

ANALYSIS

Item 25: Oregon Business Development Department Broadband Equity Access and Deployment Program Delivery

Analyst: Michelle Deister

Request: Increase Federal Funds expenditure limitation by \$13,757,960, establish eight permanent positions (3.50 FTE), and reclassify one existing position to fund administrative needs associated with the Broadband Equity, Access, and Deployment Program.

Analysis: In June 2023, the National Telecommunications and Information Administration (NTIA) announced state funding awards from the Broadband Equity, Access, and Deployment (BEAD) Program, approved as part of the federal Infrastructure, Investment and Jobs Act of 2021. Oregon's allocation is \$689 million, of which \$5 million in expenditure limitation was requested and approved in November 2022 for planning activities. The plans include a required Five-Year Action Plan, and Initial Proposal, Volume I and II. In part, the Initial Proposals identify underserved and unserved areas, describe the BEAD challenge process, and identify subgrantee selection criteria.

The \$13.8 million in expenditure limitation associated with this request will be used as follows: \$704,427 will fund a portion of personal services costs associated with eight new positions, and the reclassification of an existing Program Analyst 3 position to a Business Operations Administrator position; \$597,782 will fund position-related services and supplies; and \$106,645 will fund other Services and Supplies including training, travel, and Attorney General expenses. The balance of the request - \$13,053,533 -- will fund professional services contracts to implement the BEAD Challenge Process as well as program implementation. Professional technical engineering assistance procured by these contracts will help OBDD to evaluate costs and technical validity of subrecipient proposals and manage an estimated 200 grant contracts serving some 130,000 locations. Each contract will require oversight to ensure appropriate financial reimbursement, federal regulations compliance, and ongoing reporting. OBDD is targeting the end of May to release an RFP for these contracted professional services.

OBDD currently has 13 employees dedicated to the activities of the Oregon Broadband Office (OBO). OBO manages the Broadband Technical Assistance Program, the American Rescue Plan Act Capital Projects Fund (ARPA-CPF), the Digital Equity State Capacity Grant program, and the BEAD program, most of which operate simultaneously. The request would add the following six full-time permanent positions to assist with impending workload: three Program Analyst 3 positions; an Accountant 3; An Accounting Technician, and an Administrative Specialist 2. A part-time Accounting Manager 1 and Human Resource Analyst 2 would also be added to the agency's Operations division. These positions and the reclassification will be partially funded by existing ARPA-CPF funds for the remainder of this biennium, as they will also support the work of the Broadband Deployment Program, which is funded from that source. Once ARPA-CPF is exhausted, financial support for these positions will transition fully to BEAD funds, which allow ongoing programmatic administrative costs of 2% of the state allocation (a further \$13.8 million), which are anticipated to be sufficient to support ongoing staffing costs over the life of the program.

OBDD's subgrantees will have four years in which to expend any funds granted under the BEAD program. No matching funds are required for planning activities associated with the BEAD program, but

a 25% match will be required on funds that are disbursed to subgrantees. The match requirement will be met by the subgrantees.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board increase Federal Funds expenditure limitation for the Oregon Business Development Department by \$13,757,960, authorize the establishment of eight permanent positions (3.50 FTE), and reclassification of one existing position to fund administrative needs associated with the Broadband Equity, Access, and Deployment Program.

Request: Increase Federal Funds expenditure limitation by \$13,757,960 for the Broadband Equity, Access, and Deployment (BEAD) program, establish six permanent full-time positions (3.00 FTE) and two permanent part-time positions (0.50 FTE), and the reclassification of one existing permanent position.

Recommendation: Approve the request.

Discussion: The BEAD Program was authorized by the Infrastructure Investment and Jobs Act of 2021 (IIJA). The BEAD Program provides \$42.45 billion in federal funding from the U.S. Department of Commerce, National Telecommunications and Information Administration (NTIA) to grant to all 50 states, the District of Columbia, and territories, for broadband planning, deployment, mapping, equity, and adoption activities. The BEAD grant amount for each state has already been determined and is not competitive; however, the state must apply for the grant pro forma to receive the funding. In September 2022, the Oregon Business Development Department (OBDD) was granted the authority by the Emergency Board to apply for an initial amount of \$5.0 million out of its impending allocation amount for the initial broadband planning funds. The planning funds were used to pay for staff and a consultant to prepare a required five-year action plan and the Initial Proposal, volumes 1 and 2, for submittal to the NTIA. Oregon submitted its Five-Year Action Plan on August 25, 2023. In November 2023, after the Federal Communications Commission issued Broadband DATA Maps, OBDD was granted the authority by the Interim Joint Committee on Ways and Means to apply for \$683.9 million for the implementation phase of the BEAD program.

