CAPITO CONNECT

BROADBAND FUNDING OPPORTUNITIES FOR WEST VIRGINIA COMMUNITIES

A Guide to Federal Resources for Broadband Expansion and Improvement

SHELLEY MOORE CAPITO
UNITED STATES SENATOR FOR WEST VIRGINIA

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Letter of Introduction

Dear West Virginians,

As your Senator, I am working hard to bring new and innovative opportunities to our state. In the ever-evolving global economy, our ability to compete depends on our capacity to adapt and innovate. We must ensure that our state has the necessary tools to succeed, including access to broadband.

Improving broadband connectivity in West Virginia is one of my top priorities, as this is absolutely critical 21st century infrastructure for developing businesses, improving education and sharing ideas across boundaries.

Navigating the complex network of federal agencies and available resources for expanding broadband access can be a daunting task. There are multiple federal and state programs that fund broadband deployment and adoption. As part of my Capito Connect Plan, I developed this guidebook to be a resource for communities and businesses seeking to expand broadband access and the availability of high-speed internet.

This guidebook outlines my Capito Connect Plan for improving broadband access in West Virginia and details programs offered by the Appalachian Regional Commission, the Federal Communications Commission, the United States Department of Agriculture, the United States Department of Commerce and the Economic Development Administration, which provide grants, loans and tax credits for both urban and rural development of high-speed internet access. The information in this guidebook was compiled from the websites of each corresponding agency and is intended to serve as a resource to West Virginians. It does not guarantee funding and is subject to change. The contents of this guidebook will be updated as new programs and opportunities emerge.

My staff and I are here to assist West Virginians seeking to better connect West Virginia. Please feel free to contact Aaron Sporck, my Director of Economic Development, at (304) 347-5372 with questions.

Together, we can create a connected West Virginia that is fully equipped with the tools needed to compete and thrive.

Sincerely,

Shelley Moore Capito

Shelley Moore Capito
United States Senator

Capito Connect Plan

High-speed internet access is a pillar of our 21st Century infrastructure and a gateway to economic growth in rural America. High tech businesses and online startups can power our small communities and bring limitless opportunity to the Mountain State.

Unfortunately, for all the potential benefits that broadband can offer to rural America, not having this important service can place an almost insurmountable barrier to economic development. Small communities across West Virginia lack this fundamental infrastructure – and lack access to vital opportunities as a result. A recent study by the Federal Communications Commission indicates that 56 percent of West Virginia residents do not have access to broadband services that meet its benchmarks. In rural areas of the state, this number is an even higher 74 percent. West Virginia cannot attract and retain businesses if we are not connected, and we cannot succeed if we do not have the tools necessary to compete.

When I was sworn into the Senate, I outlined my top priorities for strengthening West Virginia. Improving broadband is at the top of that list. Better connecting West Virginia through increased broadband access is imperative if we are going to compete and thrive going forward.
My Capito Connect plan outlines three steps for achieving this goal:

1. **Understanding the Benefits of a Connected West Virginia** By listening to our communities, we can build a West Virginia-specific plan for achieving widespread broadband that meets the unique demands of our state.

2. **Fostering Collaboration between Government and the Private Sector** Broadband access will be the result of partnerships between private, local, state and federal agencies and organizations. Fostering collaboration will help eliminate duplicate and outdated programs so that West Virginia can efficiently deliver broadband services to communities.

3. **Promoting Economic Growth through Innovation** Broadband should be easily available and affordable for all West Virginians. This will require creative solutions to accommodate broadband users across all sectors, including schools, businesses and private citizens. Through innovative thinking and implementation, West Virginia will achieve the connectivity that will help boost our economy.

The Capito Connect Plan is a roadmap for bringing affordable, high-speed internet access to every home, business and classroom in West Virginia.

Along with this plan, I am launching a listening tour to hear from individuals and organizations around the state about how to best tackle this challenge. I encourage all West Virginians to share their broadband story with me by attending one of these listening sessions, submitting a comment on my website or writing to my office. Improving broadband in a rural state like West Virginia is no small task. It will require time, investment and cooperation between the businesses community and all levels of government. Together, we can tackle this challenge and seize the potential broadband has to offer West Virginia.

Federal Programs

Appalachian Regional Commission

The Appalachian Regional Commission (ARC) is a regional economic development agency that partners with federal, state, and local governments to advocate for sustainable community and economic development in Appalachia. Established in 1965, ARC is comprised of 13 Appalachian states, a federal co-chair and local development districts. Each year, ARC provides funding for hundreds of projects across the Appalachian Region, in areas such as business development, education and job training, telecommunications, infrastructure, community development, housing and transportation. These projects further ARC's mission by creating thousands of jobs, providing managerial assistance to startup businesses, expanding access to health care, improving local utility systems and increasing school readiness.

