

State of Georgia Performance Report



Governor's Office *of*
PLANNING AND BUDGET

THE STATE OF GEORGIA

State of Georgia 2023 Performance Report

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Executive Summary

On January 4, 2023, Governor Brian P. Kemp announced nearly \$235 million in preliminary grant awards for broadband internet expansion through the Capital Projects Fund Grant Program. These awards will improve connectivity for communities, households, businesses, and anchor institutions in 28 Georgia counties. When combined with significant capital matches from the awardees, almost \$455 million will be invested to serve over 75,000 locations in Georgia communities with some the greatest need for high-speed internet access. The press release for this announcement can be found at:

<https://gov.georgia.gov/press-releases/2023-01-04/gov-kemp-announces-grant-funds-expand-high-speed-internet-access-28>. Since this announcement, the award in Wilcox County was declined by the selected awardee and the project area in Jefferson County was descoped to avoid overbuilding a newly discovered network that had never participated in the state's broadband mapping effort.

Because the state did not make an award to each eligible project area for round one of the grant program, Treasury approved for the state to conduct a second grant round. On June 12, 2023, Governor Kemp announced nearly \$15 million in preliminary grant awards for broadband internet expansion through the second round of the Capital Projects Fund Grant Program. These awards will improve connectivity for communities, households, businesses, and anchor institutions in four Georgia counties. The press release for this announcement can be found at: <https://gov.georgia.gov/press-releases/2023-06-12/gov-kemp-announces-grant-funds-expand-high-speed-internet-access-four>.

Even though grant awards were made in January of this year, all awardees waited on updated uniform guidance from Treasury to be finalized before starting their projects. Because of this, no Capital Projects Funding has been dispersed to subawardees at this time.

One challenge that has arisen that the state and subgrantees are working through is the requirement to report locations by CostQuest/FCC Fabric IDs.

Uses of Funds

The state's objective for our 1A approved program is to fund eligible broadband infrastructure projects, through a competitive sub-grant application process, that will deploy futureproof broadband service to some of the most unserved communities in Georgia. Based on the announcements described above, the state has met this objective. During this reporting period, \$246,096,344.83 has been obligated to fund eligible projects to serve approximately 77,000 locations (this number will vary as CPF funded locations are reported with Fabric IDs). To view the funded project areas, please go to <https://broadband.georgia.gov/2023-georgia-broadband-availability-map>. Additionally, the state is currently working to cure our 1B application and move the remaining \$3,903,655.17 of the \$250 million approved for 1A projects to bolster our 1B program. We expect that the curing for our 1B program will be completed in the next reporting cycle.

In addition to CPF, the state has obligated over \$414 million in State Fiscal Recovery Funds to expand broadband infrastructure and has recently conducted over 23 community and stakeholder listening sessions to inform current and future programs

Promoting Equitable Outcomes

The push for equitable broadband access aimed to bridge the digital divide and ensure that all Georgians, regardless of their location or socioeconomic status, had fair and affordable access to high-

speed internet services. To achieve these goals, broadband initiatives were implemented under the American Rescue Plan Act Funds. Combined with the State's allocation of State Fiscal Recovery Funds, Georgia's focus continues to be the expansion of broadband infrastructure into rural and underserved areas. This involved investments in deploying broadband networks to remote regions, where connectivity was previously limited or nonexistent. By extending coverage to these areas, more Georgians gained access to essential online resources, such as education, healthcare, and employment opportunities.

Labor

Pursuant to U.S. Treasury's Final Rule, the State will collect information from subrecipients on their workforce plans and practices related to broadband projects undertaken with Capital Projects Funds. Subrecipient grant agreements detail reporting requirements for infrastructure projects regarding labor agreements, community benefits agreements, prevailing wage requirements, and local hiring as outlined by the Compliance and Reporting Guide. During the subrecipient monitoring process, auditors will perform jobsite visits and conduct interviews with both field laborers and office personnel to validate strong labor standards are being utilized.

Community Engagement

As part of the application for the CPF Grant Program, applicants were encouraged to consult with the communities within eligible project areas and solicit feedback related to their critical need for access, affordability, reliability, and consistency of service. Applicants were also encouraged to gather input from the relevant communities related to affordability. Since community engagement, support, and input is critically important to the state and this program, these were scored components of the applications, and all funded applications had letters of community support.

