



OKLAHOMA
Broadband Office

Annual Report 2023

Submitted to:

Governor J. Kevin Stitt

Speaker of the House Charles McCall

Senate President Pro Tempore Greg Treat



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Broadband Office

December 29, 2023

Governor of Oklahoma J. Kevin Stitt
Oklahoma Speaker of the House Charles McCall
Oklahoma Senate President Pro Tempore Greg Treat

Thank you for the privilege to present the 2023 Oklahoma Broadband Office Annual Report.

In the past year, the office went from three employees working at home to a staff of 16 inside an office. At first, employees had to procure office supplies, furniture, and even high-speed internet, all while moving forward on key infrastructure programs.

I was hired in March of 2023 and moved quickly to build capacity. Shortly after settling in, the office added a Director of Finance and worked with the Legislature and Governor to hire a General Counsel to help guide the team to success for the months and years ahead.

The administrative challenges in constructing an agency from scratch coincided with the office working to complete major milestones for the four broadband grant programs it will administer throughout its lifetime, including ARPA State and Local Fiscal Recovery Fund (SLFRF); ARPA Capital Projects Fund (CPF); Broadband, Equity, Access and Deployment (BEAD); and Digital Equity Act (DEA).

Tremendous milestones were met in the federal broadband programs the office is tasked with administering. The ARPA SLFRF competitive grant program has commenced and applications have been made. For BEAD, the office's Five-Year Action Plan, Initial Proposal Volume I & II were submitted to NTIA for approval, leaving just the BEAD Challenge Process before starting the subgrantee selection process. With its outreach efforts, the office also completed its community engagement requirement for the Digital Equity Act.

Outreach efforts included over 30 townhall stops across the state, where members of the office and the Governing Board heard directly from stakeholders. Tribal consultations were conducted with 38 of Oklahoma's tribal nations, leading to relationships lasting years to come. Over 6,000 miles were driven to ensure Oklahomans of all backgrounds weighed in on the office's mission.

Looking ahead to 2024, the office has positioned itself for success early and often. In the first month of the year, the office will complete the ARPA SLFRF competitive grant process and make awards totaling \$374 million. By the spring, the office will initiate the ARPA CPF competitive grant process

and make awards shortly thereafter. By summer, the office will have awarded more than \$500 million in broadband infrastructure grants. As those projects are awarded and go live, the Oklahoma Broadband Map will be updated to track in real time the growing access to high-speed internet across the state. Meanwhile, administration of DEA and BEAD will continue and relationships with our federal and state partners will grow stronger.

All this to say it was an eventful year and it's an honor to be leading the Oklahoma Broadband Office. The work being accomplished will send positive ripple effects far into the state's future. Health care, education and economic development will be augmented by expanding high-speed internet into rural areas that have been left behind for decades.

Thank you and please find the following annual report in accordance with our statutory obligation found in Section 9204 (f) of Title 74.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Sanders". The signature is fluid and cursive, with a large initial "M" and "S".

Mike Sanders
Executive Director

Since its inception in legislation, the Oklahoma Broadband office has experienced a year of rapid growth. In 2023, the Office overcame initial administrative hurdles, worked closely with our federal partners, and traveled more than 6,000 miles to listen directly to Oklahomans. This foundation gave the OBO a firm grasp on how to expand high-speed internet access to more people across the state while appreciating the unique challenges and issues described/experienced by our fellow Oklahomans.

Organization of the Office

The Oklahoma Broadband Office is governed by the Broadband Governing Board and advised by the Broadband Expansion Council. (74 O.S.§ 9204), see also 74 O.S. §9202 and §9203.

Oklahoma Broadband Governing Board

The OBGB is composed of nine members; the lieutenant governor, state treasurer, three appointees by the governor, two by the Speaker of the House and two by the Senate President Pro Tempore. The board oversees the Oklahoma Broadband Office and its executive director, who, with the approval of the board, creates and implements an annual budget and implements grant incentive programs. Additionally, the board oversees the development of the State Broadband Plan, which describes how the state will achieve 95 percent high-speed internet coverage by June 2028.