OBDD received approval from NTIA in March for the Initial Proposal Volume 1, which identifies Oregon's BEAD Challenge Process. This Challenge Process is designed to identify every location in Oregon eligible to receive BEAD funding. The Oregon Broadband Office is in the final stages of development of its Initial Proposal Volume 2, which identifies the sub-grantee selection process Oregon will undertake to fund projects to provide high-speed, reliable internet access to the locations identified in the Challenge Process. While OBDD has not received official notice regarding the award of the \$683.9, a final funding announcement is expected from NTIA within the next two months. However, notice could come in a matter of weeks. For this reason, OBDD is coming forward now to ask for expenditure limitation and positions necessary to begin the implementation of the BEAD program as soon as it receives the funding.

OBDD's request is for an increase of Federal Funds expenditure limitation in the amount of \$13.7 million, which includes the establishment of six-permanent full-time positions, including three Program Analysts, one Administrative Specialist, one Accountant, and one Accounting Technician (3.00 FTE); two permanent half-time positions, including an Accounting Manager and a Human Resource Analyst (0.50 FTE); and the reclassification of one position. The positions will be paid for with a mix of ARPA Capital Projects Funding provided to OBDD for Broadband purposes and the BEAD grant

funds (\$704,427). The remaining \$13.1 million will provide support for specialized consultants to assist with program administration and other OBDD administrative costs, such as Department of Justice charges.

Legal Reference: Increase Federal Funds expenditure limitation established by chapter 475, section 9(1), Oregon Laws 2023, for the Oregon Business Development Department, Operations, by \$211,391 for the 2023-25 biennium.

Increase Federal Funds expenditure limitation established by chapter 475, section 9(3), Oregon Laws 2023, for the Oregon Business Development Department, Infrastructure, by \$13,546,569 for the 2023-25 biennium.

April 29, 2024



Senator Rob Wagner, Co-Chair
Representative Julie Fahey, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairs:

Nature of the Request

The Oregon Business Development Department (Department) respectfully requests spending limitation and position authority to support the operations of its Oregon Broadband Office. The Department is requesting an increase in Federal Funds limitation in the amount of \$13,757,960 to allow the Department to expend awarded grant funds from the National Telecommunications and Information Administration (NTIA) for the Broadband Equity, Access, and Deployment Program (BEAD) grant. We are also requesting position authority for the addition of six permanent positions (3.0 FTE), two permanent half-time positions (0.5 FTE), and the reclassification of one permanent position, to allow the Department to administer broadband related grant funds allocated to the state.

Background

The BEAD Program was authorized by the Infrastructure Investment and Jobs Act of 2021, also known as the Bipartisan Infrastructure Law. The BEAD Program provides new federal funding for NTIA to grant to all fifty states, the District of Columbia, and U.S. territories for broadband planning, deployment, mapping, equity, and adoption activities.

Funding is distributed primarily based on the relative number of "unserved" locations (i.e., broadband-serviceable locations that lack access to Reliable Broadband Service at speeds of at least 25 Mbps downstream and 3 Mbps upstream) in each state and territory. Each state is eligible to receive a minimum of \$100 million.

In conjunction with the Federal Communications Commission issuing Broadband DATA Maps, NTIA issued a notice on June 26, 2023 that contained the estimated amount of program funds that each state is eligible to receive, and Oregon's allocation is \$689 million. Oregon has previously requested \$5 million of its minimum allocation in Initial Planning Funds. The NTIA allows for 2% of the grant to be used for the administration of the grant. The NTIA does not require a match to receive planning or administrative funds but will require a 25% match for the remaining deployment funds. The required match may come from private, public, or other federal sources; in some instances, the match may be waived.

The American Rescue Plan Act Coronavirus Capital Projects Fund (ARPA CPF) appropriated \$10 billion to the U.S. Treasury to provide payments to states, territories, freely associated states, and tribal governments "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)". Treasury has separately published the allocations available to each eligible entity, Oregon's allocation is \$156,795,418, of which 5% can be used for administrative expenses. Although this is not a competitive grant program, states must submit an application and a grant and program plan. Oregon submitted its application and plans in September 2022 and received approval in September 2023.

Summary of Requests

The Department is requesting the addition of six permanent full-time positions (3 Program Analysts, 1 Administrative Specialist, 1 Accountant, and 1 Accounting Technician), two permanent half-time positions (Accounting Manager and Human Resource Analyst), and the reclassification of one permanent full-time position (from Program Analyst 3 to Business Operations Administrator 1) to allow the Department to administer broadband related grant funds allocated to the state.

