

The State of South Carolina

Capital Projects Fund Annual Performance Report 2023



admin
THE SOUTH CAROLINA
DEPARTMENT *of* ADMINISTRATION



**BROADBAND
OFFICE**

Capital Projects Fund

Published and submitted on July 26, 2023

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1. Program Information

Approved Program Number

CPFFN0189

Program Start Date

February 8, 2022 (period of performance start date per notice of award)

Program End Date

December 31, 2026

Actual CPF Funds Allocated to this Program

\$185,765,655.00

2. Executive Summary

This report details the State of South Carolina's use of its American Rescue Plan Act (ARPA) Capital Projects Fund (CPF) allocation. The state's goal with the CPF investment is to expand broadband infrastructure to underserved and unserved communities through the MAIN ST program, more commonly referred to as the ARPA CPF Broadband Grant Program. Since South Carolina expects CPF funds to be deployed in two tranches, the first round of funding is referred to as ARPA CPF 1.0. Awards for ARPA CPF 1.0 will be selected by August 31, 2023, and funding agreements will be negotiated with ISPs during September/October 2023. As a result, there has been substantial progress initiating the ARPA CPF 1.0 competitive grant round and the state is moving in accordance with the objectives stated in the [U.S. Treasury Approved CPF Program Plan \(Program Plan\)](#) for the period covered. The objectives for the ARPA CPF 1.0 grant program, as described in the Program Plan are as follows:

1. Administer a competitive grant program that shall prioritize 1) unserved areas with no current Internet Service Provider (ISP), 2) Difficult Development Areas as identified by U.S. Department of Housing and Urban Development (HUD), 3) census blocks that have a high concentration of unserved public K-12 student households as documented by the South Carolina Department of Education, and 4) MAIN ST Eligible Service Areas (ESAs) for eligible broadband infrastructure projects that will deploy broadband internet service to prospective broadband recipients, including households, homes, businesses, and community anchor institutions.
2. Use CPF funds to allow future Infrastructure Investment and Jobs Act (IIJA) funding to be utilized to bring broadband access to additional unserved

households (<25/3 Mbps download/upload), increase connectivity to underserved households (<100/20 Mbps download/upload), and to ensure anchor institution connectivity.

The South Carolina General Assembly passed [House Bill No. 4408](#) (H.4408), or Act 244, which Governor McMaster signed on May 13, 2022. [H.4408](#) directed the Office of Broadband Coordinator (more commonly referred to as the South Carolina Broadband Office or SCBBO) within the Office of Regulatory Staff (ORS) to take all necessary action to secure any broadband funding made available to South Carolina pursuant to Section 604 of the Social Security Act, as added by Section 9901 of ARPA, and to make appropriate grants from those funds. On July 25, 2022, [H.4408](#) became Act 224, which included this investment of approximately \$185 million in CPF funding, complementing an additional \$214 million in ARPA State and Local Fiscal Recovery Funds (SLFRF) for broadband infrastructure. In total, Act 244 has approved approximately \$400 million to expand broadband access to all South Carolinians.

As emphasized in the [Program Plan](#), Main Streets play a central role in commerce. They are sources of community pride, inspiration, and innovation as demonstrated throughout the 1900s and beyond. South Carolina is blessed with a significant number of rural Main Streets that can serve as critical components in reducing the digital divide in South Carolina. However, thanks to prior investments made under the ARPA SLFRF 1.0 grant program, only two Main Street eligible service areas remain based on the criteria thresholds (detailed in the Uses of Funds section) established for development of the state's ARPA CPF 1.0 eligibility map.

What follows will outline how the ARPA CPF 1.0 grant program complies with all U.S. Treasury's mandatory reporting requirements, such as the requirements for Equitable Outcomes, Labor Practices, Community Engagement, and Civil Rights Compliance.

3. Uses of Funds

Per U.S. Treasury reporting requirements, recipients of CPF should describe intended and actual uses of funds, including goals, activities, and progress towards objectives as outlined in the approved Program Plan. Recipients should explain how the funds will support and benefit their communities, in accordance with the U.S. Treasury-determined Project Use Code 1A Broadband Infrastructure Projects. These requirements are addressed in the following section of the Annual Performance Report.

Under the Project Use Code 1A Broadband Infrastructure Projects, this program will utilize CPF funding to form a new competitive grant application program that prioritizes 1) unserved areas with no current ISP, 2) Difficult Development Areas as identified by HUD, 3) census blocks that have a high concentration of unserved public

K-12 student households as documented by the South Carolina Department of Education, and 4) Main Street ESAs.

