



LARRY HOGAN  
Governor  
BOYD K. RUTHERFORD  
Lt. Governor  
KENNETH C. HOLT  
Secretary  
OWEN McEVOY  
Deputy Secretary

December 23, 2021

The Honorable Lawrence J. Hogan, Governor  
100 State Circle  
Annapolis, MD 21401

The Honorable Bill Ferguson, President  
Maryland Senate  
H-107, State House  
100 State Circle  
Annapolis, MD 21401

The Honorable Adrienna A. Jones, Speaker  
Maryland House of Delegates  
H-101, State House  
100 State Circle  
Annapolis, MD 21401

Dear Governor and Assembly Members:

As required by Chapter 74 (Senate Bill 66), Digital Connectivity Act of 2021, Section 6.5-104 (E), the Department of Housing and Community Development (DHCD) is submitting the attached report.

If you have further questions or concerns, please contact Kenrick Gordon, P.E., Director of the Office of Statewide Broadband at 301-429-7426.

Sincerely,

A handwritten signature in blue ink that reads "Kenneth C. Holt".

Kenneth C. Holt  
Secretary



**MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**  
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**Broadband Expansion and Access Progress**

Completed pursuant to  
Chapter 74 (Senate Bill 66), Digital Connectivity Act of 2021, Section 6.5-104 (E)

Submitted by the  
Department of Housing and Community Development  
Office of Statewide Broadband

December 23, 2021

## **Introduction**

Chapter 74 (Senate Bill 66), the Digital Connectivity Act of 2021, Section 6.5-104(E)(1) requires a report be submitted to the Governor and the General Assembly on or before December 1, 2021 and each year thereafter. The report is to include progress the Office of Statewide Broadband (OSB) is making towards developing a state broadband plan, increasing access to broadband infrastructure, improving digital literacy, the allocation of funds from the Digital Inclusion and Digital Connectivity Funds, as well as other metrics.

## **Background**

Broadband internet access has become an essential part of everyday communications and everyday life. Chapter 74 reorganized the Office of Rural Broadband (ORB) into the Office of Statewide Broadband (OSB). The OSB was given the responsibility for broadband efforts statewide whether rural, urban or suburban. The OSB's responsibilities include access to infrastructure, digital literacy, digital inclusion and digital equity efforts.

## **Report**

### **Section 6.5-104(E)(1)**

#### **Subsection (I)(1) Develop and implement the plan required under subsection (C) of this section (Statewide Broadband Plan):**

The statewide broadband plan utilizes the data collected and analyzed in accordance with Section 6.5-104(A)(3). This work requires the assistance of a consultant that specializes in the collection, analysis and presentation of broadband data. A request for proposals (RFP) is being developed by our procurement office. We expect to receive responses to the RFP in January and have the consultant under contract in March. The data collection and analysis and creation of the Statewide Broadband Plan are expected to take approximately eight months.

#### **Subsection (I)(2) Increase access and connection to broadband internet services throughout the state with specific reporting on improvements to infrastructure, adoption, and speeds:**

The ORB began its efforts to improve access to broadband infrastructure in FY 2018 and has expanded its efforts every year since that time. Since FY 2018, the ORB/OSB has provided over \$42 million in funding across 19 Counties to expand broadband access to over 15,000 households.

Initially, all grant-funded projects met speeds of 25 megabits per second (Mbps) downstream and 3 Mbps upstream. In FY 2021 we increased the grant delivery speeds to 100 Mbps downstream by 20 Mbps upstream. As appropriate, OSB will reexamine our speed requirements and adjust them as recommended.

Cumulative Funding by Jurisdiction

| County       | DHCD Funding | Non-DHCD Funding | County Total |
|--------------|--------------|------------------|--------------|
| Allegany     | 4,277,647    | 2,647,347        | 6,924,994    |
| Anne Arundel |              |                  |              |
| Baltimore    | 2,325,836    | 1,536,400        | 3,862,236    |
| Calvert      | 2,332,368    | 1,570,912        | 3,903,280    |
| Caroline     | 2,637,600    | 2,304,146        | 4,941,746    |
| Carroll      | 680,488      | 473,659          | 1,154,147    |
| Cecil        | 1,269,672    | 817,702          | 2,087,374    |
| Charles      | 3,152,056    | 3,395,614        | 6,547,670    |
| Dorchester   | 2,394,695    | 388,437          | 2,783,132    |
| Frederick    | 262,012      | 194,437          | 456,449      |
| Garrett      | 3,648,589    | 2,146,641        | 5,795,230    |
| Harford      | 844,426      | 570,563          | 1,414,989    |

