

Employment and Economic Development

Program Narrative

Program: Broadband Development

<https://mn.gov/deed/programs-services/broadband/>

AT A GLANCE

- Works to ensure that the state's Internet service is among the nation's best and can keep pace with the growing demands of businesses and individual Minnesotans.
- Coordinates public, private, and philanthropic efforts to increase availability, speed, and use of broadband.
- Administers federal resources assigned directly to states for broadband infrastructure and digital equity.
- Administers the state competitive grant programs for broadband infrastructure, including Border to Border, Low Density Population, and Line Extension programs.
- In SFY 2023 and 2024, awarded 148 grants totaling \$225M for broadband deployment.
- Administers the state Telecommuter Forward! Community certification program.
- Conducts research, data collection, and mapping to inform policy and improve access to underserved and unserved communities.

PURPOSE AND CONTEXT

The Office of Broadband Development (OBD), created in 2013, is charged with improving broadband access and use. OBD is housed in the Economic Development and Research Division of Minnesota Department of Employment and Economic Development (DEED). OBD's purpose is to drive job creation, promote innovation and expand markets for Minnesota businesses by increasing the deployment and use of broadband technologies. OBD encourages investment in broadband infrastructure to achieve equal access to opportunities in economic development, education, healthcare, public safety, and social well-being throughout the state. The work ensures that unserved and underserved communities gain access to the broadband infrastructure they need to remain economically competitive and to advance digital adoption and skills to all Minnesotans.

Since 2021, OBD has administered federal funding from both the U.S. Department of Treasury (\$135m) and more recently, preparing to administer the National Telecommunication Information Administration's Broadband Equity Access and Deployment (BEAD) program and the Digital Equity Act. The BEAD and Digital Equity Capacity grant programs will provide over \$660 million to Minnesota to deploy broadband infrastructure and to advance digital equity and adoption.

SERVICES PROVIDED

The Office of Broadband Development (OBD) accomplishes its mission through the following activities:

- *Community Planning:* Work with communities, internet service providers, Tribal Nations, and local units of government to provide technical assistance and consultation services for broadband development and related planning. OBD works to ensure these partners are aware of both federal and state policies and programs, including financial resources.
- *Broadband Infrastructure:* Manage the competitive Border-to-Border Broadband Development Grant program, Low Density Population Grant Program, Line Extension program, and new federal funding for the Broadband Equity, Access and Deployment program to award grants to build broadband infrastructure in areas of the state where conventional business models have been unable to meet

connectivity needs. Applicants are typically one partner among several in a community initiative, such as an existing broadband provider, a cooperative, township, city, or tribe.

- *Research and Data Collection:* Through the coordination of data collection, mapping, and analysis, OBD measures progress toward state broadband goals.
- *Adoption and Use:* Study and work to improve low broadband adoption and use rates among identified population groups including the development and administration of new federal funding for Digital Equity planning and capacity grants. OBD has led the development of a statewide Digital Opportunity Plan that will guide this work. Manage the Telecommuter Forward! Community certification program to promote broadband usage and economic development.
- *Collaboration and Engagement:* Provide support and input to the Governor’s Task Force on Broadband to develop, implement and promote state broadband policy, planning and initiatives to achieve State broadband needs and goals. Data and programmatic information are also used to educate and inform legislators as they consider broadband policy legislation. OBD works with the Association of Minnesota Counties, Minnesota Association of Townships, Minnesota Association of Small Cities, League of Minnesota Cities, Minnesota Cable Communications Association, Minnesota Telecom Alliance, Minnesota Rural Electric Association, and many other organizations to collaboration and engagement with communities.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Measure Data Source</i>	<i>Year & Amount of Funding Appropriated</i>							
			<i>2014 \$20M</i>	<i>2015 \$10.5M</i>	<i>2016 \$35M</i>	<i>2017 \$20M</i>	<i>2018 \$0</i>	<i>2019 \$20M</i>	<i>2020 \$20M</i>	<i>2022 \$100M</i>
Quantity	# of Applications to Broadband Grant Program	Internal Program Tracking	40	44	57	70	0	80	64	130
Quantity	# of Grant Awards from the Broadband Grant Program	Internal Program Tracking	16	15	40	39	0	30	39	61
Quantity	# of Households, Businesses and Community Institutions Served by Broadband Grant Program	Internal Program Tracking	6,333	4,098	16,708	12,202	0	10,938	6,922	33,091