Details around the ARPA CPF 1.0 grant program are published on the ORS' [website](#). The SCBBO may provide additional program administration, quality assurance, project management, and closeout documentation to Treasury upon their request.

About ORS & SCBBO
The Office of Regulatory Staff (ORS) is a state agency responsible for many aspects of the state's utility regulation, including but not limited to inspection, auditing, and examination of public utilities. The Office of Broadband Coordinator (more commonly referred to as the South Carolina Broadband Office, SCBBO) serves as the central broadband planning body and coordinates with federal, state, regional, local, and private entities to engage in the continued deployment of broadband in the state. Act 244 authorizes the SCBBO to expand broadband infrastructure to households, businesses, and communities that have minimal or no access to broadband services. Through the ARPA CPF 1.0 program, the SCBBO is directly responding to the statutory requirement to expand broadband to communities.

All projects under the ARPA CPF 1.0 grant program must use wireline technology capable of meeting or exceeding transmission speeds of 100/100 Mbps symmetric (download/upload) capability. The ARPA CPF 1.0 grant program will not fund fixed wireless or satellite technology infrastructure because those technologies cannot support scalable business needs or cellular backhaul (connection of cellular sites to wireline networks). Funding will not be approved for projects that may duplicate existing broadband facilities that meet or exceed the 25/3 Mbps download/upload requirement. Eligible applicants are private ISPs, public ISPs, and ISPs working in partnership with electric cooperatives and local governments.

Currently, there are no outcomes or outputs to report as projects have not been awarded and therefore have not started. Next reporting period, Phase 1 awards will have been obligated and most projects will kick-off. In the next reporting period, the SCBBO will document narratives about those benefiting from CPF funds, including information about methods used for collecting and measuring success, as well as documenting any challenges and the status of each identified challenge, and program key performance indicators (KPIs). The outcome of ancillary costs will also be covered. Although projects have not been awarded, the SCBBO incurred research and data collection costs and related program administrative expenses during the period covered by this annual report. These expenses were for Esri ArcGIS (mapping and analytic software) and Ookla (internet speed test software) licensing, totaling \$143,994.

Beginning with the ARPA SLFRF 1.0 grant program, the SCBBO has successfully leveraged Esri ArcGIS software to maintain all of the broadband infrastructure maps for the State of South Carolina in addition to managing and monitoring progress of funded projects throughout the period of performance. Five out of six SCBBO staff members utilize ArcGIS on a daily basis to track, manage, and screen projects along

with producing bi-annual maps for all 46 counties and for state overviews. The SCBBO also utilized ArcGIS to produce the ARPA CPF 1.0 Eligibility Map for applicants to apply to those priority areas identified by the state that are in greatest need of service. This same technology is used to analyze and submit Bulk Fabric and Availability Challenges to the Federal Communications Commission (FCC). [Per the FCC](#), "The Fabric is a common dataset of all locations (or structures) in the U.S. where fixed broadband internet access service is or can be installed," and Bulk Availability Challenges "help identify missing and incorrect locations." This data is critical to identifying areas in need of broadband.

The SCBBO has developed a sophisticated broadband mapping capability that blends the most recent provider-reported FCC data with millions of Ookla Speedtest records. The SCBBO will utilize its Ookla license to pull consumer-generated, fixed speed tests to assist with verification of network performance that is reported by ISPs to the FCC.

4. Promoting Equitable Outcomes and Addressing Critical Needs

Per U.S. Treasury reporting requirements, recipients of CPF should describe applicable efforts to promote equitable outcomes and address critical needs at various stages of the program, as outlined in the approved Program Plan. Recipients must speak to objectives, awareness, and outcomes of equitable practices, where applicable, particularly as to whether funding was targeted towards historically underserved communities. These requirements are addressed in the following section of the Annual Performance Report.

In the beginning of the COVID-19 pandemic in March 2020, with more people than ever staying in their homes, it became clear - in part through community feedback initiatives and FCC data - that South Carolina was lacking internet access, particularly in certain rural areas and among the most vulnerable populations. This lack of access was further highlighted by the best available FCC and National Telecommunications and Information Administration (NTIA) data mapped annually by the SCBBO, as well as from responses to SCBBO surveys from the public.