ARC partners with public entities and non-profit institutions along with internet service providers and private sector companies to spread access to telecommunication infrastructure throughout the region. ARC established the Information Age Appalachia (IAA) program in order to advance communication systems throughout Appalachia. IAA is structured around four main pillars: access to infrastructure, training and education, e-commerce, and job creation. Between 2002 and 2005, West Virginia has received $2.6 million in ARC funding to assist in 19 projects.

The IAA's program activities feature both region-wide and local initiatives to improve the relatively poor performance of the region compared to the rest of the United States. Local activities are composed of projects implemented by state partners and supported by ARC grants. These local projects aim to spread access to telecommunications infrastructure and community access throughout the Appalachian Region. Potential applicants for IAA local activity grants are encouraged to design projects that do one of the following: implement existing IT strategic plans or initiatives, bridge critical gaps in access through either education or training, provide benefits to economically distress areas, or demonstrate multi-jurisdictional approaches.

Region-wide efforts, on the other hand, focus on building up capacity of local organizations, eliciting additional support, and providing expertise and best practicing procedures. Technical assistance and consultations offer expertise to managers, staff and others throughout the region. The IAA offers an online clearinghouse to both store resources to assist communities in implementing best practices. As well as, provide a forum for people to share experiences and new ideas. Workshops are available to stimulate innovative approaches, and are conducted either via teleconference or in person. IAA also supports a Program Advisory Board which works with other ARC panels and ensures that new ideas and feedback from stakeholders are represented.

Contact the Appalachian Regional Commission:
Mark Defalco
Telecommunications Initiative Manager
mdefalco@arc.gov
(202) 884-7719

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Federal Communications Commission

Since 1934, the Federal Communications Commission (FCC) has taken on the role of ensuring the swift, efficient, nation-wide availability of wire and radio communications to Americans at reasonable charges. This has come to be known as the universal service concept. In accordance with this concept, the FCC offers support through a variety of mechanisms that target both providers and subscribers of telecommunication services, and now broadband services.

The Wireline Competition Bureau works to ensure that all Americans have access to affordable broadband and voice services. Its programs help ensure access to affordable communications for schools, libraries, health care providers, and rural and low-income consumers. It works to protect consumers and foster competition, especially for the services that small businesses need, and ensure a sustainable policy framework for competitors that rely on the facilities of others. It reviews communications industry transactions and ensures the availability of key inputs for communications providers, such as access to utility poles and rights of way. And it provides the public with accurate and comprehensive data about communications services.

In 1997, the Universal Service Administrative Company (USAC) was created as a not-for-profit corporation designated by the FCC as the administrator of universal service. The USAC directs funds for programs such as the High Cost Program, the Rural Health Care Program and the Schools and Libraries Program. USAC is funded by the contributions of telecommunication carriers, both wired and wireless, and the interconnected Voice over Internet Protocol (VoIP) providers based on their interstate and international end-user revenues.

The federal Universal Service Fund (USF) was established to meet the principles of the universal service concept by providing financial support for telecommunication services in rural areas, economically needy areas, schools and libraries. In addition, it provides information services to rural health care providers. In 2012, USF had disbursed $8.7 billion to all 50 states, the District of Columbia and all territories.

Contact the Federal Communications Commission:
Federal Communications Commission (FCC)
Wireline Competition Bureau
445 12th Street, SW
Washington, DC 20554
(202) 418-0840

Federal Communications Commission Programs

Connect America Fund

In order to adapt to the emergence and dominance of broadband services, the FCC decided to transform the USF, in stages, over a multi-year period, to support the deployment, adoption and utilization of both fixed and mobile broadband.

As a part of this evolution, the USF High-Cost Program, which targeted providers to support broadband in rural areas, has begun to phase out and will eventually be replaced by the Connect America Fund (CAF). CAF supports affordable voice and broadband services, both fixed and mobile, of at least 4 Mbps actual download speed and 1Mbps actual upload speed. The CAF transition will differ for price cap carriers, which tend to be large and mid-sized carriers, and rate-of-return carriers, which tend be small carriers that solely provide service to rural areas.

