



**EMPLOYMENT AND  
ECONOMIC DEVELOPMENT**

**Office of Broadband Development  
Governor's Task Force on Broadband  
October 5, 2021**

**ARPA Capital Projects Fund -- Overview**



# Sec. 604 Capital Projects Fund

- Part of the **American Rescue Plan Act (ARPA)** approved in March 2021
- ARPA included **State and Local Fiscal Recovery Funding** where broadband infrastructure was listed as an eligible use (\$350B with the State of Minnesota's allocation at \$2,833,294,345)
- ARPA included funding for the FCC's **Emergency Connectivity Fund** (\$7.17B)
- And, ARPA included the **Capital Projects Fund** 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)” (\$10B)

# Minnesota's Allocation of Capital Projects Fund

Alabama	\$ 120,510,525.00
Illinois	\$ 253,682,328.00
Indiana	\$ 203,132,429.00
Iowa	\$ 152,176,435.00
Kansas	\$ 143,356,521.00
Kentucky	\$ 182,769,205.00
Louisiana	\$ 176,741,864.00
Maine	\$ 128,245,250.00
Maryland	\$ 171,223,815.00
Massachusetts	\$ 175,362,478.00
Michigan	\$ 250,630,295.00
<b>Minnesota</b>	<b>\$ 180,702,620.00</b>
Mississippi	\$ 162,609,351.00
Missouri	\$ 196,737,544.00
Montana	\$ 119,934,533.00
Nebraska	\$ 128,740,178.00

- Every state was allocated a base amount of \$100M
- Additional allocations to states were based on the proportion that the population of each state bears to the population of all states; the proportion living in rural areas of each state compared to the number of individuals living in rural areas in all states; and the number of individuals with a household income that is below 150% of the poverty line in each state compared to the number of such individuals in all states.
- Minnesota's allocation is \$180,702,620

\*\*Tribal Governments also have an allocation of the \$10B Capital Projects Fund and their timelines for requesting funding and submitting a Grant Plan differ from the timelines applicable to States, Territories and Freely Associated States

# How Can Capital Projects Fund be Used - #1

Presumptively eligible projects:

- **1. Broadband Infrastructure Projects**
  - Infrastructure has to be designed to reliably deliver 100Mbps/100Mbps (unless impracticable due to geography, topography or excessive cost then must meet 100/20)
  - Must be affordable to target market, must report pricing data, and provider must participate in federal low-income subsidy programs (initially EBB)
  - Must comply with National Defense Authorization Act
  - Must explain why the communities identified to be served have a critical need
  - If considering deploying to locations where there are existing enforceable federal or state funding commitments for reliable wireline service at speeds of at least 100/20, ensure that CPF funding will not be used for costs that will be reimbursed by the other federal or state funding stream(s) and must ensure there is additional public benefit and a justification for using additional public funding to deploy to these locations

# How Can Capital Projects Fund be Used - #2

Presumptively eligible projects:

- **2. Digital Connectivity Technology Projects**
  - Purchase and/or installation of devices and equipment to facilitate broadband access where affordability has been identified as a barrier to broadband adoption and use
  - Permitted devices and equipment: laptops, tablets, desktop personal computers for distribution to members of the public through a short or long-term loan program or to be made available for use in public facilities; permitted equipment includes equipment installed as part of public wi-fi infrastructure (access points, routers, repeaters)
  - Ownership of the equipment must be maintained by the Recipient (State of Minnesota) or sub-recipient
  - Must explain why communities to be served have a critical need

# How can Capital Projects Fund be Used - #3

Presumptively eligible projects:

- **3. Multi-Purpose Community Facility Projects**
  - Projects to construct or improve buildings that are designed to jointly and directly enable work, education and health monitoring
  - Examples include projects to construct or improve full-service community schools; projects to construct or improve libraries; and projects to construct or improve community health centers
  - Must explain why the communities served have a critical need; required to commit that the Capital Projects will provide services or activities for at least 5 years

# How can Capital Projects Fund be Used - #4

## Case-by-Case Review

- In addition to the presumptively eligible projects, a Recipient may propose a different use of funds
  - Project must be designed to directly enable work, education and health monitoring
  - Project must be designed to address a critical need that results from or was made apparent or exacerbated by COVID-19
  - Project must be designed to address a critical need in the community to be served
- Ineligible projects and projects not presumed to be eligible include general infrastructure projects such as highways, bridges, transit systems, and ports; and general construction and improvement of hospitals and traditional schools

# How Recipient (State) Accesses Capital Projects Fund

Three step process:

