

**Broadband Funding Opportunities in the
American Rescue Plan Act of 2021
(Version 1 — March 17, 2021)**

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Below is a high level summary of sections in the American Rescue Plan (ARP) Act¹ that include funding for broadband. Only the E-rate's new \$7.17 billion "Emergency Connectivity Fund" is more narrowly focused on broadband and internet connectivity. As outlined below, the \$360 billion in assistance to State, county, municipal and Tribal governments² can be used for a wide variety of purposes, besides broadband. Obviously the American Rescue Plan Act has more specific language on the various conditions that impact fund distribution, priorities and use and readers are encouraged to review the actual language of the law as needed.

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SECTION 2001: ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND (pp. 16-20).

- *Appropriations:* \$122.775 billion to remain available through September 30, 2023. This funding will be allocated to State Education Agencies (SEAs) which will then allocate not less than 90 percent of the funds to local educational agencies (LEAs). The state and local allocations are based on the formula found in Title I of the Elementary and Secondary Education Act (ESEA) of 1965. (Note: SEAs and LEAs are familiar with this formula.) This program is under the authority of the Department of Education.
- *Timing or Regulations:* Each State Education Agency shall make allocations to local education agencies in an expedited manner and, to the extent practicable, not later than 60 days after the receipt of such funds. (Note: It is assumed the Department of Education will use the same process it used to administer the \$54.3 billion in ESSER funds allocated in the December 2020 Consolidated Appropriations Act.³)
- *Allowable Use of Funds:* At least 20 percent of the funds shall be used to address learning loss as a result of the pandemic. The remaining funds can be used for a wide variety of purposes including to address the unique needs of low-income students and to purchase educational technology (including hardware, software, and connectivity) for students served by the local educational agency.

¹ This summary and its section and page citations is based on the version of the law at <https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf>. Last checked, March 17, 2021.

² The Senate Democrats have a specific breakdown of this funding to the various units of government, see: <https://www.democrats.senate.gov/final-state-and-local-allocation-output-030821>.

³ As of March 15 the Wisconsin Dept. of Public Instruction had not received any information from the Dept. of Education on the ESSER funds in the ARP Act.

SECTION 2023: INSTITUTE OF MUSEUM AND LIBRARY SERVICES (IMLS) (p. 27).

- *Appropriations:* \$200 million to remain available until expended. The Director of the Institute shall award not less than 89 percent of such funds to State Library Agencies (SLAs) using the formula in section 221(b) of the Museum and Library Services Act. (Note: SLAs are familiar with this formula.) Most of the \$200 million will ultimately be allocated by the SLAs to local public libraries. This program is under the authority of the Institute of Museum and Library Services.
- *Timing or Regulations:* Not specifically defined. However, the IMLS has already been in contact with some state libraries about details of the fund award.
- *Allowable Use of Funds:* While there is no specific language in the American Rescue Plan Act on what these funds can be used for, specific uses are defined in the existing statutes covering IMLS and State Library Agencies. Assisting libraries with broadband connectivity and expanding digital network access is an eligible use.

SECTION 7402: FUNDING FOR E-RATE SUPPORT FOR EMERGENCY EDUCATIONAL CONNECTIONS AND DEVICES (pp. 106-107).

- *Appropriations:* \$7.171 billion to remain available through the official COVID–19 emergency period or September 30, 2030.⁴ The funding, known as the “Emergency Connectivity Fund,” is to come from the U.S. Treasury and not the Universal Service Fund. Not more than 2 percent of the fund (\$143.4 million) is available to the Universal Service Administrative Company (USAC) to administer the Emergency Connectivity Fund. This program is under the authority of the Federal Communications Commission (FCC) and it will be administered by the Universal Service Administrative Company (USAC).
- *Timing or Regulations:* No later than 60 days after enactment of the ARP Act the FCC shall promulgate regulations on use of the Emergency Connectivity Fund. A public comment period is not required in the law but the FCC released a Public Notice seeking comments on March 16.⁵ The initial comments are due on April 5 and reply comments are due April 23. (Note: While regulations must be done in 60 days this does not mean an actual application process will begin in 60 days.)
- *Allowable Use of Funds:* Funds can be used to purchase eligible equipment⁶ and advanced telecommunications and information services (i.e., internet access). 100 percent of the costs associated with such purchases shall be covered. However, reimbursements may not exceed an amount the FCC determines is reasonable. The Emergency Connectivity Fund can be used by schools and libraries at locations outside of a school or library building. (Note: Allowing E-rate funds to be used for off-campus broadband connectivity is supported by many school and library organizations.)

I look forward to implementing this program so we can help ensure that no child is left offline. --Acting FCC Chair, Jessica Rosenworcel.

