

DATE: January 26, 2021

BILL NO.: House Bill 43

COMMITTEE: House Committee on Economic Matters

TITLE: Department of Information Technology - Office of Broadband and Joint Committee on Broadband

SPONSORS: Del. Krimm

Letter of Information

Description of Bill:

House Bill 43 establishes the Office of Broadband in the Department of Information Technology. The Office would be funded through the Rural Broadband Assistance Fund at the Department of Commerce, as well as revenues from sports and event wagering in the State. The duties of the Office include coordinating with local governments and stakeholders to identify funding for broadband expansion projects and, ultimately, increase the availability of high speed internet. The bill also establishes a Joint Committee on Broadband.

Background:

In 2017, Governor Hogan established the Governor's Office of Rural Broadband with the goal of facilitating high speed internet service in all corners of the State. That office is supported by the Department of Housing and Community Development and funded through appropriations to the agency for operating and capital expenses. Discussion of creating a new office for these purposes should take into account the existing work that is done by the Office of Rural Broadband.

Through funding, expertise and partnerships with local jurisdictions and internet service providers (ISP), the Office enables broadband expansion to unserved and underserved rural households and businesses. Since the Office's inception, several successful programs have been developed and implemented to further the Office's mission. What follows is a description of some of the Office's work.

Assistance for Federal Funding Applications

In order to best leverage its state funding, the Office has worked with multiple counties and their ISP partners to facilitate their applications for federal broadband funding. In one example, Talbot County's partner, Easton Utilities received a \$13 million grant from USDA to construct a broadband network that will provide service to approximately 90% of the unserved rural households in Talbot County. That federal funding was facilitated by approximately \$81,000 in State funding through the Office.

The Office continues to offer technical and financial assistance for federal funding efforts.

Expansion of Existing Broadband Networks grant program
(formerly the Broadband Pilot Program)

This grant program, established in FY19, has been popular with local jurisdictions and successful in extending existing broadband facilities into nearby unserved neighborhoods. The program offers funding of up to \$200,000 for 50% or less of the project capital costs. It requires local jurisdictions to partner with an ISP and submit a joint application with the local jurisdiction being the lead applicant. This application structure helps the local jurisdiction guide where service will be extended and allows them to better serve their constituents.

In FY19, the program provided over \$600,000 in funding to five counties for eight projects. In FY20 the program expanded to include applications from eight counties and one city and funded 19 projects and provided \$2.1 million in funding. Applications for the FY21 program recently closed with 12 Counties applying for 36 projects requesting over \$4.3 million in funding.

Broadband Infrastructure grant program

This grant program was established in FY20 to provide funding for major new broadband networks necessary to provide access to broadband for rural unserved households. The program offers funding of \$1 million to \$3 million for 50% or less of the project capital costs. ISP's apply for funding directly and must show a partnership has been established with the local jurisdiction.

In FY20, the program provided over \$7.4 million for four projects that will provide broadband access to over 3,700 premises. Applications are being received for the FY21 program with nine applications requesting over \$18 million in funding expected.

COVID-19 Response:

With COVID-19 forcing our school districts to employ online learning to guarantee social distancing, the Office implemented several, short term, immediate funding programs to assist with the school districts' efforts.

Emergency Broadband Education Assistance Grants

These grants were offered to school districts and libraries in early April to expand their existing broadband networks and offerings to allow students additional ways to access the internet to participate in online learning. Grants were provided to pay for external wireless access points on buildings as well as the purchase of cellular hotspots for student use. Over \$200,000 was provided to five libraries and four school districts.

Broadband for Unserved Students

Governor Hogan directed Coronavirus Relief Funds be provided to assist with internet connectivity for unserved students all across Maryland. The program provided over \$8.7 million in funding to 22 school districts across the State. Funding was used to purchase and distribute cellular hotspots or school districts partnered with existing ISP's to have service installed and paid for at households where service was not already established.

Wireless Broadband Education Network

Using \$15 million in funding provided through the Governor's Emergency Education Relief Fund (GEER), the Office in partnership with Collaborative Solutions Maryland (a 501(c)3 corporation formed by the Maryland Research and Education Network) has begun the process of constructing a statewide wireless network to serve unserved students. This new network will utilize existing state vertical and fiber optic resources to provide broadband services for education to our unserved rural and urban students. It is expected to be operational for the 2022 school year.

Conclusion:

The Department recommends your consideration of the ongoing work of the Governor's Office of Rural Broadband, housed at our agency, when reviewing proposals related to broadband access.