



Broadband Equity Access And Deployment (BEAD) Program

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Good morning Honorable Marvin A. Blyden, Chairman of the Committee on Housing, Transportation and Telecommunications, other members of the Committee, other Members of the 35th Legislature, fellow testifiers, and the viewing and listening audience of the Virgin Islands.

I am Jenifer C. O’Neal, Director of the Office of Management and Budget and I am accompanied by Somere Webber, Federal Grants Administrator and Cristeen Rodriguez-Cox, Senior Performance Analyst. Thank you for the opportunity to provide an update on the status of the territory’s participation in the Broadband Equity Access and Deployment (BEAD) grant program.

In recent years, the territory has faced significant broadband challenges, with many areas experiencing limited access to high-speed internet for many reasons, from affordability to accessibility. This gap has impacted various aspects of life, including education, healthcare, and economic opportunities. In 2022, the Territory submitted its intent to participate in the BEAD program and in 2023, the Office of Management and Budget (OMB) was designated as the eligible entity for the US Virgin Islands to implement the program.

The Territory was awarded \$27,103,240 from the National Telecommunications and Information Association (NTIA), with \$1,249,952 dollars already received to be used for the initial planning phase. Of these funds, approximately, \$8,843 dollars has been expended to date, to support planning efforts.

The BEAD grant provides a substantial funding opportunity for the Territory to realize multiple aspects of Governor Bryan’s Vision 2040 Plan, which is focused on prosperity for all Virgin Islands, and aligns with nationwide broadband initiatives. The Plan's goals and objectives have been incorporated into a comprehensive strategy to invest BEAD funding into the distinct areas that will have the widest potential impact for residents, namely 1) Internet Access Affordability, 2) Digital Economic Transformation, 3) Community Digital Competency, and 4) Workforce Upskilling. The Virgin Islands Broadband Office (VIBO), a division of OMB, is currently engaged in an ambitious plan that will significantly enhance connectivity and provide “Internet for All” to the residents of the Territory.

Participation in the BEAD initiative is driven by the critical need to improve broadband access at an affordable cost, a challenge that has been highlighted by the region's vulnerability to natural disasters and the evolving global digital landscape. The COVID-19 pandemic crystalized what many have known for a very long time: High-speed internet access is not a luxury, but a necessity for all Virgin Islanders, regardless of their age, race, income, place of residence, languages spoken, available resources, or specific challenges they may face. Recognizing broadband’s fundamental role in today’s society and its centrality to our territory’s continued health and success, Governor Bryan has pledged that every Virgin Islander will have access to reliable, affordable, high-speed internet.

We recognize the importance of embracing technology and fostering a digitally inclusive society to ensure sustainable development and global competitiveness. With reported costs higher than average for various communications, and overall cost of living being 36.3% higher than the mainland U.S, it is imperative for all residents to be able to afford fast and reliable internet, as broadband continues to be deployed throughout the islands. This affordability barrier perpetuates

the digital equity gap and affects many within the territory. The Program's principal focus will be on providing broadband service to unserved locations (those without any broadband service at all or with broadband service offering speeds below 25 megabits per second (Mbps) downstream/3 Mbps upstream) and underserved locations (those without broadband service offering speeds of 100 Mbps downstream/20 Mbps upstream).

Since receiving the initial planning phase funding, OMB has been actively recruiting for a Broadband Director/Chief Technology Officer to stand-up the VIBO. To fully implement the program, staff support will be comprised of a Grants Administrator, Federal Fixed Assets Manager, and Legal Counsel. The job posting for the Broadband Director has been republished and we are still accepting applications.

In the interim, OMB is pleased to announce the successful submission of both Initial Proposals ahead of the NTIA deadlines and have received favorable commendations on the content of the proposals given the short turnaround time and absence of a fully staffed broadband office. The staff currently assigned to assist with the BEAD grant has completed all curing responses for Volume I, as indicated by NTIA, and are eagerly anticipating the approval of the proposal in the near future.

Nurturing and expanding relationships with local non-profit organizations and advocacy groups will be fundamental in addressing the needs of communities that have been disproportionately impacted by digital inequity in the Territory. To date, OMB, in partnership with the Digital Equity (DE) program managed by viNGN, has held over 15 community outreach initiatives where attendees offered their opinions and shared their experiences. The joint team has also launched surveys of residents and community leaders throughout the Virgin Islands and will continue to have follow-up meetings, additional listening sessions, and coordination with community anchor institutions. Additionally, during the development of the BEAD Final Proposal and Five-Year Plan, Internet Service Providers (ISPs) and broadband advocates were able to voice their opinions during three (3) working groups. Stakeholder engagement is vital for ensuring that our goals align with the needs and expectations of the community. Solicitation of subgrantees will begin once the Broadband Office receives final approval of Volumes I and II from the NTIA. The VIBO, once staffed, will continue to build upon the community engagement and outreach conducted by the Territory's Digital Equity (DE) Team to gather feedback from residents, leaders, and other stakeholders on additional uses for BEAD funding.

In these initial proposals, OMB proposed a rate subsidy program (ConnectVI) like the FCC's Affordability Connectivity Program (ACP). However, unlike ACP, which provides low-income residents a direct discount on their Internet bill, OMB's program will be available to all Virgin Islanders who meet eligibility conditions. We believe that this pricing strategy will help stimulate competitive market dynamics that are difficult to foster in small markets where the playing field is tilted towards the greater resourced ISPs.

As the agency charged with preparing and managing the budget for the Territory, OMB is well-positioned to stay informed of, and coordinate with, other planning efforts related to telecommunications and digital equity. As a consequence, the proposed ConnectVI Program will

offer a 25% monthly subsidy to all qualified ISP subgrantees in the Territory for each internet subscriber to whom fixed fiber service is provided. Service particulars include guaranteed performance speeds, end-user subscription price thresholds, restrictions on data caps, initial fee waivers, and a plethora of other regulatory benefits. Additionally, the ConnectVI initiative will offer the ISP a one-time \$100 voucher for the purchase and installation of a capable router to a technical specification for each new customer participating in the program.

To level the playing field among ISPs, the Government's open access internet wholesaler, viNGN, will also propose increasing bulk bandwidth speed for all ISP customers participating in the program without raising the price. This will allow smaller ISPs that do not have a network to participate in the Program, placing them on an equal footing with the larger companies that have their own fiber infrastructure, while adding a competitive dynamic to the local internet market. OMB is confident this internet affordability initiative will deliver the desired results and will ensure that future grant opportunities will be sought to bolster and extend this program's longevity. This strategic approach will solidify the foundation for a digitally advanced and connected US Virgin Islands for generations to come.

Mr. Chairman, this concludes my prepared statement. My team and I stand ready to answer any questions that this Committee may have.