We are also requesting approval of \$13,757,960 of Federal Funds limitation to expend funds received from the BEAD grant. \$704,427 will be used to partially fund the program staff, with the balance of \$13,053,533 being used to hire consultants for program administration and other administrative costs. The total cost for the nine positions is \$1,059,992 (broken out below), and the balance of staff costs of \$355,565 will be paid for through Other Funds, namely the ARPA CPF, another program some of the positions will support. Since Other Fund spending limitation already exists for ARPA CPF, this letter does not request an increase in spending limitation for that grant.

Estimated costs of positions from July 2024 to June 2025 (12 months of biennium 2023-25)												
SCR / DCR	SCR / DCR Desc	Position count	Months per biennium	FTE	Job classification title	Type: PF/PP LF/LP	Step	General Fund	Lottery Fund	Other Fund	Federal Fund	TOTAL
12300-300-10-55-00000	IFA - Broadband	1	12	0.50	UA C0862 AP Program Analyst 3	PF	3	\$0	\$0	\$145,707	\$0	\$145,707
12300-300-10-55-00000	IFA - Broadband	1	12	0.50	MMS X7082 AP Business Operations Administrator	PF	7	\$0	\$0	\$99,346	\$149,020	\$248,366
12300-300-10-55-00000	IFA - Broadband	(1)		(0.50)	UA C0862 AP Program Analyst 3	PF	6	\$0	\$0	(\$154,409)	\$0	(\$154,409)
12300-300-10-55-00000	IFA - Broadband	1	12	0.50	UA C0862 AP Program Analyst 3	PF	3	\$0	\$0	\$0	\$145,242	\$145,242
12300-300-10-55-00000	IFA - Broadband	1	12	0.50	UA C0862 AP Program Analyst 3	PF	3	\$0	\$0	\$0	\$145,242	\$145,242
12300-300-10-55-00000	IFA - Broadband	1	12	0.50	UA C0108 AP Administrative Specialist 2	PF	3	\$0	\$0	\$53,532	\$53,532	\$107,064
12300-110-03-00-00000	Ops - HR	1	6	0.25	MMN X1321 AP Human Resource Analyst 2	PP	3	\$0	\$0	\$39,585	\$39,586	\$79,171
12300-110-04-00-00000	Ops - FABS	1	12	0.50	UA C0212 AP Accounting Technician	PF	3	\$0	\$0	\$51,994	\$51,995	\$103,989
12300-110-04-00-00000	Ops - FABS	1	6	0.25	MMS X7035 AP ACCOUNTING MANAGER 1	PP	3	\$0	\$0	\$44,383	\$44,383	\$88,766
12300-110-04-00-00000	Ops - FABS	1	12	0.50	UA C1218 AP Accountant 3	PF	3	\$0	\$0	\$75,427	\$75,427	\$150,854
Subtotal - SCR 12300-300-00-00-00000	IFA	4		2.00				\$0	\$0	\$144,176	\$493,036	\$637,212
Subtotal - SCR 12300-110-00-00-00000	OPERATIONS	4		1.50				\$0	\$0	\$211,389	\$211,391	\$422,780
GRAND TOTAL		8		3.50				\$0	\$0	\$355,565	\$704,427	\$1,059,992
Note: Green highlight = Nick Batz position reclassification from PA3 to Bus Ops Admin 1								Personnel Costs	Services and Supplies (Consultants)	Federal Fund Limitation E-board Request		
					Subtotal - SCR 12300-300-00-00-00000	IFA		493,036	13,053,533	13,546,569		
					Subtotal - SCR 12300-110-00-00-00000	OPERATIONS		211,391		211,391		
					Total Federal Fund			704,427	13,053,533	13,757,960		

Action Requested

The Department respectfully requests the following:

Spending Limitation: An increase in Federal Funds limitation in the amount of \$13,757,960 to allow the Department to expend awarded grant funds from the NTIA for the BEAD grant; and

Position Authority: The addition of six permanent full-time positions (3.0 FTE), two permanent half-time positions (0.5 FTE), and the reclassification of one permanent position to allow the Department to administer the grant funds allocated to the state.

Legislation Affected

Increase Federal Fund Limitation established by chapter 475 section 9(3), Oregon Laws 2023 for the amount \$13,546,569- for Infrastructure Division/Federal Funds.

Increase Federal Fund Limitation established by chapter 475 section 9(1), Oregon Laws 2023 for the amount \$211,391 for Operations Division/Federal Funds

This is a total Federal Fund Limitation increase of \$13,757,960.

Thank you for your consideration of this important request.

Sincerely,

A handwritten signature in black ink that reads "Sophorn Cheang". The signature is written in a cursive style with a large, sweeping loop at the end of the last name.

Sophorn Cheang
Director