



## Broadband Funding Options for NC Counties NCACC and UNC School of Government

### NC State Budget Authorizes Counties to Provide Broadband Grants with specific requirements

The North Carolina [state budget](#), enacted on November 17, 2021, included provisions to give counties authority to provide grant funding for broadband projects in unserved areas of North Carolina. Counties now have legal authority to use either their direct allocation of federal ARPA dollars, or General Funds. However, counties are precluded from using property tax monies to fund broadband projects.

Counties can only support projects in areas deemed “unserved” regardless of whether unrestricted General Fund monies or ARPA funds are used for the project. Broadband projects must also meet specific speed thresholds to be authorized forms of “broadband service.” [Click here](#) to review the key definitions of “[broadband service](#)” and “[unserved](#)” and be sure to use the state’s [broadband planning maps](#) to validate a proposed coverage area to ensure it meets the definition of “unserved.”

### The Source of Funding for Broadband Matters

Depending on the source of funding you use for a broadband project, the requirements will vary. A county may choose to fund a project on its own, using its direct allocation of ARPA funds or General Fund monies (excluding property tax). However, if the county chooses the “go it alone” approach by providing grant funding outside the state-administered broadband programs on or after May 1, 2021, the county forfeits its participation in these programs (see section on *State Administered Broadband Programs*). All investments regardless of funding source must comply with state laws and definitions of “unserved” and “broadband service” ([Click here](#) to view the *Key Definitions*).

### Using ARPA Funds for Broadband

If using ARPA dollars, counties may choose to fund projects under two different ARPA expenditure categories (EC) – Revenue Loss or the Broadband Infrastructure. Carefully review each of these expenditure categories in the Final Rule, supplementary information, and compliance guidance as the requirements vary depending on which category you choose.

- [ARPA Revenue Replacement EC \(see pgs. 4400- 4408 of Final Rule\)](#) – Must comply with key definitions for “broadband service” and “unserved area” as outlined in GS 153A-459 (see *Key Broadband Definitions* section). Must comply with all applicable federal uniform guidance and reporting as required by U.S. Treasury. \*Revenue Replacement dollars can be used as a non-federal match or cost-share requirements for other federal programs.
- [ARPA Broadband Infrastructure EC \(see pgs. 4408-4422 of the Final Rule\)](#) – Must comply with U.S. Treasury speed threshold requirements outlined in the Final Rule -



100/100 Mbps, or 100/20 Mbps with ability to scale to 100/100 Mbps and documented evidence explaining why 100/100 Mbps is not feasible. Additionally, when funded under this category, the internet service provider must participate in a low-income subsidy program and provide specific programmatic data, including certain labor certifications for projects over \$10 million.

If using ARPA funds, the ISP and the county will be subject to federal Uniform Guidance (UG) administrative requirements and the county must enter into a partnership agreement with the ISP. If the county is using ARPA funds as a match for the State's Completing Access to Broadband (CAB) program, the county agreement will be with the State.

Work with your County Finance Officer and Attorney to ensure the county complies with all federal reporting and UG policies. As stated in [U.S. Treasury's reporting and compliance](#) guidance, "recipients should ensure they maintain proper documentation supporting determinations of costs and applicable compliance requirements, and how they have been satisfied as part of their award management, internal controls, and subrecipient oversight and management."

### **Broadband Legislative Authority Includes Incentives for Counties to Participate in State Programs**

The State budget included language to encourage counties to use their ARPA dollars to participate in state-administered broadband programs to maximize the reach of this unprecedented federal funding. The North Carolina Department of Information Technology's Broadband Infrastructure Office is administering programs using the state's allocation of federal ARPA funds, which incentivize county participation. Applications that include matching funds from a county will receive extra points as an incentive to combine funds. However, if a county funds a project outside these state programs using ARPA funds on or after May 1, 2021, the county is precluded from participating in these programs.

- **GREAT Grant (2021-2022, Federal)** - The Growing Rural Economies with Access to Technology (GREAT) Grant is a competitive grant program that provides funding to private sector broadband providers to deploy last-mile broadband infrastructure to unserved areas of North Carolina. Counties may enter into a partnership agreement with an ISP, and the ISP submits the application. Click [here](#) for more information.
- **Completing Access to Broadband (CAB)** - The Completing Access to Broadband (CAB) Grant program provides an opportunity for individual NC counties to partner with NC Department of Information Technology to fund broadband deployment projects in unserved areas of each county. Counties enter into a partnership agreement with the state for this program. The CAB Grant program complements the GREAT Grant program to provide solutions to areas not served by the GREAT Grant. Per legislation, projects applied for and not funded under the GREAT Grant can be considered for funding under the CAB Grant program. GREAT Grant applications are due April 4. Click [here](#) for more information.



## Partnership Agreement Guidance

NCGS 143-1373 requires partnership agreements to (i) be in writing, (ii) provide the specific terms and conditions of the partnership, and (iii) be signed and attested to by the parties. Counties may meet these requirements by approving a Letter of Support/Funding Commitment which establishes a partnership, contingent upon the award of grant funds or a resolution outlining the conditions of partnership.

The letter/resolution should include a financial cap of the total county contribution. For counties that engage with more than one ISP and have sufficient funds to offer multiple letters of contingent partnership, counties should ensure the language clearly indicates that the ISP will only receive county funds if the grant award is successful. Counties typically approve these partnership agreements via a consent agenda along with proper contingency statements and financial caps in place, along with a clear indication that county funds will only be provided if the ISP's grant application is successful.

- Click [here](#) to review a sample resolution drafted by Rowan County, which outlines the partnership agreement between the county and Yadkin Valley Telephone Membership Corporation to provide ARPA fiscal recovery funds for the construction of broadband infrastructure if the ISP is selected for a GREAT grant.

*\*If you have questions about county broadband funding options, please email:*  
[STufts@sog.unc.edu](mailto:STufts@sog.unc.edu) or [arpquestions@ncacc.org](mailto:arpquestions@ncacc.org)