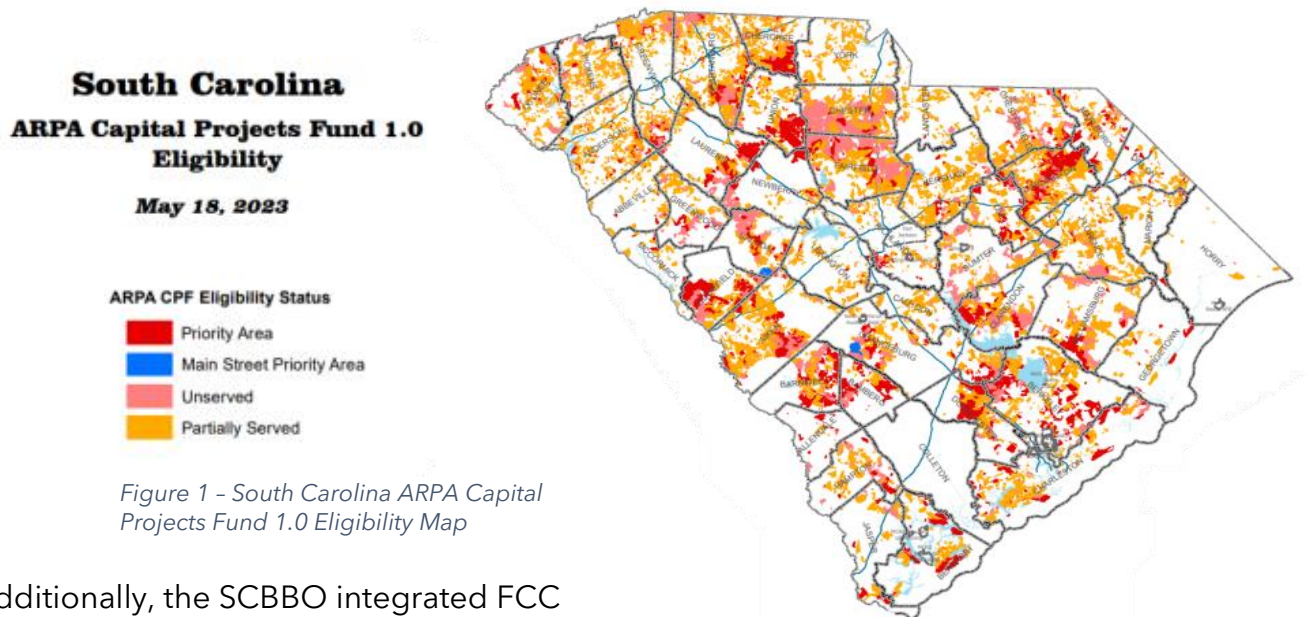
Eligible projects for the ARPA CPF 1.0 program must contain census blocks with one or more of the characteristics listed above or be identified as an Eligible Service Area (ESA). By setting these criteria, the APRA CPF 1.0 grant program ensures that funding is invested in communities with the most need for broadband access and services.

Each eligible project will provide broadband services to homes, businesses, and community anchor institutions that are either unserved or underserved. The SCBBO's

goal is to ensure high-speed internet access for all South Carolina citizens as quickly as possible so that all can access the key internet services which enable work, telehealth monitoring, eLearning, and economic development that proved essential during the pandemic.

On May 18, 2023, the SCBBO released the South Carolina ARPA CPF 1.0 Eligibility Map, (**Figure 1** below), to demonstrate areas eligible for funding through CPF. The colors in the map represent the following:

- Red = Priority Areas with more than 20 public K-12 student households, or Difficult Development Areas as identified by HUD, or no ISPs providing any type of service.
- Dark Blue = Main Street Priority Areas and surrounding areas currently unserved (not served by cable or fiber).
- Pink = Unserved Areas not served by cable or fiber.
- Orange = Partially Served Areas. For Partially Served Areas to be eligible, 90% or more of the structures must be unserved (not served by cable or fiber) and they must have at least one unserved residential structure.



Additionally, the SCBBO integrated FCC Broadband Serviceable Location (BSL) data into the modeling to determine eligible areas for broadband grant funding. A [BSL](#) is any “business or residential location in the United States at which fixed broadband internet access service is, or can be, installed.”

This data integration has allowed the SCBBO to analyze the state with a finer level of granularity to better depict the real need for broadband service. It has also given rise to a new designation of ‘partially served’ census blocks. The ‘partially served’ classification added 52% more census blocks (6,728 out of a total 12,905 census

blocks) to the ARPA CPF 1.0 eligibility map, which reflects a 45% increase in unserved or underserved BSLs (63,194 out of a total 118,319 structures) that are now eligible for funding.

The two Main Street priority areas identified are Norway, SC (Orangeburg County) and Ridge Spring, SC (Saluda County).

Affordability is a major consideration for the ARPA CPF 1.0 grant program because bridging the digital divide means not only delivering service to unserved and underserved communities, but also providing these communities with the real, affordable opportunity to connect.