1. Submit an application to Treasury that includes:
  - Amount of Capital Projects Fund grant funding they wish to receive (not to exceed allocation amount)
  - Specify amount to be used for administration (not to exceed five percent of total)
  - Designation Letter signed by the chief executive (Governor of state) that identifies and delegates authority to an authorized representative; the authorized representative may identify points of contact
  - Eligibility and payment information
  - Applications must be submitted by December 27, 2021

# How Recipient Accesses Capital Projects Fund

- 2: Execution of Agreement
  - Treasury will review all applications for completeness and eligibility
  - Once Treasury has validated, a Grant Agreement is executed
  - Upon Grant Agreement execution, Recipient has access to funds requested for program administrative costs (the greater of 5% of the total amounts of the grant received or \$25,000, whichever is greater)

# How Recipient Accesses Capital Projects Fund

- 3. Grant Plan and Program Plan(s)
  - Recipients submit a Grant Plan for deploying Capital Projects Fund grant funding after the execution of a Grant Agreement
  - Grant Plan and all Program Plans must be submitted no later than September 24, 2022
  - Grant Plan includes an executive summary, an Allocation Table (showing the broad categories of Capital Projects the recipient intends to undertake—infrastructure, connectivity, multi-purpose community facilities and how much funding in each category) and one or more Program Plans
  - Treasury will review Grant Plans for completeness and consistency with Capital Projects Fund requirements and assess and approve each Program Plan separately and will separately provide access to funds for each Program Plan as approved
  - Recipients may submit updates to Grant Plans until September 24, 2022 and subject to Treasury review and approval
  - All funds must be expended by December 31, 2026

# Minnesota's B2B Appropriation for FY22 and FY23-from Sec. 604 Capital Project Fund

## **BROADBAND DEVELOPMENT; APPLICATION FOR FEDERAL FUNDING; APPROPRIATION.**

(a) The commissioner of employment and economic development must prepare and submit an application to the United States Department of the Treasury requesting that \$70,000,000 of Minnesota's capital projects fund allocation under Public Law 117-2 be awarded to the state. The commissioner must submit the application required under this paragraph by the later of September 30, 2021, or 90 days after the date on which the United States Department of the Treasury begins accepting capital projects fund applications. The commissioner must specify in the application that the award will be used for grants and the purposes specified under Minnesota Statutes, section 116J.395.

(b) Of the amount awarded to the state of Minnesota pursuant to the application required in paragraph (a), notwithstanding Minnesota Statutes, sections 3.3005 and 4.07, 50 percent in fiscal year 2022 and 50 percent in fiscal year 2023 are appropriated to the commissioner of employment and economic development. This is a onetime appropriation and must be used for grants and the purposes specified under Minnesota Statutes, section 116J.395.

(c) The commissioner of employment and economic development may temporarily modify program standards under Minnesota Statutes, section 116J.395, to the degree necessary to comply with federal standards for funding received under this section.

## **EFFECTIVE DATE.**

This section is effective the day following final enactment and is retroactive from May 17, 2021.

# What about areas with an RDOF auction winner?

- Treasury Guidance issued 9/20/21 stated: “To the extent Recipients are considering deploying broadband to locations where there are existing enforceable federal or state funding commitments for reliable wireline service at speeds of at least 100Mbps of download speed and 20Mbps of upload speed, the Recipient should ensure that the Capital Projects Fund grant funding will not be used for costs that will be reimbursed by the other federal or state funding stream(s). That is, Capital Projects Fund grant funding must be used only for complementary purposes.”
- **Is a preliminary Rural Digital Opportunity Fund (RDOF) award an existing enforceable federal funding commitment or is the existing enforceable federal funding commitment what occurs after the FCC approves the long form application and authorizes Universal Service Administration Corporation (USAC) to obligate and disburse the funding to the RDOF awardee?**
- *Please contact the Federal Communications Commission to determine when Rural Digital Opportunity Funds become an enforceable federal funding commitment.* The Recipient should ensure that the Capital Projects Fund grant funding in locations where there is an existing enforceable funding commitment will not be used for costs that will be reimbursed by the other federal or state funding stream(s). Capital Projects Fund grant funds must be used only for complementary purposes.

# What's Next?

- Minnesota submits an application (no later than December 27, 2021) for its allocation from the Capital Projects Fund
- Treasury reviews/approves application
- Minnesota enters into a Grant Agreement with Treasury
- Minnesota submits a Grant Plan and at least one Program Plan
  - We anticipate that a Program Plan would include a request for at least \$70M for Broadband Infrastructure Projects for the Border-to-Border Broadband Grant Program
- Treasury reviews/approves Grant Plan and Program Plan(s)
- OBD opens FY22 Border to Border Broadband Infrastructure grant window
- Any subsequent Program Plans or updates to Grant Plan submitted by 9/24/2022
- All funding expended by 12/31/2026