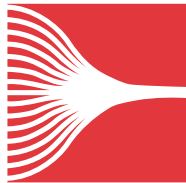


PHILANTHROPY'S ROLE IN CREATING A CONNECTED AMERICA



BENTON
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GRANTMAKERS IN
FILM + ELECTRONIC MEDIA

A Toolkit from the Benton Foundation
in Collaboration with Grantmakers in Film + Electronic
Media and the Information and Communications in
Philanthropy Task Force of the Council on Foundations

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INTRODUCTION: PHILANTHROPY'S ROLE IN CREATING A CONNECTED AMERICA

America stands at a critical point in our history. Like the railroad, telegraph, highway and telephone systems of previous generations, broadband is changing our lives in fundamental ways. Whether we support efforts in education, health care projects, or the environment, our work as philanthropists is very different today than it was yesterday. But applications and services delivered via broadband, high speed Internet access, are still in their infancy. Opportunities like this – to fundamentally shape the infrastructure that will connect us for the foreseeable future – come along once every second or third generation, if we're lucky. Imagine Detroit public school students connecting to NASA to discuss space travel with world renowned astrophysicists. Or a patient and doctor at a health clinic in Indian Country conferring and analyzing medical charts with specialists at Johns Hopkins in Baltimore – in real time. It's all possible. It's a matter of public will and bandwidth.

The federal government recognizes this opportunity and is making major investments to ensure that all Americans can derive the benefits that broadband promises to deliver. The American Recovery and Reinvestment Act (ARRA), also known as the “federal stimulus package,” is creating new programs designed to simultaneously create jobs and address other pressing national challenges. The ARRA sets aside \$7.2 billion dollars for new broadband programs, administered by specific agencies within the Departments of Commerce and Agriculture. These programs provide funds to communities who can develop collaborative partnerships for projects that will use broadband to enhance delivery of services for children, youth and families; provide better health care for targeted populations, like the elderly and people with disabilities; and address the same critical needs that philanthropy deals with every day.

Specifics

ARRA: \$2.5 billion for the Broadband Infrastructure Program (BIP) administered by the Department of Agriculture's Rural Utilities Service (RUS), and \$4.2 billion allocated to the Broadband Technologies Opportunity Program (BTOP) administered by the National Telecommunications Information Administration (NTIA) in the Department of Commerce.

Now is the time for each of us to look at the work of our grantees through this new lens of opportunity: to help unleash billions of dollars in economic development, create jobs, enhance America's global competitiveness, deliver superior health care and education, reduce energy consumption and environmental degradation, improve public safety and homeland security, and reinvigorate democracy.

So, regardless of what we each fund individually, our investments in community can be strengthened by this unprecedented federal investment.

PURPOSE OF THIS GUIDE

The Benton Foundation intends this guide to encourage our colleagues in philanthropy to consider the win-win proposition before us. Regardless of funding priorities, every foundation is engaged in improving the quality of life. Benton, like our friends at the Blandin Foundation and ZeroDivide, to name just two, believe in the transformative power of communications technology, especially when used strategically within communities to address their specific needs.

Capacity Building: Now more than ever, in this uncertain economic climate, strengthening a community's information infrastructure is critical to sustaining basic services. In addition, a key goal of the Broadband Technology Opportunities Program's (BTOP) Sustainable Broadband Adoption program is to build the capacity of "community anchor institutions," which many foundations already support. If capacity building is a funding priority for your foundation, consider how BTOP funding can help your grantees utilize broadband technology more effectively.

Leverage: BTOP requires a 20 percent match for its grants. For those foundations interested in supporting their grantees by strengthening their information and communications capacity, every single foundation grant dollar could generate *four dollars* from the federal government.

Collaboration: The federal stimulus package places a high premium on strong collaboration. BTOP will not only award points for collaboration across its five stated goals (see below), but also with other support elements of ARRA, so it is important to understand the breadth of funding covered by this law.

WHAT ARE BIP AND BTOP, WHAT DO THEY COVER, AND WHY YOUR ORGANIZATION MAY WANT TO PARTNER.

The American Recovery and Reinvestment Act (ARRA), commonly called the federal stimulus, includes a direct allocation of \$7.2 billion for broadband.

ARRA divides this “broadband stimulus” money into two programs. The Broadband Infrastructure Program (BIP), a fund for the development and expansion of broadband in rural areas, received \$2.5 billion. The Broadband Technologies Opportunity Program (BTOP), administered by the Department of Commerce’s National Telecommunications Information Administration (NTIA), received \$4.2 billion. Unlike BIP, BTOP has several purposes.

Specifically:

- Provide broadband access to “unserved” and “underserved” areas.
- Provide broadband access, education, awareness, training, equipment, and support to: (a) “community anchor institutions” (such as schools, libraries, and medical facilities); (b) organizations and agencies serving “vulnerable populations” (such as the poor, the unemployed or the elderly); or, (c) job creation programs.
- Improve access and use of broadband by public safety agencies.
- Stimulate demand for broadband, economic growth, and job creation.

