

# American Recovery and Reinvestment Tax Act of 2009

## Broadband Stimulus Package



As broadband access becomes a mass-market technology worldwide, the correlation between broadband penetration and economic growth and prosperity is increasingly clear. Yet, in 2007, the Organisation for Economic Co-operation and Development (OECD) reported that the United States ranked 21st in the world for broadband penetration. And just as cost has limited broadband deployments in low-density and underserved areas throughout the world, the large land mass and widely distributed population of the United States has contributed to broadband adoption and penetration rates that are inconsistent with its overall global economic position.

# Summary

The Obama Administration and Congress recognize the value of broadband connectivity for continued economic growth, innovation and job creation across the nation. Furthermore, they widely recognize that consumers and businesses in rural, unserved and underserved areas often lack adequate access to the broadband infrastructure required for growth in the 21st century.

As a result, Congress and the Administration created an important role for broadband in the economic stimulus bill, the American Recovery and Reinvestment Tax Act of 2009 (ARRA). ARRA allocates \$7.2 billion for broadband grants, loans and loan guarantees through programs managed by the Rural Utilities Service (RUS) and the National Telecommunications and Information Administration (NTIA).

The RUS' \$2.5 billion rural broadband program provides grants, loans and loan guarantees to applicants providing broadband service in markets where 75 percent of the area to be served is rural. The RUS program is technology neutral, includes few regulatory "strings," and includes no specific end date by which all funds must be distributed, although we anticipate an aggressive RUS timetable for the distribution of resources.

The NTIA's \$4.7 billion Broadband Technology Opportunity Program provides grants (no loans or loan guarantees) to cover up to 80 percent of the cost of broadband deployment in unserved and underserved areas. The NTIA program is also technology neutral; however, the law encourages NTIA, when assessing applications, to consider those who offer the greatest possible broadband speeds to

consumers. The NTIA program includes manageable regulatory conditions, such as compliance with the Federal Communications Commission's Broadband Policy Statement (a version of net neutrality). The NTIA must award all grant funds by September 30, 2010. While neither program explicitly dictates a role for individual states, we anticipate a strong state role, and NTIA must seek to extend at least one grant per state.

**\$7.2 billion** is allocated to increasing broadband Internet access in rural, unserved and underserved areas, which will better position the United States for economic growth, innovation and job creation.

- These programs will be administered by the RUS and NTIA.

	<b>RUS BROADBAND PROGRAM</b> \$2.5 billion	<b>NTIA BROADBAND PROGRAM</b> \$3.89 billion (for broadband deployment)
<b>Speed requirements</b>	<b>Technology neutral</b> – No minimum speed requirements	<b>Technology neutral</b> – No minimum speed requirements, but speed is important consideration (faster than existing/competing applications improves chance of approval)
<b>Geography</b>	<b>75 percent of area to be served must be rural</b> without sufficient access to broadband	<b>Unserved:</b> not defined but should assume "no broadband" <b>Underserved:</b> not defined, but trends toward a definition of "improving broadband"; can include expanding access and competitive overbuilds
<b>Net neutrality / interconnection mandate</b>	<b>None</b>	NTIA required to <b>contractually obligate grantees to abide by a "nondiscrimination requirement</b> and "interconnection obligations," and at minimum a FCC Broadband Policy Statement
<b>Eligibility</b>	<b>No limitations;</b> priority given to former/existing recipients; RUS recipients cannot receive NTIA funds	<b>No limitations</b>
<b>State consultation</b>	<b>No process/requirements</b>	<b>None required, but strong state role anticipated;</b> states may submit applications, and it is anticipated some states may aggregate demand for grant funding
<b>Program types and matching requirements</b>	<b>Grants, Loans, and Loan Guarantees; Loans/Guarantees require applicant equity; RUS recipients cannot receive NTIA funds</b>	<b>Grants; NTIA funds 80 percent of project;</b> may exceed base on need
<b>Grant application criteria to be considered</b>	Application priorities: over-builds, unserved deployment, completion if fully funded, prompt commencement of project	<ul style="list-style-type: none"> <li>• One grant per state, as practical</li> <li>• Must consider socially and economically disadvantaged small businesses</li> <li>• Various criteria such as enhanced service for health care, education or children; improved affordability of broadband, public safety use</li> </ul>

NTIA will allocate **\$4.7 billion** in grants through September 30, 2010 under the Broadband Technology Opportunity Program (Broadband TOP).