Price Cap Carriers will receive CAF funding in two phases. West Virginia has received over $4.5 million in CAF Phase I funding, and the FCC has recently announced that they will offer $1.7 billion in Phase II funding to expand and support broadband service to targeted census blocks. Rate-of-Return carriers, on the other hand, will continue to receive support from the current USF High-Cost Program until the full transition to the CAF in 2017. Rate-of-Return carriers' legacy USF High-Cost Program support continues at $2 billion annually.

On April 29, 2015, the FCC announced that they would offer carriers nationally nearly $1.7 billion to expand and support broadband service in rural communities. Of the CAF Phase II funding available, approximately $38 million in annual support has been offered to Frontier for the deployment and operation of broadband services to 89,000 eligible locations in West Virginia.

CAF Mobility Fund

Within the Connect America Fund, the CAF Mobility Fund targets wireless providers to encourage deployment of 4G wireless networks. Phase I funding under the CAF Mobility Fund provided $10.6 million in one-time support in unserved areas. Phase II of the CAF Mobility Fund has yet to take effect, but $500 million per year has been set aside for ongoing support to expand and sustain mobile voice and broadband services that would not be available absent federal support.

Remote Areas Fund

The Remote Areas Fund, another portion of the CAF, provides support in the most remote and high-cost areas, representing less than 1 percent of households. The budget for this particular fund is $100 million per year, and while this fund is open to all technologies, alternative technology platforms are highly encouraged.

E-Rate and Learning-On-the-Go

The Schools and Libraries Program, also known as E-Rate, supports connectivity by providing discounts to eligible schools and libraries that qualify for the reduced rates. Funding is available under four categories of services: telecommunications and dedicated services, internal connections, internet access, and basic maintenance of internal connections. The FCC has acknowledged the importance of anchor institutions in achieving broadband access goals. It has taken steps to upgrade the E-Rate Program by permitting schools to allow community use of E-Rate funded services outside of school hours, supporting eligible services to the residential portion of schools that serve students in special circumstances, and establishing a $9 million pilot program – the Learning On-The-Go program – that provides portable learning devices for K-12 students outside of regular hours.

Healthcare Connect Fund and Skilled Nursing Facilities Pilot Program

In 2007, the FCC established the Rural Health Care Pilot Program to help public and non-profit health care providers build state-wide and region-wide broadband networks in order to deliver healthcare services to rural communities. In a December 12, 2012 order, the Health Care Pilot Program became the Healthcare Connect Fund. The Healthcare Connect Fund encourages consortia between smaller rural health care providers and urban medical centers. The fund will provide a 65 percent discount on broadband services, equipment and payments for eligible health care providers.

In 2014, the Healthcare Connect Fund established a Skilled Nursing Facilities Pilot Program to assess the best ways to support broadcast connections for skilled nursing facilities. This program gives preference to facilities in rural areas and will receive up to $50 million over a three-year period.

U.S. Department of Agriculture – Rural Utilities Service

Initially created as a pilot program at the U.S. Department of Agriculture (USDA), the Rural Utilities Service (RUS) offers loans and grants to eligible applicants for the construction, improvement and acquisition of facilities and equipment for broadband services in rural communities.

Due to enactment of the Agricultural Act of 2014, the Rural Broadband Access Loan and Loan Guarantees program is currently not accepting loan applications for federal assistance until new regulations are developed and published in the Federal Register. These regulations include provisions redefining the project area eligibility with respect to existing broadband service, increasing the program's transparency and reporting requirements, a definition of a minimum level of broadband service, a study on the use of address-level data and the establishment of a new Rural Gigabit Network Pilot Program.

The majority of entities qualified to apply for the Rural Broadband Access Loan and Loan Guarantee Program are state and local governments, non-profits and for-profit businesses. The areas that must be served, however, are currently defined as rural areas and towns with 20,000 or fewer people. These areas may not be within or contiguous to a city or town with a population greater than 50,000. The Rural Broadband Access Loan and Loan Grantee program provides funds for the following uses: the construction, improvement and acquisition of facilities; the cost of leasing facilities required to provide service, or an acquisition.

Contact the U.S. Department of Agriculture:
USDA Rural Development (USDA)
Rural Business-Cooperative Service
14000 Independence Ave, SW, Rm 5803-S STOP 3201
Washington, DC 20250-3201
(202) 690-4673

U.S. Department of Agriculture Programs

Community Connect Grant Program

The Community Connect Grant Program helps fund broadband deployment into rural communities where it is not economically viable for private sector providers to deliver service. Eligible areas include rural areas that lack any existing broadband speed of at least 3 Mbps download. Grant funds must be used for the construction, acquisition or leasing of facilities, spectrum, or the purchase of land or buildings used in broadband deployment. Funds may also be used to cover the cost of providing broadband service, free of charge, to critical community facilities for two years. However, if the Community Connect Grant is used for a community center project that provides online access to the public, only 10 percent of the grant may be used for the improvement, construction or expansion of such a project. The application window for fiscal year 2015 has, unfortunately, closed. Applications that were submitted before February 17, 2015 are currently under review.