Applicants (private ISPs, public ISPs, and ISPs working in partnership with electric cooperatives and local governments) applying for a grant, at the time of application, must include the FCC's Affordable Connectivity Program (ACP) in their offering.

In addition, applicants must also provide an offering that is affordably priced for the geographic location of the given project area for those that do not qualify for ACP.

The ISP (Awardee) will be held accountable for any affirmation made and relied upon by the SCBBO in granting the award. To ensure accountability, a clawback provision will be included in every grant agreement in the case that the above provisions are not satisfied.

Objectives

For the purposes of the ARPA CPF 1.0 grant program, communities with a critical need are considered those that are unserved or underserved by broadband services. These communities are typically in rural areas and/or low-income areas. The ARPA CPF 1.0 program is designed to prioritize service to these communities most in need of broadband infrastructure.

Awareness

The SCBBO believes that in order to increase awareness in communities, one should work directly with trusted community leaders. The SCBBO designed and implemented the [Broadband Community Champion Training program](#) that delivers instructor-led content to existing community leaders through a series of three, two-hour webinars.

These webinars, which include topics on internet infrastructure, education gaps, and healthcare opportunities, are designed to take an existing community leader from novice to fully aware of key terms and concepts for successful broadband deployment in their area.

Since its inception several years ago, over 150 community leaders in 17 different counties have completed training and have become Broadband Community Champions.

The SCBBO seeks to continue to conduct trainings while also expanding the program to include online learning content in support of ARPA CPF with a goal of reaching stakeholders in every corner of the state.

As Broadband Community Champions, community leaders can share broadband information with their communities and make better informed decisions that will strengthen their communities or increase advocacy for critical needs and resources.

Outcomes

Beyond an expansion of mapping capabilities with new data and software, there are no outcomes to report at this time because awards for Broadband deployment have not been made and therefore projects have not started. The SCBBO will require awardees to submit, in project reports, equity indicators, the number of residential and commercial locations that have broadband access as a result of the project, the percentage of households in the project area that have access to broadband service, and the percentage of subscribers in the project area to the broadband service. This data will be provided incrementally over time once projects commence.

5. Labor

Per U.S. Treasury reporting requirements, recipients of CPF should describe workforce practices on any Broadband Infrastructure projects being pursued, including how the projects are using strong labor standards to promote effective and efficient delivery of high-quality infrastructure projects while supporting the economic recovery through strong employment opportunities for workers. These requirements are addressed in the following section of the Annual Performance Report.

The SCBBO employs a strategy for employing strong labor standards that centers around upholding applicable federal and state requirements and contracting practices to attract a highly skilled workforce.

For all projects that require Davis-Bacon certification, ORS reports on the following: Davis-Bacon certification including WH-347 form and statement of compliance submitted weekly, or a project employment report detailing the number of employees or contractors and sub-contractors working on the project, the number of employees on the project hired directly and hired through a third party, the wages and benefits of workers on the project by classification, and whether those wages are at rates less than those prevailing.

Satisfying these labor requirements are imperative to fostering strong labor standards. Where applicable, the SCBBO will require awardees to describe labor practices in submitted project reports.

6. Community Engagement

Per U.S. Treasury reporting requirements, recipients of CPF should describe how their uses of funds incorporates community engagement from communities, organizations, and constituents during the project selection, construction, and implementation. Recipients should describe community engagement strategies to collect and address feedback and activities that occurred with communities served by the program. Community engagement activities include, but are not limited to, surveys, community meetings, outreach, advertising, and translation activities. These requirements are addressed in the following section of the Annual Performance Report.

Community Engagement Efforts and Outreach

The SCBBO's community engagement efforts focus on determining communities' access to broadband and raising awareness of internet service gaps across the state.

To gather information on internet connectivity and develop solutions funded by CPF that meet communities' needs, SCBBO has established a website with maps, web applications, dashboards, surveys, and free internet speed tests.

The website deployed by the SCBBO, www.scdigitaldrive.org, provides broadband data and resources to the public to increase awareness of internet access per location and encourages individual and community advocacy.

Data that can be found on the website includes maps of best available technology across the state, areas of broadband need, and ISPs that may offer service in the general area of an address.

The SCBBO creates new broadband maps for South Carolina including all 46 counties every six months using data provided by ISPs, the FCC, the SC Department of Education, and free internet speed tests accessible to the public.

Additionally, the public can access a free internet speed test on the website that provides the user individualized information on their internet speed such as the download and upload speeds, which can be compared to internet plans existing consumers may have already purchased to determine whether they're getting the level of service for which they've subscribed.