As previously mentioned, the state broadband team has conducted 23 listening sessions this year to get valuable stakeholder and community feedback. The state has also actively promoted the Affordable Connectivity Program (ACP).

While the funds have been obligated, the projects have not yet started. The state expects to have more activities to report on community engagement related to these projects in the next reporting period.

Uniform Guidance

To facilitate the distribution of the funds as well as to ensure maximum impact of our investments, the State has made recent improvements to its grants management system and is continuing these efforts to ensure efficient monitor of performance and compliance.

Recipients of CPF funds are subject to the following provisions of the Uniform Guidance (2 CFR Part 200) upon the date of award unless otherwise specified in the Final Rule, US Treasury Compliance and Reporting Guidance or other program-specific guidance. CPF funds transferred to subrecipients are also subject to reporting and Uniform Guidance requirements.

On May 17, 2023, The Treasury Department released the final version of important compliance guidance applicable to broadband projects funded through SLFRF and CPF awards. The "SLFRF and CPF Supplemental Broadband Guidance" ("Guidance") addresses several issues relating to the use of SLFRF and CPF funds for broadband projects, including the distinction of ISPs acting as "contractors" vs.

“subrecipients,” the treatment of “program income,” the scope of the Federal interest in grant-funded property, procurement requirements, and other issues.

Of significant impact to the Office of Planning and Budget’s Broadband Infrastructure programs is the guidance regarding fixed awards and procurement requirements.

Fixed award means a type of grant or cooperative agreement under which the Federal awarding agency or pass-through entity provides a specific level of support without regard to actual costs incurred under the Federal award. This type of Federal award reduces some of the administrative burden and record-keeping requirements for both the non-Federal entity and Federal awarding agency or pass-through entity. Accountability is based primarily on performance and results.

The Guidance provides that, “ISPs that receive fixed amount subawards and ISPs that are treated as contractors are not required to comply with the cost principles and procurement practices of the Uniform Guidance.” Additionally, recipients (the State) may issue fixed amount subawards for broadband infrastructure projects without further Treasury approval regardless of whether the value of the sub-award exceeds \$250,000 (the threshold identified in Uniform Guidance) and that recipients are not required to apply the cost principles and procurement requirements of the Uniform Guidance to ISPs receiving such fixed amount subawards.

Pursuant to section 200.201(b)(3) of the Uniform Guidance, a subrecipient under a fixed award structure must certify in writing to the recipient at the end of the federal award that the project or activity funded under the fixed amount subaward was completed. Accordingly, an ISP receiving a fixed amount subaward must certify to the recipient that the broadband project reached substantial completion by the end of the period of performance for the state of Georgia’s Broadband Infrastructure and Capital Projects Fund.

Monitoring and Compliance

The Office of Planning and Budget has established a robust subrecipient monitoring program to conduct activities to assess the risk of non-compliance, fraud, and/or fiscal negligence at each subrecipient. This process begins with an evaluation of inherent risks to the program, an evaluation of specific risk at the grant application level, and individual evaluations of the internal control and performance environment at each subrecipient. These assessments directly impact the level of detailed test work performed during annual audits, helping to ensure the extent of auditing procedures is commensurate with the level of risk at each subrecipient.

Inherent risk is assessed across the following functional areas:

- Reporting
- Procurement
- Disbursements
- Change management
- Claims and disputes
- Document control
- Construction fieldwork (as applicable)
- Others as identified

As a part of its ongoing monitoring efforts, the Office of Planning and Budget will conduct regular audits of financial records, performance data, and other information at each subrecipient. The frequency and extent of these procedures will vary by subrecipient, as determined by the risk assessment or other criteria, and typically include inquiry, observation, and inspection of data and records, within the following functional areas:

- 2 CFR Compliance / Single Audit results
- State Reporting
- Procurement
- Permitting
- Disbursements
- Subcontracting
- Change Orders / Contingency Use
- Inspections
- Construction fieldwork
- Labor
- Environmental
- Safety
- Equity and Inclusion