

State of Michigan,
Department of Labor and Economic Opportunity,
Michigan High-Speed Internet Office

Performance Report

Capital Projects Fund 2024 Report

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Executive Summary

The Michigan Department of Labor and Economic Opportunity (LEO), home to the Michigan High-Speed Internet Office (MIHI), is directed under state law to operate a broadband grant program consistent with the Coronavirus Capital Projects Fund. The Realizing Opportunity with Broadband Infrastructure Networks (ROBIN) Program is designed to support the deployment of broadband infrastructure to locations currently without 100/20 megabits per second (Mbps) service. Areas without 100/20 Mbps are the focus of the program, but proposed networks delivering at least 100/100 Mbps will be prioritized.

Today, the MIHI office is comprised of ten full-time staff. An additional four full-time staff are projected to be added by October 1, 2024. While developing the ROBIN program, MIHI staff have engaged with a broad range of community and regional stakeholders to seek their guidance on the development of the ROBIN program criteria and rubric. This engagement provided stakeholders an opportunity to: 1) define the critical needs in their communities for additional broadband investment, allowing LEO to help potential applicants identify geographies that are interested in partnerships or have greater need; 2) provide input on program design for ROBIN; and 3) establish communications channels for ongoing engagement during the implementation of the program.

In early 2023, after receiving and reviewing an astounding 154 applications from 40 different applicants, MIHI published the first round of Initial Grant Recommendations. The comment/objection period occurred through early August, 2023. MIHI received and reviewed more than 50,000 objections for validation. Every Initial Grant Recommendation received at least one objection. All Initial Grant Recommendations had their locations and grant amounts adjusted accordingly and the Initial Grant Recommendations totaled over \$205 Million in grant funds with total project costs of more than \$413 million. MIHI was about to announce final grant awards publicly when a substantial challenge was incurred; the FCC announced their Enhanced-ACAM program. E-ACAM delayed the announcement of the ROBIN awards as some Initial Grant Recommendations included locations in areas now proposed for federal funding from the FCC.

After deduplicating locations that were impacted by E-ACAM, MIHI Initial Grant Awards had their locations reduced significantly, resulting in approximately \$70 million in ROBIN grant funds remaining available. Grant agreements for the Batch 1 grants were completed and signed by grantees in late October 2023. A total of 15 grants totaling over \$160 Million were finalized and over 55,000 locations will be connected.

After announcing the final award amounts for the first batch of ROBIN projects, MIHI added a second batch of Initial Grant Recommendation. A comment/objection period was held for the Batch 2 Initial Grant Recommendations and concluded December 21, 2023. The second batch of ROBIN grants totaled over \$70 Million and will connect an additional 16,000 locations. ROBIN grantees have been making progress in getting construction started and nearly 4,000 locations were connected during this review period.

One challenge faced by MIHI has been the sheer volume of work that has had to be completed in a relatively short period by an office staffed with 10 individuals. Balancing the workload required to manage Michigan's CPF funds and grants, while simultaneously creating Michigan's BEAD program and State Digital Equity Planning Grant and State Digital Equity Capacity Grant programs, has required the office to remain highly organized and goal oriented. For ROBIN grantees, the very short timeframe to

complete their quarterly reports (10 calendar days) so that MIHI can subsequently review the information submitted and in turn complete the Project and Expenditure Report in the next 20 calendar days has been difficult.

Uses of Funds

To date, MIHI's actual use of funds have been utilized to design, create, and implement the ROBIN program. Funds have been used for staff/payroll, contractual and professional fees, information technology and reimbursement to ROBIN grantees for eligible expenditures. It is anticipated that in the next quarter the final batch 2 grant agreements will be signed. Grantees will begin making significant progress in constructing their fiber routes during the next two quarters as Michigan's construction season is relatively short.

MIHI currently has 23 active projects with 13 separate grantees. An additional 9 grant agreements are anticipated to be finalized by July 31, 2024. Once all these projects are completed, MIHI grantees will have built fiber to over 70,000 locations. To date, ROBIN projects have built to nearly 4,000 locations with most of these locations being in rural, lower income counties.

<https://www.michigan.gov/leo/bureaus-agencies/mihi/funding-opportunities/robin-grant>

MIHI continues to finalize curing for its Broadband Equity, Access, and Deployment (BEAD) program under the Infrastructure Investment and Jobs Act. MIHI has strategically developed its BEAD program to complement the ROBIN program. Information gathered in developing both programs has been shared interchangeably to maximize the use of all federal funds. Most applicants that were not successful in moving forward as ROBIN grantees have indicated their intention to apply for BEAD funds once able to do so. In the next review period, MIHI will provide training to prospective grantees on how to navigate the grants management system, EGrAMS, and how to complete and submit the necessary pre-registration documents during the preregistration period for BEAD.