Telecommunications Infrastructure Loan Program

The Telecommunications Infrastructure Loan Program helps fund construction, maintenance, improvement and expansion of telephone service and broadband in rural areas. It provides loans and loan guarantees to eligible telecommunications providers who operate in rural areas and towns with a population of 5,000 or less, or in areas without telecommunications facilities. The USDA advises that all applicants check with their local Regional Development office to determine whether the proposed service area qualifies.

Distance Learning and Telemedicine Grants

The Distance Learning and Telemedicine program benefits rural communities that use the unique capabilities of telecommunications to connect to each other and to the world, overcoming the effects of remoteness and low population density. For example, this program can link teachers and medical service providers in one area to students and patients in another. Grant funds may be used for acquisition of eligible telecommunication assets, instructional programing resources, along with technical assistance and instruction. One-hundred percent of grant applications are accepted through a competitive process, and the application window is announced annually with awards ranging from $50,000 to $500,000. A minimum 15 percent match is required for grant-only awards and cannot be from another federal source. This particular program currently remains open, however the deadline for this year is July 6, 2015.

U.S. Department of Commerce

The National Telecommunications and Information Administration (NTIA), a bureau of the Department of Commerce, is the executive branch's principal advisory office on domestic and international telecommunications and information policies. The NTIA works with other executive branch agencies to develop and present the Administration's positions on key policy matters. The American Recovery and Reinvestment Act (ARRA) of 2009 provided an unprecedented level of federal funding for broadband projects across the nation; $7 billion was administered to the NTIA and the Department of Agriculture's Rural Utilities Service for broadband grant and loan programs.

One of the grant programs administered by the NTIA was the Broadband Technology Opportunities Program (BTOP), which focuses on three project categories: comprehensive community infrastructure, public computer centers and sustainable broadband adoption.

In 2009, the NTIA launched its State Broadband Initiative (SBI), aiming to integrate broadband and information technology into state and local economies. Since SBI's inception, NTIA has awarded $293 million to 56 grantees to support the efficient and creative use of broadband technology to better compete in the digital economy. Since accurate data is critical for successful broadband planning, SBI assists states in gathering data twice a year on the availability, speed and location of broadband services. This data is used by the NTIA to update its National Broadband Map, which launched in February 2011.
Through BTOP funds and the SBI, West Virginia received more than $213 million for the following projects:

$14.9 million to the Communication Service for the Deaf Inc.

The ability to expand educational and employment opportunities through broadband is especially meaningful for Americans who are deaf or hard of hearing, a community that faces unique challenges in education and that suffers from a rate of unemployment much higher than the national average. Communication Service for the Deaf, Inc. (CSD) intends to expand broadband adoption among people who are deaf and hard of hearing and provide them with online tools to more fully participate in the digital economy. The project proposes to employ a combination of discounted broadband service and specialized computers, technology training from an online state-of-the art support center customized to the community's needs, public access to videophones at anchor institutions from coast to coast and a nationwide outreach initiative. Thousands will gain online access to all the internet has to offer, including sign language interpreters, captioned video services, and other content and functionalities designed especially to advance their educational, employment and healthcare interests.

$126.3 million to the Executive Office of the State of West Virginia for the West Virginia Statewide Broadband Infrastructure Project

The West Virginia Statewide Broadband Infrastructure Project plans to bring high-speed internet access to vastly underserved regions of the state by expanding the state's existing microwave public safety network and adding about 2,400 miles of fiber. The expanded statewide network expects to directly connect more than 1,000 anchor institutions, including public safety agencies, public libraries, schools, government offices and other critical community facilities at speeds of up to 45 Mbps. As a result of this project, every K–12 school in the state will have a high-speed internet connection. In addition, access to healthcare, distance learning opportunities, and broadband and video applications for emergency first-responders will be greatly expanded. The project intends to spur affordable broadband service impacting more than 700,000 households, 110,000 businesses and 1,500 anchor institutions, by allowing local internet service providers to connect to the project's open network.