⁴ Section 7402(c)(2)(A) states the funding will remain available until September 30, 2030. But Section 7402(a) states that funding will be available just during the official COVID–19 emergency period which the federal government declared on January 27, 2020. This indicates that funding may be retroactive to this date. Section 7402(d)(5)(B) states the funding will end on the June 30 that first occurs after the date that is one year after the date on which the COVID-19 emergency period ends.

⁵ Wireline Competition Bureau Seeks Comment on Emergency Connectivity Fund.... (DA No. 21-317). (Dkt No 21-93). Released: 3-16-21. <https://docs.fcc.gov/public/attachments/DA-21-317A1.pdf>.

⁶ “Eligible equipment” means wi-fi hotspots, modems, routers, devices that combine a modem and router, and connected devices (e.g., laptops, tablets).

SECTION 602: CORONAVIRUS STATE FISCAL RECOVERY FUND (pp. 220-225).

- *Appropriation:* \$219.8 billion to remain available through December 31, 2024. From this funding payments will be made to States, territories, and Tribal governments to mitigate the fiscal effects of the COVID-19 emergency. Of this amount: \$195.3 billion shall be reserved for direct aid to each State and the District of Columbia; \$4.5 billion shall be reserved for the territories; \$20 billion shall be reserved for Tribal governments. This program is under the authority of the Department of the Treasury.
- *Timing or Regulations:* The Secretary of the Treasury shall have the authority to issue any regulations necessary to carry out this section. To receive payments, the State or territory shall provide the Secretary with a signed certification. Once this certification is filed the Secretary shall make the payment to the State or territory within 60 days.
- *Allowable Use of Funds:* In response to any negative economic impacts of the COVID–19 pandemic the funds can be used for a wide variety of purposes including assistance to households, small businesses, and nonprofits. In addition, funds can be used to make necessary investments in water, sewer, or broadband infrastructure. Funds can cover the costs of eligible uses incurred by December 31, 2024.

SECTION 603: CORONAVIRUS LOCAL FISCAL RECOVERY FUND (pp. 225-230).

- *Appropriation:* \$130.2 billion to remain available through December 31, 2024. From this funding payments will be made to metropolitan cities, non-entitlement units of local government,⁷ and counties to mitigate the fiscal effects of the COVID-19 emergency. Of this amount: \$45.57 billion shall be reserved for metropolitan cities with allocations based on the formula used by the Housing and Community Development Act of 1974 (i.e., Community Development Block Grants); \$19.53 billion shall be reserved for States to distribute to non-entitlement units of local government based on population; \$65.1 billion shall be reserved to make payments directly to counties based on their population. This program is under the authority of the Department of the Treasury.
- *Timing or Regulations:* Funding will be allocated in two tranches. To the extent practicable, the first tranche will be allocated to each metropolitan city, State and county not later than 60 days after the date of the ARP Act. The second tranche shall be allocated not earlier than 12 months after the date on which the first tranche is paid.
- *Allowable Use of Funds:* In response to any negative economic impacts of the COVID–19 pandemic the funds can be used for a wide variety of purposes including assistance to households, small businesses, and nonprofits. In addition, funds can be used to make necessary investments in water, sewer, or broadband infrastructure. Funds can cover the costs of eligible uses incurred by December 31, 2024.

We are ready to work on implementing the support for state, local and tribal governments.
--Treasury Secretary, Janet Yellen

Section 604: CORONAVIRUS CAPITAL PROJECTS FUND (pp. 230-231).

- *Appropriation:* \$10 billion to remain available until expended. From this funding payments will be made to States, territories, and Tribal governments to carry out critical capital projects. Each state

⁷ Non-entitlement areas are cities with populations less than 50,000 (except cities that are designated principal cities of Metropolitan Statistical Areas) and counties with populations of less than 200,000.

will receive a minimum of \$100 million and \$200 million will be allocated to territories and Tribal governments. The remaining \$4.8 billion will be allocated to states based on population, rural population and household poverty. This program is under the authority of the Department of the Treasury.

- *Timing or Regulations:* The Secretary of the Treasury shall establish a process to apply for grants to access the funding not later than 60 days after enactment of the ARP Act.
- *Allowable Use of Funds:* Funds can be used to enable States, territories, and Tribal governments to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the COVID-19 pandemic.

Section 605: LOCAL ASSISTANCE AND TRIBAL CONSISTENCY FUND (pp. 231-233).

- *Appropriation:* \$2 billion to remain available until September 30, 2023. Of this amount \$1.5 billion is for eligible counties with funds to be allocated based on a variety of economic factors such as poverty rate, household income and unemployment rate. In addition, \$500 million is for eligible Tribal governments in amounts that take into account the economic conditions of each Tribe. (Note: County and Tribal eligibility are defined in this section.) This program is under the authority of the Department of the Treasury.
- *Timing or Regulations:* Not specified.
- *Allowable Use of Funds:* An eligible county or an eligible Tribal government may use the funds provided for any governmental purpose other than lobbying.

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