

November 29, 2021

Governor Tim Walz  
Speaker of the House Melissa Hortman  
Senator Erin Murphy  
Representative Debra Kiel

Cc:  
Senator Torrey Westrom  
Commissioner Steve Grove  
Representative Gene Pelowski

As part of the American Rescue Plan Act funding that Minnesota is slated to receive, there is a Sec. 604 Coronavirus Capital Projects Fund that is intended to be used “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).” The U.S. Department of the Treasury (Treasury), which is charged with administering this fund, notes on its website that a purpose of this funding is to “contribute to the Administration’s goal of providing every American with the modern infrastructure necessary to access critical services, including a high-quality and affordable broadband internet connection.”

In August 2021, Treasury identified the amount of Sec. 604 funding that would be allocated to each state; Minnesota’s allocation is \$180,702,620. In September 2021, Treasury issued guidance as to how the Capital Projects Fund dollars may be used and broadband infrastructure projects were identified as a presumptively eligible use.

In the 2021 Minnesota legislative session, language was passed to fund the state’s Border-to-Border Broadband Infrastructure Grant program with \$70 million over the biennium and with that funding coming from the Capital Projects Fund. This decision was made prior to either information being released regarding Minnesota’s total allocation or guidance on allowed uses.

Minnesota is required to apply for this funding **by December 27, 2021** and once its application is approved and an agreement signed with Treasury, the state must submit a Grant Plan and a Program Plan(s) outlining how it intends to use the state’s allocation of \$180,702,620. The Governor’s Task Force on Broadband would urge the state to submit its application as soon as possible and once an agreement is in place, file a Grant Plan and Program Plan to use **all the funding** for the state’s Border-to-Border Broadband Infrastructure grant program. With prompt approval by Treasury, the Office of Broadband Development could then open a grant window and approve projects in time to be built, or at least started, during the 2022 construction season. As you are aware, Minnesota’s construction season is shortened due to weather and it is imperative to get the ball rolling as soon as possible.

The guidance issued by Treasury indicates that any home or business in Minnesota that does not have a reliable, wireline broadband service of at least 100Mbps download and 20Mbps upload is eligible for this funding. The latest data available shows that there are at least 240,000 households in Minnesota without a broadband connection meeting those speeds. Assuming an average cost of \$5,527 per location to deliver a broadband service (taken from the Task Force’s 2020 annual report), deploying service to those 240,000 households would require funding of over \$1.3 billion. Even assuming the grant portion for that funding is capped at 50 percent as it is under current state law for the Border-to-Border Broadband grant program, funding of \$663 million would still be necessary.

While Minnesota has been a leader amongst the states with its Border-to-Border Broadband Infrastructure grant program having awarded \$126.2 million to reach approximately 57,000 locations with broadband service between 2014 and 2020, the state is falling behind. In March 2021, Wisconsin awarded over \$24.8 million for 58 projects, in October 2021 Wisconsin awarded \$100 million to 83 projects and in early November announced that the next grant window to award another \$100 million will open December 1, 2021. In October 2021, Iowa announced that it would make available another \$200 million for broadband grants in addition to the \$100 million in grants announced in September 2021 as part of its Empower Rural Iowa Broadband Grant Program. A few other examples include Missouri announcing it will use at least \$400 million for broadband infrastructure; Ohio is using \$250 million to improve high speed internet service; Texas Governor Abbott just signed a bill allocating \$500 million for broadband infrastructure; and Virginia has plans to use \$700 million to provide universal broadband by 2024.

The pandemic has made clear the need for fast, reliable broadband service to all homes and businesses in the state. Federal funding is available to get that infrastructure deployed. Broadband is the foundational element that is a force multiplier for all other issues. We need it to better address critical challenges and build economic opportunity, competitiveness, and prosperity. The state has in place a nationally recognized broadband office and grant program. All that is needed is for the Governor and the Legislature to direct the available federal funding to the Border-to-Border Broadband Infrastructure grant program so that the real work of building out the infrastructure to meet the state's broadband goals can be achieved. The time is now to invest in our communities.

Thank you for your prompt consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read 'Teddy Bekele', with a long horizontal line extending to the right.

Teddy Bekele  
Chair, Governor's Broadband Task Force

Task Force Members: Yvonne Cariveau, Nolan Cauthen, Dale Cook, Steve Fenske, Steve Giorgi, Jason Holliday, Marc Johnson, Bernadine Joselyn, Brian Krambeer, Micah Myers, Theresa Sunde, Jim Weikum, Paul Wertz, Dave Wolf; Office of Broadband Development: Diane Wells, Angie Dickison