Members of the board include:

- Jim Meek, Chair, District 9 Director and Treasurer, Oklahoma Farm Bureau, Inc. – Okmulgee. Appointed by Speaker of the House
- Amanda Mullins, Vice Chair, Managing Attorney, Amanda Mullins, PLLC – Chickasha. Appointed by Governor
- Katy Boren, Attorney, Oklahoma City. Appointed by Senate President Pro Tempore
- Mike Erhart, Managing Partner, Erhart & Associates LLC – Oklahoma City. Appointed by Senate President Pro Tempore
- Dwight R. Hughes, Superintendent/CEO, Autry Technology Center – Enid. Appointed by Governor
- Fob Jones, Attorney, Fob F. Jones Law – Sulphur. Appointed by Speaker of the House
- The Honorable Matt Pinnell, Lieutenant Governor – Oklahoma City. Ex Officio
- The Honorable Todd Russ, State Treasurer – Cordell. Ex Officio
- Russ Teubner, Distinguished Engineer, Broadcom – Stillwater. Appointed by Governor

Oklahoma Broadband Expansion Council

The OBEC acts in an advisory capacity to the OBO. The council is composed of community leaders, tribal leaders, and industry professionals to provide a well-rounded and forward-thinking viewpoint. Specifically, the OBEC advises the OBO on the State Broadband Plan to ensure industry and community perspectives are considered.

Members of the council include:

- Dr. Brian Whitacre, Chair, Professor of Agricultural Economics, Oklahoma State University – Stillwater. Appointed by Senate President Pro Tempore
- Mark Argenbright, Vice Chair, Director, Public Utility Division & Consumer Services, Oklahoma Corporation Commission - Oklahoma City. Appointed by Corporation Commission
- Darlene Brugnoli, Vice President Governmental Affairs, Verizon. Appointed by Speaker of the House

- Jason Constable, Director, Regulatory Affairs, AT&T Corp. - Oklahoma City. Appointed by Speaker of the House
- Sachin Gupta, Director of Government Business and Economic Development, Centranet, LLC – Stillwater. Appointed by Senate President Pro Tempore
- Mike Hilliary, Chief Administrative Officer, Hilliary Communications – Lawton. Appointed by Governor
- Ernie Martens, Mayor, City of Sallisaw – Sallisaw. Appointed by Governor
- Stacie Pace, Associate Director, Canopy HealthTech – Owasso. Appointed by Speaker of the House
- Mike Sanders, Executive Director, Oklahoma Broadband Office – Kingfisher
- Josh Snow, President, Trace Fiber Networks, LLC. Appointed by Senate President Pro Tempore
- Robbie Squires, Director of Government & Regulatory Affairs, Cox Oklahoma Telecom, LLC. Appointed by Speaker of the House
- Billy Frank Staggs, President, Chickasaw Holding Company – Sulphur. Appointed by Speaker of the House
- Daniel Webster, CEO, Northeast Oklahoma Electric Cooperative – Vinita. Appointed by Senate President Pro Tempore
- Jerry Whisenhunt, General Manager, Pine Telephone Company, Inc. - Broken Bow. Appointed by Senate President Pro Tempore

Standing Up an Agency

During the year, OBO's growth in capacity and output was exponential. At the start of 2023, the OBO had a total staff of three that were unable to be hired until just three months prior. There was no permanent executive director to perform the essential operations. The office faced significant systemic limitations due to the challenges of standing up a new state agency with no recognized plan within state government for bringing it to fruition.

Office space was leased in January, but staff were required to continue working remotely until necessary equipment, supplies and services could be purchased. OBO could not be recognized as a state agency by many state systems until formally entered into those systems. This administrative hurdle made purchasing of computers, printers and other equipment and supplies impossible. Among the delays encountered was inadequate broadband service at the broadband office.

As 2023 draws to a close, the OBO has a permanent executive director currently serving, with 16 staff members employed, and the four major federal grant programs administered by the office have either been initiated or are in a phase of significant development. In early 2024, the ARPA State and Local Fiscal Recovery Fund anticipates having project funding awarded by the Oklahoma Broadband Governing Board (OBGB).

Staffing

In March, the OBGB voted unanimously to hire Mike Sanders as Executive Director. He took the reins of the office in April and quickly set about putting the right people, processes and procedures in place.

During the following eight months, staff positions have been filled to ensure the OBO is armed with the knowledge and skill for successful mission completion. The new team includes staff for grants management, legal, outreach, communications, and administration.

Ensuring compliance

Personnel and systems have been established to ensure the integrity of the grant funds administered by the office. All staff, along with members of the OBGB and the Oklahoma Broadband Expansion Council (OBEC), have undergone training on state ethics laws and rules. The OBO partnered with the Office of the Attorney General to provide this training.

