

Memorandum

May 14, 2021



Key Points in U.S. Treasury Guidance on \$350 Billion in Coronavirus State and Local Fiscal Recovery Funds from the American Rescue Plan Act (ARPA) and Use in Broadband Deployment

On May 10, the Treasury Department released the Interim Final Rule (IFR) for the \$350 billion in Coronavirus State and Local Fiscal Recovery Funds under the ARPA. The Funds provide emergency funding for state, local, territorial, and Tribal governments to respond to the pandemic and its economic impacts, including making necessary investments in broadband infrastructure. A Fact Sheet was also released.

Timeline & Restriction on Use:

- Treasury interpretation of ARP is that Fiscal Recovery Funds costs be incurred by December 31, 2024, to mean funds must be “obligated” by that date.
- Payments from the Fiscal Recovery Funds may not be used as non-Federal match for other Federal programs whose statute or regulations bar the use of Federal funds to meet matching requirements.
- The IFR permits funds to be used to cover costs incurred beginning on March 3, 2021.
- The Act provides that the Secretary will make payments to local governments in two tranches, with the second tranche being paid twelve months after the first payment.

Network Speed Obligations:

- Eligible projects are expected to be designed to deliver at least 100/100 Mbps.
- Obligation is reduced to 100/20 Mbps (but scalable to 100/100 Mbps) in remote and very high cost areas.
- Recipients are encouraged to prioritize investments in fiber optic infrastructure where feasible.
- Recipients are encouraged to focus on projects to achieve last mile-connections to homes and businesses.

Eligible Areas:

- Applicants have flexibility to identify specific locations within their communities to be served and to otherwise design the project.
- Eligible projects are expected to focus on unserved or underserved locations, meaning they lack access to a wireline connection capable of reliably delivering at least minimum speeds of 25/3 Mbps.
- To avoid duplication of efforts and resources, recipients encouraged to avoid investing in locations with existing agreements to build reliable wireline service of at least 100/20 Mbps by December 31, 2024.
- Assistance to households facing negative economic impacts due to COVID-19 is also an eligible use, including internet access or digital literacy assistance.

Affordability:

- Recipients are encouraged to consider ways to integrate affordability options into their program design.

Provider Type:

- Treasury encourages recipients to prioritize support for broadband networks owned, operated by, or affiliated with local governments, non-profits, and cooperatives.

Public Input:

- Although this Interim Final Rule is effective immediately, comments are solicited from interested members of the public and from recipient governments on all aspects of the IFR. Comments will be due 60 days after federal register publication.