| County                               | DHCD Funding        | Non-DHCD Funding    | County Total        |
|--------------------------------------|---------------------|---------------------|---------------------|
| Howard                               |                     |                     |                     |
| Kent                                 | 2,337,892           | 2,526,633           | 4,864,525           |
| Montgomery                           |                     |                     |                     |
| Prince George's                      |                     |                     |                     |
| Queen Anne's                         | 3,191,549           | 2,196,068           | 5,387,617           |
| St. Mary's                           | 532,838             | 452,838             | 985,676             |
| Somerset                             | 3,888,705           | 2,428,841           | 6,317,546           |
| Talbot*                              | 2,913,771           | 19,337,476          | 22,251,247          |
| Washington                           | 283,731             | 68,498              | 352,229             |
| Wicomico                             | 1,387,226           |                     | 1,387,226           |
| Worcester                            | 3,692,750           | 2,460,000           | 6,152,750           |
| <b>FY19 - FY21<br/>Total Funding</b> | <b>\$42,053,851</b> | <b>\$45,516,212</b> | <b>\$87,570,063</b> |

To encourage adoption of broadband in low- and moderate-income households, we have developed the Maryland Emergency Broadband Benefit program that provides a \$15 monthly subsidy to help pay for internet service. Concurrently, the OSB developed a device subsidy program that will assist these households with the purchase of a computer for use at their home.

**Subsection (I)(3) Improve digital literacy among residents of the state:**

Supplemental budget #5 provided funding to the University of Maryland Extension to develop, provide training for, and distribute a digital literacy program. The OSB advised the UM Extension in their planning for the program and will provide assistance with the training and distribution of the program as well.

**Subsection (I)(4) Increase speeds to meet or exceed the Federal Communications Commission standard for upload and download speeds:**

The FCC standard for broadband service is 25 Megabits per second (Mbps) downstream and 3 Mbps upstream. This is also the speed that is used to determine if a household is considered served or unserved by many federal agencies in their funding opportunities.

The FY 2021 and FY 2022 funding provided to the OSB for broadband expansion via the Coronavirus State and Local Fiscal Recovery Fund and the Capital Projects Fund require that infrastructure expansion projects provide service at speeds of at least 100Mbps downstream and 100 Mbps upstream.

As the OSB implements the statewide broadband plan, speeds necessary for progressive use of broadband will be required for all state funded projects.

**Subsection (II) The existing gaps in connectivity and the state's progress toward closing those gaps:**

The OSB has made significant progress towards expanding broadband infrastructure to allow households and businesses to access broadband services. To date we have provided over \$43 million for projects that will provide broadband access to almost 15,000 households.

We recognize that access to broadband infrastructure at the street may not be enough for all households to obtain service. Households with long driveways struggle with the costs associated with extending service from the public road to the home. In urbanized areas, many multi-family dwellings do not have the infrastructure inside the building for the household to receive service. We are working to develop programs to assist with both of these obstacles.

