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ACLP - Updated Overview of IIJA Digital Equity Grant Programs - March 2023

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A GUIDE TO FEDERAL BROADBAND FUNDING PROGRAMS

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

March 2023

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 already 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.³

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.⁴ 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.⁵ Required aspects of the plan are detailed at length in the statute.⁶ 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 NTIA issued a request for comment (RFC) in March 2023 seeking input on how it might deploy and oversee both digital equity grant programs. The RFC is available at: <https://www.regulations.gov/document/NTIA-2023-0002-0001>.

⁴ IIJA, § 60304(b)(1) *et seq.*

⁵ *Id.* at § 60304(c)(1).

⁶ *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.⁷

IJA includes \$60 million to assist states in the development of their digital equity plans.⁸ These funds were distributed proportionately, according to the same formula used by NTIA to distribute the \$1.44 billion in grant funding to the states (the amount received by each state for planning purposes is detailed in section 1.2).

Capacity grants will begin flowing to the states no later than two years after NTIA awarded digital equity planning funds (these were provided to each of the 50 states by the end of 2022).⁹ NTIA will issue a Notice of Funding Availability to signal that funding is available. States that wish to receive this funding must submit an application, the components of which are detailed in the statute.¹⁰

The entities to which states may make grants stemming from this program include:¹¹

- “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.”

⁷ *Id.* at § 60304(c)(2).

⁸ *Id.* at § 60304(k)(1).

⁹ *Id.* at § 60304(d)(1).

¹⁰ *Id.* at § 60304(d)(2) *et seq.*

¹¹ *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.¹² Assuming that all states participate in the program, the ACLP estimates that, over the course of the Program, each state will receive the Capacity Grant amount shown in the following table.

It should be noted that these are 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	\$27,428,599	\$981,081	\$28,409,680
Alaska	\$10,330,892	\$567,885	\$10,898,776
Arizona	\$29,182,249	\$1,116,111	\$30,298,359
Arkansas	\$19,830,137	\$843,673	\$20,673,810
California	\$118,968,419	\$4,001,525	\$122,969,945
Colorado	\$24,516,536	\$897,119	\$25,413,655
Connecticut	\$16,950,125	\$736,568	\$17,686,693
Delaware	\$10,016,006	\$516,096	\$10,532,102
District of Columbia	\$9,045,984	\$463,126	\$9,509,110
Florida	\$74,370,386	\$2,407,224	\$76,777,610
Georgia	\$42,940,664	\$1,429,213	\$44,369,877
Hawaii	\$11,784,397	\$570,883	\$12,355,280
Idaho	\$13,896,968	\$564,706	\$14,461,675
Illinois	\$45,515,092	\$1,515,353	\$47,030,444
Indiana	\$29,465,713	\$1,039,734	\$30,505,447
Iowa	\$17,200,059	\$708,924	\$17,908,983

¹² *Id.* at § 60304(k)(1).