- The broadband network must be built within two years of the grant allocation.
- The NTIA grant program includes \$500 million toward broadband adoption programs and community computer centers.

RUS will administer the remaining **\$2.5 billion** through a broadband loan, loan guarantee and grant program.

## The Opportunity

These programs represent a historic opportunity to enhance the lives and economic well-being of people throughout the United States, while providing a mechanism to help build an optimal network for the next 50 years.

Existing broadband carriers can expand broadband connectivity to territories and markets that historically have been out of reach. This also represents a rare opportunity to gain funding for out-of-market expansion into neighboring unserved or underserved territories.

Other operators, governments or private institutions will be able to offer broadband connectivity to unserved communities for the first time, ensuring a connection to the global economy and a long-term revenue stream. This also may be an opportunity for service area expansion or to enable the speeds, applications and services that will make the network future-ready and ensure the business and the economic viability of the community.

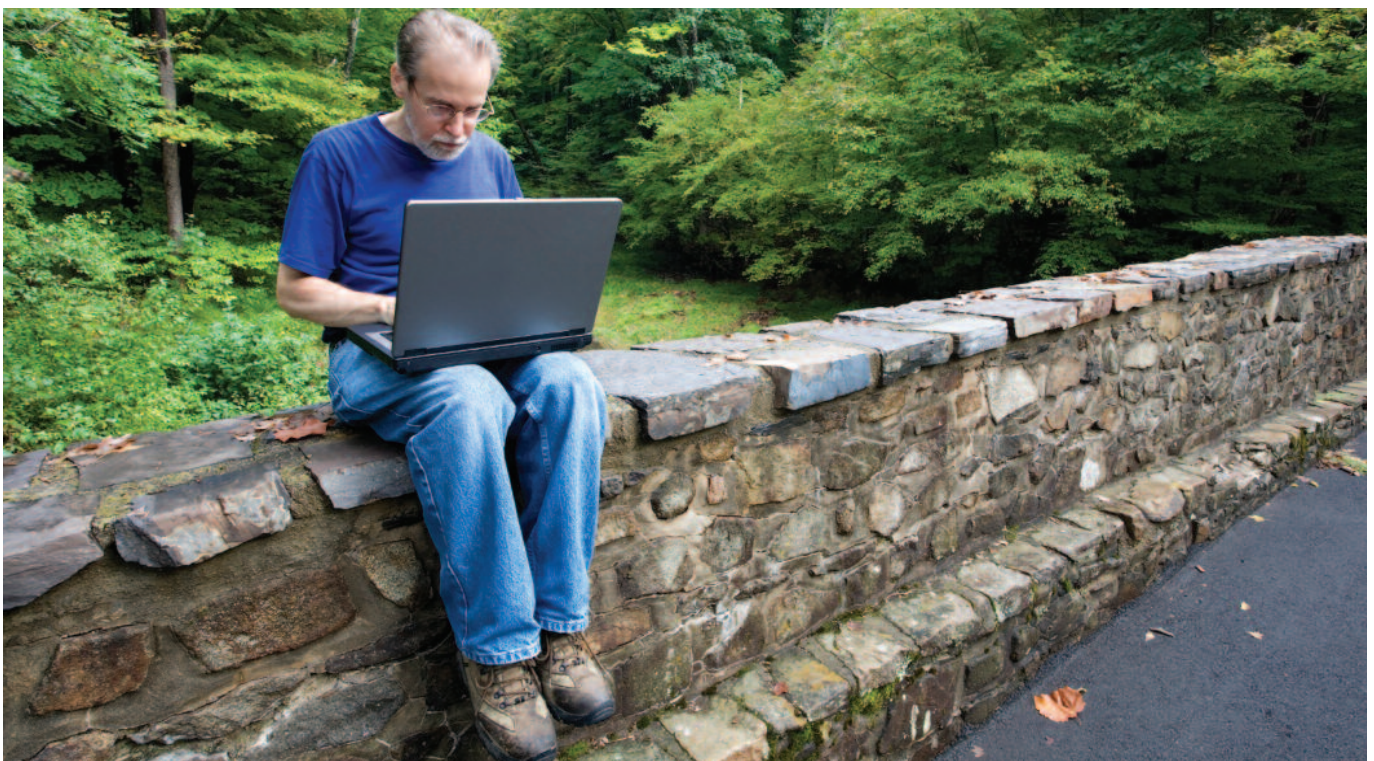
### The time to prepare is now

- The states will likely play a big role in these programs, particularly the NTIA portion. Applicants should become active at the state level and engage state telecom stakeholders.

- Rural, unserved, and underserved markets are the priorities between the RUS and NTIA programs. Applicants who are able to best document that the territory they plan to serve maps to these markets will be at an advantage.
- Applicants should specify the broadband platforms (for example, FTTH or wireless) that will provide the best and widest coverage for identified unserved and underserved markets, with the understanding that other stakeholders may be competing for resources to serve the same market.

### Turnkey assistance from Alcatel-Lucent

Alcatel-Lucent is uniquely qualified to help you take advantage of this opportunity. In addition to world-class technology solutions, Alcatel-Lucent offers turnkey assistance in preparing grant applications, and subsequent follow-up and advocacy with NTIA and RUS program administrators.



Partnering with Alcatel-Lucent includes:

- **Identification** of all standardized and unique elements of each grant program