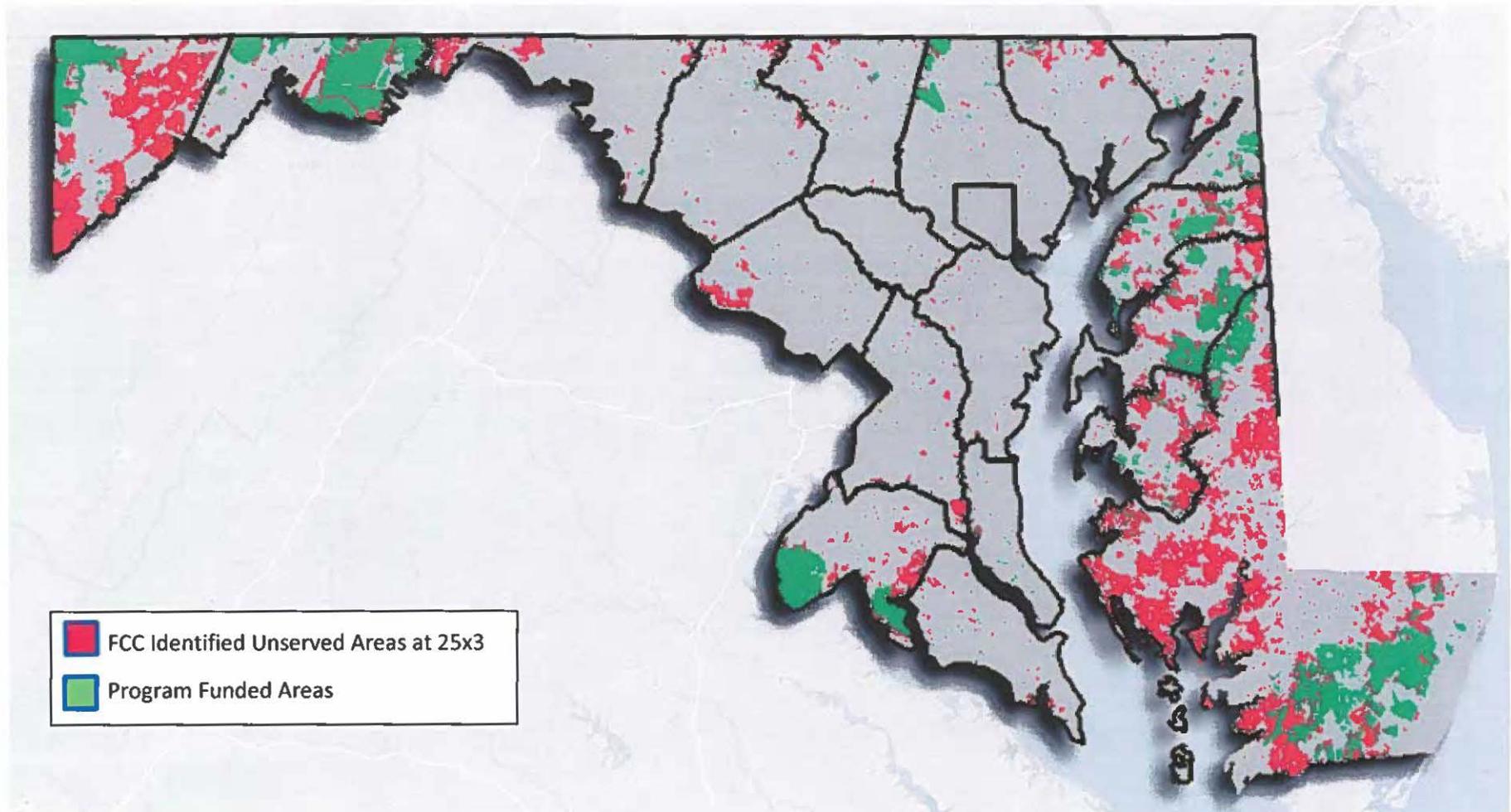


Figure 1  
Areas lacking 25Mbps download by 3 Mbps upload speeds overlaid with program funded areas

The statewide broadband plan will identify internet service providers (ISP), show where service is available and by which provider, examine demographic information and utilize all data in determining where to focus the Office's efforts. We are preparing a Request for Proposals for a qualified consultant to assist with development of the plan and the related data gathering. Upon completion, we will have a full understanding of the gaps and the underlying needs of the households impacted.

**Subsection (III) The impact that gaps in internet service have on the workforce and state and local economies:**

Broadband internet access has become an essential part of everyday communications and everyday life. This became very apparent when the pandemic caused companies to have workers leave their offices and work from home. Without reliable internet access, these workers were forced to jeopardize their health and continue to work from their office or were let go by their employers. Remote work was a growing trend prior to the pandemic; the pandemic simply provided the success many employers needed to see to fully accept remote working. Some employers have decided to not return to the typical office routine.

These employer decisions are going to impact where their workforce will live and how they will work. Companies allowing remote work have a much larger workforce available to them – someone can live in the mountains of Garrett County and work for a brokerage firm in New York City, bringing a well-paying job to the area. If a worker is looking for a new home, they will require broadband service in order to continue their remote working.