<https://www.michigan.gov/leo/bureaus-agencies/mihi/funding-opportunities/bead>

Michigan's ROBIN program has been fortunate in that the challenges faced have been manageable. Filling vacancies in the office timely has been somewhat challenging given the processes required when working within Michigan Civil Service guidelines. MIHI will fill 4 vacancies in the next quarter and will then nearly have the office staffed at full capacity. As previously discussed, creating, implementing, and managing multiple federally funded grants consecutively with a relatively small office is challenging; however, the additional staff will aid in balancing workloads and critical timelines will be accelerated. A challenge faced by ROBIN grantees is Michigan's relatively short construction season. For projects in the Upper Peninsula and northernmost portions of the Lower Peninsula, winter weather can significantly impact project schedules. Fortunately, grantees have been able to prepare for and mitigate this challenge by ensuring materials and labor are in place and when the weather permits, construction activity skyrockets.

ROBIN grantees have been actively spreading the word to communities that fiber construction is occurring and coming to their area. During this review period, MIHI completed the second round of the MI Connected Future Community Listening Tour aka The Reunion Tour. MIHI provided community members with data results from the first Community Listening Tour surveys. Throughout the development of the ROBIN program, MIHI has consistently sought feedback from all members of the community to ensure all barriers to accessibility and affordability have been addressed. Links are

provided on our public facing website for individuals to send questions or comments directly to MIHI staff.

Promoting Equitable Outcomes

Michigan defines critical need as any location that is “unserved”. A home or business is “unserved” if it does not have an internet connection available at a speed of at least 25/3 Mbps (25 Megabits per second download and 3 Megabits per second upload) from either cable, fiber, or licensed fixed wireless technology. As of 2023, more than 492,000 households are unserved (locations without 25/3 Mbps service available) or underserved (locations without 100/20 Mbps service available) by high-speed internet infrastructure. Another 730,000 households face barriers related to affordability, adoption, device access, digital literacy, or a combination thereof.

Taken together, this means that approximately 30% of Michigan households struggle with some form of the digital divide. This is particularly prevalent for covered populations including low-income households, where nearly 35% of households earning less than \$20,000 annually do not have a broadband connection, aging individuals, where more than 22% of residents aged 65 and older do not have broadband at home, and racial or ethnic minorities who are nearly half as likely to have a home broadband connection than non-minorities. The ROBIN grant program was designed specifically to address the broadband needs of all unserved locations in Michigan. The Community Listening Tour was utilized to gather data from communities, businesses, and organizations regarding their broadband needs. MIHI also utilized the Community Listening Tour to share information regarding the upcoming ROBIN and BEAD grant programs and how Capital Project Fund dollars were funding initiative to bring broadband access to all corners of the state.

Many Michigan residents fall within the identified covered populations, with individuals likely falling into more than one covered population category, highlighting a need to ensure all vulnerable populations are included within the state’s digital equity efforts. Moreover, many individuals lack access to internet-connected devices such as computers, creating another significant obstacle. Michigan is also a fairly rural state, with 61 of the 83 counties in the state being labeled as rural by the U.S. Census Bureau and faces rurality-associated challenges related to access and affordability of broadband. These complex and overlapping issues create many barriers and challenges for achieving digital equity in Michigan. To aide Michiganders in finding resources to digital equity efforts in Michigan, MIHI has created a webpage that houses various reference materials.

Michigan’s goal to bridge the Digital Divide, increase connectivity, and pursue Digital Equity also includes the aim to ensure all individuals, especially covered populations, are adequately educated, trained, and have the needed resources to utilize the internet in a productive and impactful manner. In December of 2023, MIHI published Michigan’s first-ever Digital Equity Plan.

<https://www.michigan.gov/leo/-/media/Project/Websites/leo/Documents/MIHI/MIHI-Digital-Equity-Plan.pdf?rev=0bcd2c37d52b40a1bf476e72ea7c65db&hash=E1181B05337C998B398C49E6B5BEF441>

To address the critical broadband needs in our state, and address the challenges and barriers residents face, in 2021 MIHI issued an update to the Michigan Broadband Roadmap. This document defines MIHI’s mission, vision, and values; establishes MIHI’s goals; identifies the strategies and objectives the office will implement to achieve them; and provides state agencies and public, private, and nonprofit stakeholders with the coordination, guidance, and strategy on how the State of Michigan is working to

ensure connectivity for all. The Update to the Michigan Broadband Roadmap can be viewed using the following link: <https://www.michigan.gov/leo/-/media/Project/Websites/leo/Documents/MIHI/2021-Update-to-the-Michigan-Broadband-Roadmap.pdf?rev=fd849b8901b6490788b3de5cfe47a5d4>

The State of Michigan defines critical need as unserved locations lacking access to internet service of at least 100 Mbps downstream and 20 Mbps upstream from at least one internet service provider according to the Federal Communications Commission's Broadband Data Collection program or state-level granular maps completed by the Michigan Department of Labor and Economic Opportunity. As in most states, residents in rural and low-income locations have been identified as communities of critical need in Michigan. Additionally, Michigan's low- and lower-middle income households struggle with affording home internet service.