The staff includes a Grants Compliance and Monitoring Officer whose primary role is to oversee all aspects of the grants processes to ensure all requirements are met. The OBO now boasts a Director of Finance with extensive experience working with state agencies and federal programs. As well, a General Counsel with a background in procurement and grants management was hired following passage of Senate Bill 849 during the 2023 session.

The OBO also continues to receive consultation and representation from the Office of the Attorney General and has an open line of communication with the Office of the State Auditor and Inspector to ensure all aspects of the grants processes are conducted appropriately.

Finances

In 2023, the office received no appropriation of State funds. The Legislature did appropriate \$382 million of the ARPA SLFRF to Broadband Investment Projects, \$2 million to develop the Oklahoma Broadband Map, and \$500,000 for administrative expenses. On behalf of the State of Oklahoma, the OBO was also awarded \$167.7 million in ARPA Capital Project Funds to use for Broadband projects. The OBO has also been awarded \$797 million in BEAD funding on behalf of the State of Oklahoma.

The annual budget for Fiscal Year 2024 was approved by the Oklahoma Broadband Governing Board in June of 2023 and is attached as Appendix I.

Broadband Grant Programs

The Oklahoma Broadband Office (OBO) made significant progress in 2023 to help bring reliable, affordable high-speed internet service to unserved and underserved Oklahomans. Armed with transformative state legislation establishing an effective oversight framework, strong leadership and a well-qualified staff, the vision is becoming reality.

Grant Program Administration

Four major federal grant programs are being administered by the OBO. These programs will need oversight after the OBO's scheduled sunset date of June 30, 2028. The programs, their status and expected funding amounts are as follows.

American Rescue Plan Act – State and Local Fiscal Recover Funds (ARPA-SLFRF)

With \$382 million in funding appropriated by the Legislature from ARPA funds received during the pandemic, ARPA-SLFRF will provide grant funds for internet service providers (ISPs) to build broadband infrastructure to homes and businesses that are classified on the FCC National Broadband Map as unserved or underserved. Unserved is defined as available broadband service of less than 25 Mbps download/3 Mbps upload. Underserved is defined as available broadband service between 25/3 Mbps and 100/20 Mbps.

Proposals for use of ARPA-SLFRF fund were taken in September and October. More than 300 submissions were made with requested funding of some \$5.1 billion. While this demonstrates a significant demand for broadband expansion grants, it means that for every \$1 in requested funding less than 8 cents will be awarded from ARPA-SLFRF.

In November, a robust ARPA Overbuild Prevention Contest Process was launched. It provided ISPs the opportunity to examine submitted proposals and file contests of locations with existing or planned service and enforceable commitments.

During December, the OBO worked through the contests with the affected ISPs to revise submissions to eliminate overbuild.

Finally, after the scoring of each submitted proposal using a publicly posted rating criteria, the OBO will submit projects recommended for approval by the OBGB, which is expected to make its decisions in early 2024.

American Rescue Plan Act – Capital Projects Fund (ARPA-CPF)

In early 2024 the OBO will launch the process to award \$167.7 million in ARPA-CPF grant funds. The process used to intake proposals, prevent overbuild and rate project submissions will closely resemble the processes established with ARPA-SLFRF.

This program will be monitored directly by the United States Department of Treasury and will be subject to its requirements.

Under the American Rescue Plan Act, all ARPA-SLFRF and ARPA-CPF funds must be expended by December 31, 2026.

Broadband Equity Access and Deployment (BEAD)

The BEAD program, administered through the National Telecommunications and Information Administration (NTIA) of the U.S. Department of Commerce, will provide the single largest amount of federal grant funding for broadband expansion in Oklahoma.

In June, NTIA announced Oklahoma's share of \$797.4 million from the \$42.5 billion nationwide allocation for the BEAD program.

Planning for OBO administration of BEAD is progressing on schedule and in stride with most other states. Following public comment collection, OBO has submitted the BEAD Initial Proposal Volume 1 to NTIA. The BEAD Initial Proposal Volume II was made available for public comment in November and will be submitted to NTIA by December 27, 2023.

The primary use of BEAD grants will be to fund the construction of fiber optic broadband lines to unserved homes and businesses. These grants will be awarded after going through a competitive subgrantee process with ISPs. NTIA will provide funding to the OBO over the next few years.

Digital Equity Act (DEA)

The DEA program will be the final grant program administered by the OBO and will be awarded by NTIA.