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Results	Percent of Minnesota Households with High-Speed Broadband Access (based on 2016 established goal of 25Mbps down/3Mbps upload)	Connected Nation Mapping Data	85.83% ¹	87.72% ²	87.94% ³	90.77% ⁴	92.70% ⁵	92.19% ⁶	91.86 ⁷	91.56 ⁸

Minn. Stat., Chap. 116J.39 (<https://www.revisor.mn.gov/statutes/?id=116J.39>) Provides the legal authority for DEED's Broadband Development program.

¹ Broadband access as of 2/15

² Broadband access as of 7/16

³ Broadband access as of 4/17

⁴ Broadband access as of 3/18

⁵ Broadband access as of 4/19

⁶ Broadband access as of 4/20. The decrease in household availability between 2019 and 2020 is attributable to more granular reporting of available broadband speeds by a few broadband providers.

⁷ Broadband access as of 5/21. The decrease in household availability between 2020 and 2021 is attributable to more granular reporting of available broadband speeds by a few broadband providers and use of Census 2020 Housing Units instead of 2010 Occupied Households.

⁸ Broadband access as of 10/23

Broadband Development

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	283	417	325	1,026	1,001	1,001	1,001	1,001
2001 - Other Misc Special Revenue	803	27,544	78,451	56,070				
3000 - Federal		67,895	55,332	51,861	3,259	3,259	3,259	3,259
Total	1,086	95,856	134,108	108,957	4,260	4,260	4,260	4,260
Biennial Change				146,123		(234,545)		(234,545)
Biennial % Change				151		(96)		(96)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Broadband Dev Office	1,086	95,856	134,108	108,957	4,260	4,260	4,260	4,260
Total	1,086	95,856	134,108	108,957	4,260	4,260	4,260	4,260

Expenditures by Category

Compensation	521	688	1,397	1,226	102	102	102	102
Operating Expenses	565	1,285	999	3,357	4,158	4,158	4,158	4,158
Grants, Aids and Subsidies		93,883	131,709	104,374				
Other Financial Transaction	0	1	3					
Total	1,086	95,856	134,108	108,957	4,260	4,260	4,260	4,260

Total Agency Expenditures	1,086	95,856	134,108	108,957	4,260	4,260	4,260	4,260
Internal Billing Expenditures	79	101	207	75	60	60	60	60
Expenditures Less Internal Billing	1,007	95,755	133,901	108,882	4,200	4,200	4,200	4,200

Full-Time Equivalents

	3.98	5.26	10.97	10.97	3.44	3.44	3.44	3.44
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Broadband Development

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		67		25				
Direct Appropriation	350	25,350	75,350	51,001	1,001	1,001	1,001	1,001
Transfers Out		25,000	75,000	50,000				
Cancellations		0						
Balance Forward Out	67		25					
Expenditures	283	417	325	1,026	1,001	1,001	1,001	1,001
Biennial Change in Expenditures				651		651		651
Biennial % Change in Expenditures				93		48		48
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.55	1.67	1.40	1.40	1.40	1.40	1.40	1.40

2001 - Other Misc Special Revenue

Balance Forward In	5,369	5,153	6,729	6,070				
Receipts	124	1,028	2,792					
Transfers In		25,000	75,000	50,000				
Balance Forward Out	4,690	3,636	6,070					
Expenditures	803	27,544	78,451	56,070				
Biennial Change in Expenditures				106,174		(134,521)		(134,521)
Biennial % Change in Expenditures				375		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	2.43	2.38	1.65	1.65				

3000 - Federal

Balance Forward In					1,704	852	1,704	852
Receipts	67,895		55,332	53,565	2,407	2,407	2,407	2,407
Balance Forward Out				1,704	852		852	
Expenditures	67,895		55,332	51,861	3,259	3,259	3,259	3,259
Biennial Change in Expenditures				39,298		(100,675)		(100,675)
Biennial % Change in Expenditures						(94)		(94)
Governor's Change from Base								0
Governor's % Change from Base								0

Broadband Development

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23			FY26	FY27	FY26	FY27
Full-Time Equivalents		1.21	7.92	7.92	2.04	2.04	2.04	2.04