Home pricing is also affected by broadband availability. Home prices have been shown to increase by 3% if reliable broadband is available. Broadband availability has a similar impact on the rental housing market.

**Subsection (IV) Information from local education agencies on the impact of internet service quality on student achievement and access to 21st century opportunities:**

This information is being gathered as part of the required statewide broadband plan and will be included in the 2022 progress report.

**Subsection (V) Demographic data on locations with gaps in services:**

This information is being gathered as part of the required statewide broadband plan and will be included in the 2022 progress report.

**Subsection (VI) The allocation of money from, and programs supported by, the Digital Inclusion Fund, the Digital Connectivity Fund, and the Rural Broadband Assistance Fund in the preceding fiscal year:**

These funds are new and require regulations for their establishment and use. We are currently drafting the associated regulation and will include the requested information in the 2022 progress report. Supplemental Budget #5 recognized this and placed funds with immediate usage needs in

existing budget locations including the DHCD Office of the Secretary and the Local Government Infrastructure Fund (LGIF). Both of these budget locations have been used for broadband funds in the past. Funds currently being utilized by the OSB are as follows:

|                             |              |                     |
|-----------------------------|--------------|---------------------|
| Service Fee Subsidy         | \$45,000,000 | Office of Secretary |
| Device Subsidy              | \$30,000,000 | Office of Secretary |
| LGIF FY22                   | \$15,180,000 | LGIF                |
| LGIF FY21                   | \$30,000,000 | LGIF                |
| Additional Staffing for OSB | \$278,865    | Office of Secretary |

Other budget lines are in a dedicated purpose account to be released as programs are developed.

|                          |              |                              |
|--------------------------|--------------|------------------------------|
| Municipal Broadband      | \$45,000,000 | dedicated purpose fund       |
| Digital Inclusion Fund   | \$2,000,000  | dedicated purpose fund       |
| Gap Networks             | \$5,000,000  | dedicated purpose fund       |
| Network Infrastructure   | \$97,600,000 | dedicated purpose fund       |
| Broadband Connectiveness | \$23,720,000 | dedicated purpose fund       |
| Tech Extension           | \$4,000,000  | dedicated purpose fund (UMS) |
| Digital Navigators       | \$2,000,000  | dedicated purpose fund       |

The Service Fee Subsidy program, named the Maryland Emergency Broadband Benefit (MEBB) program, provides a \$15 per month subsidy for broadband service to eligible low- and moderate-income households. The MEBB program utilizes the federal Emergency Broadband Benefit program's (EBB) eligibility rules and enrollment process. The EBB provides up to a \$50 subsidy for internet service. The MEBB subsidy, like the federal EBB program, provides the funds as a reimbursement to the ISP after they have provided a credit to the subscriber. With the federal EBB and MEBB subsidy, a household can obtain a service supplement of up to \$65 per month. This ensures eligible households can afford sufficient reliable internet service. There are currently 25 ISP's participating in the program and we have encumbered \$10.3 million for subsidies to approximately 57,000 households.

Local Government Infrastructure Fund (LGIF) FY 2021 funds were encumbered utilizing grant applications that were in hand in April 2021. In FY 2021 we encumbered \$28.8 million for broadband grants that will extend broadband to almost 12,000 additional households. The remaining funds can be used to fund projects in FY 2022.

\$13 million of the LGIF FY22 funds are being utilized for OSB's Neighborhood Connect grant program. This program provides grants of between \$50,000 and \$500,000 to extend broadband service to unserved neighborhoods and pockets of homes. Applications are being accepted through December 23, 2021. The remaining \$2.18 million will be used to pay for the statewide broadband plan and associated data gathering and analysis required by the law.

The Device Subsidy program is under development with the intention to subsidize eligible the purchase of devices for use by eligible low- and moderate-income households.

Additional staffing has been added to the OSB. Two permanent and four contractual positions were approved for the Office. OSB has filled four of these six positions, with recruitment for the remaining two positions underway.

### **Conclusion**

Plans are underway to meet all the requirements of Chapter 74/Senate Bill 66. We will continue to provide updates and reports as requested.