$4.4 million to the Future Generations Graduate School for the Equipping West Virginia's Fire and Rescue Squads Project

The Equipping West Virginia's Fire and Rescue Squads project proposes a community-based approach to stimulate broadband adoption among, and extend computer access and training to, low-income and predominantly rural communities across West Virginia. The project expects 60 volunteer fire and emergency rescue stations to participate in the program. Twenty-four squads in 12 counties already have committed to participate in the first year. This project plans to train more than 37,000 people and expects to increase broadband subscribership by more than 12,700 households and businesses during the life of the project. The project also features a broadband awareness campaign that will include peer-to-peer outreach, newspaper and radio advertisements, signage to promote services, social networking and a support website. The project includes two contractors designated as Socially and Economically Disadvantaged Businesses (SDBs), additional small businesses not designated as SDBs, and proposes an "e-commerce academy" to assist small businesses.

$3.2 million to Hardy Telecommunications, Inc. for the Hardy Anchor Ring Project

The Hardy Anchor Ring project aims to bring high-capacity broadband services to Hardy County, West Virginia, a sparsely populated region of the state with difficult terrain. The project intends to build a 117-mile aerial and underground fiber-optic network and directly connect an estimated 35 anchor community institutions, such as public safety agencies, government offices, health care facilities, schools and a college, with further connections likely in the future.

$4.7 million to the West Virginia Geological and Economic Survey

In partnership with the Appalachian Transportation Institute, the West Virginia GIS Technical Center, and the Regional Planning Councils, the West Virginia Geological and Economic Survey proposes to undertake community-level research to assess and investigate areas with low broadband adoption rates and then develop a statewide plan to improve broadband adoption. These organizations will also provide direct technical assistance to the regional planning teams that are proposed below, as well as to individual municipalities that may, for example, require a cost modeling assessment in order to apply for a grant or loan.

$1.9 million to WorkForce West Virginia for the One-Stop Public Computer Center Modernization Project

The One-Stop Public Computer Center Modernization project plans to improve access to job information, career counseling, and skills training by upgrading and expanding 20 WorkForce West Virginia One-Stop career centers throughout the state. This project intends to replace the existing 165 computer workstations at the centers, add 80 new workstations, and enable each center to remain open an average of six additional hours per week. The centers upgraded through this project will provide high-speed internet access and critical job training services to unemployed, low-income and other residents throughout the state. The improved centers are expected to attract almost 2,300 additional users per week, nearly double their current traffic, through a marketing and direct mail campaign aimed at local residents, especially the unemployed, veterans, seniors, and low-income individuals.

In January 2015, the NTIA announced that it would consolidate its efforts to assist community broadband deployment under a new program, BroadbandUSA. Building on the lessons learned from overseeing the distribution of $4.7 billion through BTOP, BroadbandUSA provides online and in-person technical assistance to communities. In addition, it hosts regional workshops around the country and publishes guides to help communities address problems in broadband infrastructure. The NTIA also released a public-private partnership primer, which provides a basic introduction to a variety of partnership options for communities considering new broadband projects.

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U.S. Department of Commerce Programs

Economic Development Administration

First enacted in the Public Works and Economic Development Act of 1965, the Economic Development Administration (EDA) remains committed to its initial mission to promote economic development in the nation's distressed areas. The EDA achieves their mission through regional planning and shared financing of public works, facilities and technical enhancements – including broadband development – in order to support private sector development projects.

The Economic Adjustment Assistance Program is the most flexible program that the EDA provides. It can address a variety of economic development needs by lowering business risk, expanding business growth opportunities, and increasing technical knowledge.

The EDA also provides assistance to eligible applicants in creating regional economic development plans for their respective communities.

Contact the U.S. Department of Commerce:
U.S. Department of Commerce
National Telecommunications and Information Administration (NTIA)
U.S. Economic Development Administration (EDA)
1401 Constitution Avenue, NW
Washington, DC 20230
NTIA: (202) 482-2000
EDA: (202) 482-5081

Contacting my Office

The need for broadband in rural America is great, particularly in West Virginia. While traveling across the Mountain State and meeting constituents, I hear repeated frustration about the lack of connectivity. Without broadband access, rural areas face obstacles to attracting jobs and promoting economic development, and lack access to vital opportunities as a result. I look forward to working with our communities to ensure that these funds are used efficiently and effectively to close the broadband gap in rural areas and better connect West Virginia. My staff and I are working to tackle this challenge, and I encourage you to contact my office online via www.capito.senate.gov or at one of the following locations with your questions and comments.

Washington, D.C. Office:
172 Russell Senate Office Building
Washington, DC 20510
(202) 224-6472

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405 Capitol Street
Suite 508
Charleston, WV 25301
(304) 347-5372

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217 West King Street
Suite 307
Martinsburg, WV 25401
(304) 262-9285