Labor

MIHI is committed to ensuring fair labor standards are followed for all ROBIN grantee projects. Recipients (grantee's) of ROBIN funds are required to comply with federal labor standards, including but not limited to:

1. Labor Standards Provisions of 29 C.F.R. 5
2. Contract Work Hours and Safety Standards Act of 1962, as amended (40 U.S.C. 3701- 3708)
3. Federal Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201-219)
4. Copeland "Anti-Kickback" Act (18 U.S.C. 874)

Grant agreements for all ROBIN projects specifically address labor agreements and standards. For projects receiving \$5 million or more ROBIN grant dollars, grantees are requested to provide a certification that all laborers and mechanics employed by contractors and subcontractors in the performance of such project are paid wages at rates not less than those prevailing, as determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (commonly known as the "Davis-Bacon Act"), for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the state in which the work is to be performed, or by the appropriate state entity pursuant to a corollary state prevailing-wage-in-construction law. If such certification is not provided, the grantee must provide a project employment and local impact report.

A grantee may provide a certification that a project includes a project labor agreement, meaning a pre-hire collective bargaining agreement consistent with section 8(f) of the National Labor Relations Act (29 U.S.C. 158(f)). If the grantee does not provide such certification, the grantee must provide a project workforce continuity plan.

It is important that investments utilizing Coronavirus Capital Projects Funds be carried out in ways that produce high-quality infrastructure, avert disruptive and costly delays, and promote efficiency. Grantees are encouraged to ensure that projects incorporate strong labor standards, including project labor agreements and community benefits agreements that offer wages at or above the prevailing rate and include local hire provisions, not only to promote effective and efficient delivery of high-quality infrastructure projects but also to support the economic recovery through strong employment opportunities for workers. Among other requirements contained in 2 C.F.R. 200, Appendix II, all

contracts made by the MIHI Office in excess of \$100,000 that involve employment of mechanics or laborers must include a provision for compliance with certain provisions of the Contract Work Hours and Safety Standards Act, 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 C.F.R. Part 5).

Community Engagement

Through the MI Connected Future Community Listening Tour, MIHI hosted 43 in-person community meetings – with no fewer than 4 meetings in each of the state’s 10 “Prosperity Regions – in which any resident, business, or organization was invited to provide feedback on the ROBIN program and applicable projects. Nearly 1,000 individuals participated in these in-person meetings. Target audiences included internet service providers, community members, community anchor institutions, unserved, underserved, and underrepresented communities, low-income households, aging individuals, veterans, persons of color, Indigenous and Native American Persons, women, LGBTQIA+ persons, persons with disabilities and persons with limited English proficiency. Community meeting participants completed more than 800 surveys. Webinars, partnership roundtables, surveys, and public comments were utilized to gather feedback and then incorporate into the ROBIN program. MIHI also attended and presented at the United Tribes of Michigan meeting. This unique opportunity allowed for MIHI to engage with Michigan’s tribal leaders and obtain valuable feedback on their unique broadband needs. MIHI published on our public-facing website each of the ROBIN batch 1 and batch 2 Initial Grant Recommendations for public review and a comment-and-objection period. On this same webpage, links were available to the ROBIN comment-and-objection form and associated instructions.

<https://www.michigan.gov/leo/bureaus-agencies/mihi/funding-opportunities/robin-grant>

MIHI has continued to receive inquiries and comments while projects are underway. On our public-facing website, MIHI provides individuals with the opportunity to sign up to receive regular updates on all MIHI projects. The website also permits users to directly contact MIHI with comments, questions, and concerns. These inquiries are assigned to MIHI staff by topic (ROBIN/BEAD/DE) and inquiries are then responded to. All materials published on the MIHI website are ADA compliant. In the coming performance period, MIHI will be finalizing additional outreach materials that will be translated into multiple languages for distribution to target populations. As MIHI continues to finalize its BEAD program, outreach efforts will continue, and the ROBIN program will complement the larger efforts of BEAD to bring reliable, affordable, high-speed internet to every home, business, institution, and community in Michigan.