Households, businesses, and communities can advocate on the website for and request internet through the ["I Need Internet" survey](#). Individuals who wish to fill out the survey can provide information on their internet subscriptions, type of internet

connection, and/or need for internet. At the end of the survey, the SCBBO has provided a space for comments and recommendations on how the SCBBO can better serve the citizens of the state.

Results of “I Need Internet” surveys are considered as part of the SCBBO’s scoring rubric through the “Geography” category under the ARPA CPF 1.0 grant program. Proposed projects that include areas of high concentrations of “I Need Internet” survey results may yield higher points for a grant application as compared to those that do not.

The information collected from the ISPs, FCC, internet speed tests, and “I Need Internet” surveys play a crucial role in determining internet needs statewide.

To advise the use of CPF funding, the SCBBO continues to leverage the SC Broadband Advisory Council (BBAC). The BBAC consists of 21 members representing different facets of the economy and places a priority on community and stakeholder engagement.

The council meets quarterly, and meetings are open to the public for in-person attendance or via a registration portal on the ORS website (recordings of meetings can be found [here](#)).

These meetings have proved critical in collecting community input on funded programs. On July 7, 2022, the SCBBO shared a conceptual draft of this ARPA CPF 1.0 program plan with the BBAC and the details were discussed on July 12, 2022. BBAC and other stakeholder feedback were reflected in the in [Program Plan](#) for the ARPA CPF 1.0 grant program.

Finally, the ARPA CPF 1.0 grant process considers and scores community engagement before making award selections. The SCBBO published the broadband map showing eligible areas for the program (**Figure 1**). ISPs had the opportunity to challenge and protest the eligibility map if they believed an area is already served. Following the close of the application period on July 17, 2023, the SCBBO posted all grant applications on the ORS website to invite public comment.

The comment period, which began on July 19, 2023, allows other ISPs, public agencies, or interested stakeholders to voice their support or to address issues and concerns for specific applications. Because this program coordinates with other public entities - counties, municipalities, and others - a thirty-day comment period is important. The comment period closes on August 18, 2023.

Together, these community engagement efforts play a vital role in ensuring the needs of communities are being met and concerns are being heard as the SCBBO uses this CPF investment to bring broadband access to unserved and underserved areas of the state and close the digital divide.

Capacity Building for Underserved Groups

As mentioned in Section 4, affordability of broadband is a major consideration for the ARPA CPF 1.0 grant program and all grant applicants, at the time of application, are required to be eligible to offer the FCC's Affordable Connectivity Program (ACP) and have an offering that is affordably priced for that geographic location for those that do not qualify as low or low/moderate income levels.

Future Plans - Updated Annually

The SCBBO will leverage its existing relationships with the SC Department of Commerce (SCDOC), SC Association of Counties (SCAC), and the Municipal Association of South Carolina (MASC), and will support MASC's existing Main Street South Carolina program to streamline local stakeholder engagement.

The SCBBO will require awardees to describe community engagement efforts in submitted project reports. This data will be provided once projects commence.

ARPA SLFRF investments (non-broadband) in South Carolina have cascaded down to multiple agencies focused on infrastructure projects, including the Rural Infrastructure Authority (RIA) and the Department of Transportation (SCDOT). The SCBBO and their sister agencies all acknowledge the unique opportunity this funding provides to encourage "Dig Once" practices through grant programs administered by the state. The concept of Dig Once is focused on minimizing the number and scale of ground excavation projects when installing infrastructure.

As an example, the practice of Dig Once effectively eliminates the need to dig up recently paved roads to expand water and sewer lines going down a Main Street. The overall harmonization of construction activities can eliminate disruption to projects and overall operations, save time, and significantly reduce the cost of building out infrastructure.

It is through this lens the SCBBO is encouraging applicants and grantees to consider any potential for implementing dig once best practices tied to their grant award(s) through the SCBBO. Advocacy will continue through the ARPA CPF 1.0 grant program.

7. Civil Rights Compliance

Per U.S. Treasury reporting requirements, recipients of CPF are required to meet legal requirements relating to nondiscrimination and nondiscriminatory use of Federal funds in accordance with Title VI of the Civil Rights Act of 1964. This requirement is addressed in the following section of the Annual Performance Report.

Upon award, all grantees will be required to submit certification of civil rights compliance, including, but not limited to, those listed in Treasury's [CPF Compliance and Reporting Guidance](#) (pg. 16).

The [requirements include](#) ensuring that awardees do not discriminate on the basis of race, color, national origin (including limited English proficiency), disability, age or sex (including sexual orientation and gender identity).