State	Capacity Grant	Planning Grant	Total Funding
Kansas	\$16,210,266	\$692,664	\$16,902,930
Kentucky	\$24,635,359	\$874,236	\$25,509,596
Louisiana	\$25,245,724	\$941,542	\$26,187,266
Maine	\$11,676,595	\$542,222	\$12,218,817
Maryland	\$24,761,104	\$966,659	\$25,727,763
Massachusetts	\$25,734,282	\$1,003,764	\$26,738,046
Michigan	\$40,955,049	\$1,332,441	\$42,287,489
Minnesota	\$24,633,359	\$881,905	\$25,515,264
Mississippi	\$20,004,451	\$875,586	\$20,880,037
Missouri	\$29,297,423	\$1,007,144	\$30,304,567
Montana	\$12,061,973	\$601,337	\$12,663,310
Nebraska	\$12,909,846	\$598,746	\$13,508,592
Nevada	\$16,666,696	\$754,459	\$17,421,155
New Hampshire	\$11,250,836	\$525,034	\$11,775,869
New Jersey	\$31,925,575	\$1,176,741	\$33,102,316
New Mexico	\$15,423,169	\$740,535	\$16,163,704
New York	\$64,939,592	\$2,180,035	\$67,119,627
North Carolina	\$42,186,617	\$1,415,614	\$43,602,231
North Dakota	\$9,812,567	\$516,393	\$10,328,960
Ohio	\$44,269,754	\$1,470,551	\$45,740,304
Oklahoma	\$21,131,146	\$882,088	\$22,013,233
Oregon	\$19,855,818	\$782,193	\$20,638,012
Pennsylvania	\$47,534,051	\$1,604,132	\$49,138,183
Rhode Island	\$10,124,911	\$506,100	\$10,631,011
South Carolina	\$25,087,130	\$953,478	\$26,040,608
South Dakota	\$10,512,628	\$527,052	\$11,039,680
Tennessee	\$30,121,102	\$1,092,244	\$31,213,346
Texas	\$104,810,261	\$3,110,148	\$107,920,410
Utah	\$16,276,082	\$676,685	\$16,952,767
Vermont	\$9,564,095	\$518,154	\$10,082,249
Virginia	\$35,486,230	\$1,222,392	\$36,708,622
Washington	\$29,927,894	\$1,076,249	\$31,004,142
West Virginia	\$15,148,113	\$728,066	\$15,876,179
Wisconsin	\$26,991,765	\$952,198	\$27,943,963
Wyoming	\$9,401,526	\$530,006	\$9,931,533
Puerto Rico	\$21,984,785	\$781,987	\$22,766,773

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.¹³ 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.¹⁴ 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.¹⁵ 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).¹⁶ 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.¹⁷

¹³ *Id.* at § 60304(h).

¹⁴ *Id.* at § 60305(a)(1).

¹⁵ *Id.* at § 60305(l).

¹⁶ *Id.* at § 60305(b).

¹⁷ *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;"¹⁸ (2) ensuring that the award does not "result in unjust enrichment;"¹⁹ (3) the "comparative geographic diversity of the application relative to other...applications;"²⁰ and (4) protecting against the inefficient duplication of efforts.²¹

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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¹⁸ *Id.* at § 60305(d)(1)(A)(i).

¹⁹ *Id.* at § 60305(d)(1)(A)(ii).

²⁰ *Id.* at § 60305(d)(1)(B).

²¹ *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. 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.”²²
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.”²³
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.”²⁴

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 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 2021 American Community Survey, each state was assigned a relative proportion of 50% of total funding relative to its share of total US population.

The calculation for each state can be summarized as:

²² *Id.* at § 60304(d)(3)(A)(i)(I).

²³ *Id.* at § 60304(d)(3)(A)(i)(II).

²⁴ *Id.* at § 60304(d)(3)(A)(i)(III).

$$\text{Allocation} = \left(\frac{\text{State population}}{\text{US population}} \right) * (50\% * \text{Total Funding})$$

1.2 Covered Population

Twenty-five percent of the grant funding 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”²⁵ 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”

In early 2023, the US Census Bureau and NTIA jointly released estimates of covered population counts for the states.²⁶ Our calculation allocated 25% of total funding based on each state’s relative share of those covered population estimates.

The calculation for each state can be summarized as:

$$\text{Allocation} = \left(\frac{\text{State covered population}}{\text{US covered population}} \right) * (25\% * \text{Total Funding})$$

²⁵ *Id.* at § 60302(8).

²⁶ Digital Equity Act of 2021, US Census Bureau, February 2023, <https://www.census.gov/programs-surveys/community-resilience-estimates/partnerships/ntia/digital-equity.html>.

1.3 Comparative Lack of Availability and Adoption

Twenty-five percent of the grant funding 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 25% of total funding to arrive at the allocation for a given state. Adoption data was sourced from the 2021 American Community Survey, and availability data from the FCC’s National Broadband Map, based on the newly launched Broadband Data Collection Program.

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

$$\text{Allocation} = \left(\frac{\text{Share of Unserved} + \text{Share of Non Adopting}}{2} \right) * (25\% * \text{Total Funding})$$

1.4 Minimum Award

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.”²⁷

As such, our estimates first allocated 0.5% of total funding to each state, and allocated the remaining funding based on the formulas discussed above.

²⁷ *Id.* at § 60304(d)(3)(A)(ii).