- **Preparation and compilation** of all required grant application components such as project narratives, budget formation, market surveys, mapping and all other documentation required
- **Advocacy** – Alcatel-Lucent has a strong relationship with government stakeholders and will advocate on behalf of your application to firmly establish the value proposition of a proposal and advance it through the entire process to maximize your opportunities for success.

## Market Leadership

In addition to grant preparation resources benefitting from 50 years of experience with Federal grant programs and a strong track record of approvals, Alcatel-Lucent brings you world-class technical leadership, one of the strongest product portfolios in the industry, customer-focused business consultancy programs, ongoing investments in innovation and unparalleled experience in supporting end-to-end deployments.

Alcatel-Lucent is the worldwide leader in the broadband access market, supporting large- and small-scale deployments of video, voice and data services. Today, over 650 million users worldwide are served through an access network provided by Alcatel-Lucent.

## BENEFIT FROM ALCATEL-LUCENT STRENGTHS

Alcatel-Lucent is recognized by the industry as:

- The world leader in fixed broadband, with a worldwide installed base of almost 200 million lines
- An established fiber optic vendor with an award-winning portfolio of solutions and more than 90 deployments ongoing worldwide
- The world leader in mobile access technologies, with solutions that support LTE, CDMA, W-CDMA and WiMAX customers in over 140 countries
- A market leader in end-to-end triple play networks, currently deploying its Triple Play Service Delivery Architecture with more than 50 operators worldwide

With technologies to support fixed line solutions for fiber-to-the-home and fiber-to-the-node, traditional copper solutions for most forms of ADSL and VDSL, and wireless broadband solutions like CDMA EV-DO, UMTS HSPA, WiMAX and LTE, Alcatel-Lucent is a recognized world leader with a wide array of proven solutions and services to help you deliver on the promise of broadband.

Your Alcatel-Lucent representative will contact you to show you how to capitalize on this historic opportunity and help deliver on the vision of the broadband stimulus initiative.

*For more information, visit [www.broadband4all.com/alu](http://www.broadband4all.com/alu) or call 1-800-252-2835.*



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