DEA is designed to ensure that all people and communities have the skills, technology, and capacity needed to reap the full benefits of our digital economy. With the deployment of statewide broadband infrastructure, it will be vital to provide education on the ways that internet access can be used to provide improved quality of life.

Outreach

The OBO held 30 meetings in 28 Oklahoma communities during 2023 to hear from and talk with Oklahomans about their high-speed internet needs. Information gathered at the meetings is being used to develop detailed plans to help close the digital divide between people and businesses with access to high-speed internet service and those without it.

Meetings were held in Weatherford, Stillwater, Vinita, Poteau, Broken Bow, Oklahoma City, Durant, Chickasha, Altus, Enid, Sallisaw, Miami, Sulphur, Lawton, Ada, Okmulgee Goodwell, Woodward, Tulsa, Hobart, Muskogee, Krebs, Burns Flat, Atoka, Okarche, Duncan, Watonga and Ponca City.

Attendees expressed priorities including high-speed infrastructure, speed, reliability and affordability.

Another key component of the OBO's outreach efforts involves consultation and cooperation with the 39 Tribal Nations located with Oklahoma. Initial meetings have been held, and in several instances, multiple meetings have been conducted. The OBO's Tribal and Programs Outreach Manager, MJ Barton, has covered thousands of miles for in-person meetings and she continues to coordinate with the Tribes and NTIA to foster ongoing cooperation.

Oklahoma Broadband Map

In August, the OBO launched an interactive online map detailing availability of high-speed internet service throughout the state. The Oklahoma Broadband Map, available at map.broadband.ok.gov, offers Oklahomans a way to track improvements in broadband infrastructure as federal grant funds are deployed statewide over the coming years.

The Oklahoma-specific map will serve as a guide to track the success of our mission to ensure high-speed internet service is available to everyone. A second iteration of the map with added functionality will be launched in early 2024.

Developed using federal grant funds appropriated by the Legislature, the state map offers information and functions not available in either of two maps maintained by the Federal Communications Commission (FCC) – one showing service availability and the other outlining areas receiving enhancements through federal grants.

Among the unique features of the Oklahoma map is the ability to view service availability within congressional districts and state legislative districts. Updated features will be added in a Version 2 to be released next year.

The state map empowers users to:

- Search addresses
 - View unserved/underserved/served locations
 - Distinguish between different technologies in use
 - See reported internet speeds by location
 - View areas receiving upgrades through federal grant funds
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Links to the FCC's National Broadband and Broadband Funding maps are provided on the OBO website, <https://broadband.ok.gov>. All three maps are included to provide as much information as possible to the public. State law and federal regulations require all grant funding decisions be based on the FCC National Broadband Map.

Conclusion

The vision of state policymakers to seize the once-in-a-generation opportunity to provide reliable and affordable high-speed internet service throughout Oklahoma is coming to fruition. The overarching structure of Oklahoma's broadband expansion efforts combines practical, impartial, and independent oversight with an effective implementation structure. The OBO has the right people, policies and procedures in place to fulfill its mission to bridge the digital divide and help ensure a bright, healthy and prosperous future of the people of Oklahoma.

Appendix 1 - Oklahoma Broadband Office Annual Report 2023

Broadband Office Annual Operating Budget Fiscal Year 2024

Item	Cost
<u>Personnel</u>	
Salaries	\$1,530,000
Benefits	\$306,000
<u>Travel</u>	
Local Travel	\$25,000
Out of State Travel	\$50,000
<u>General Operating Expenses</u>	
Tech Connectivity	\$14,000
Printing	\$7,500
Office Supplies	\$25,000
Software	\$50,000
Audit Management System (reporting)	\$120,000
<u>Rent</u>	
Office	\$109,900
Copier	\$2,000
Tech Leases	\$30,548
<u>Office Furniture</u>	
Furniture/ Office Chairs	\$15,000
<u>Legal</u>	
Legal Expenses	\$35,000
Legal Fees	\$100,000
Auditing Fees	\$100,000
<u>Contracts</u>	
Adobe	\$15,000
Consulting Services (BEAD, DE, ACP, etc..)	\$3,000,000
Consulting for Mapping	\$1,500,000
Salesforce Licensing (grants mgmt system)	\$150,000
<u>Professional Services</u>	
Interagency Mail	\$3,000
Agency Business Services (OMES - financial)	\$12,000
Payroll Shared Services (OMES - HR)	\$6,240
TOTAL BUDGET	\$7,206,188