAA, and ARPA. It remains to be seen whether and to what extent broadband projects being built with those funds might impact BEAD allocations.

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Please do not hesitate to send questions, comments, and other feedback to ACLP@nyls.edu.