The current BTOP funding round provides three major categories for applications:

- Infrastructure grants pay for broadband networks that serve residential customers or small businesses in unserved or underserved areas (“last mile infrastructure grants”) or “middle mile” networks that move Internet traffic through “anchor” community institutions and in other ways.
- Public Computing grants provide access or training to the public or to vulnerable populations. Examples are libraries, community colleges, and programs targeting the poor or unemployed.
- Sustainable broadband adoption grants go to innovative programs that promote broadband adoption.

A. How can the Stimulus Funds be Used?

Organizations do not need to build or maintain broadband networks to receive BTOP money or otherwise benefit from BTOP and BIP. Organizations involved in service to the poor, the sick, the elderly, the unemployed, or traditionally marginalized communities can receive BTOP money for programs that further their goals by providing broadband access, awareness, education, training, and/or equipment.

BIP money is intended for rural development through the expansion of broadband. Partnership opportunities exist for organizations that do not themselves operate networks. As discussed in greater detail below, BIP and BTOP both include scoring criteria for applications that measure benefit to the community served by the grant. An entity building a network may wish to partner with community organizations as a means of extending broadband service or demonstrating community support.

There are no restrictions against religious organizations applying.

B. What Is Not Covered?

A primary goal of the federal stimulus package is the creation of new jobs and new programs that would not otherwise exist without the stimulus money. Grants may not fund operating costs for existing programs—although they may fund expansion of existing programs that creates new jobs and broadens services. While grant money can pay for certain costs associated with preparing the application, it cannot be used for any project costs that predate the grant. The money must go to new expenditures, not meet already existing obligations.

The project must be fully funded upon receipt of a broadband award and must demonstrate that it will remain sustainable after the end of the grant period. The money must be spent within 2 years of receiving it.

C. General Obligations

Most of the obligations for the grant will fall on the “lead applicant”—the entity designated in the application as having ultimate responsibility for compliance and being the direct recipient of the money. Partners, subgrantees, subcontractors, and others will still have general responsibilities in addition to the specific responsibilities for which they receive grant money.

In particular, grant recipients agree to make regularly quarterly reports on the progress of the grant, and to keep financial records that allow federal auditors to make sure that the money is spent in accordance with the grant agreement and federal requirements.

In addition, those building and maintaining either last mile or middle mile infrastructure have certain obligations to operate networks financed with BTOP or BIP money in a neutral manner, and to allow other networks to interconnect with them. However, networks can also operate “managed services,” such as public safety services or telemedicine services, that can be prioritized and operated as a private network. Broadband networks can also serve other “private networks” such as college campuses or public housing projects, although they must also provide Internet connections as well.

Under the terms of the grant, the federal government can de-obligate future payments if they find reason to do so. This will apply to partners and subgrantees as well as to the lead applicant.

D. Timelines

Although three rounds of BTOP and BIP funding were originally announced, it now appears that there will only be two, with the first round of applications closed as of August 21, 2009. BTOP and BIP currently expect to announce the second funding round in December, with a 60-day application window. This toolkit will be updated as information becomes available from NTIA and RUS.

It is expected that the guidelines for the second round will resemble that of the first round, although some definitions and requirements will likely be modified in light of the experience with the initial round.

Although we expect BTOP and BIP to make some changes, we do not anticipate that they will substantially alter the key points of advice to those wishing to partner or support projects.

Unlike foundation funding cycles which may provide applicants with a clear sense of the timing of an application process, the BTOP and BIP review process is complex, and dependent of several layers of reviewers. This makes it difficult to nail down exact dates when grants will be awarded. Potential applicants should count on a minimum of three months (and more likely longer) from the application deadline before notification will take place.

HOW FOUNDATIONS CAN PARTICIPATE

Here are some ideas on how foundations can think about their involvement in the broadband stimulus effort. Also, note two case studies in the side bars.

Provide 20 Percent Match

Funders should think about how to strategically provide the match - for example:

- **Capacity for the application process:** *The government is requiring extensive information from applicants.* Foundations could enable many organizations and communities to apply by supporting the capacity to complete the application. For all applicants, this could mean support for professional grantwriters. For infrastructure grants, preliminary impact and engineering studies and other data collection is required. Small investments in the \$5,000-25,000 range may make the difference for a community to be able to apply.
- **Convene potential partners:** Funders can leverage their support to help get interested non-profits, business and government talking in sessions that could result in a collaborative application.

The Blandin Broadband Initiative

Since 2003, the Blandin Broadband Initiative has worked to help communities optimize their use of broadband-based technologies to improve their economic competitiveness in a global economy. We believe that expanding the use of broadband technology increases the potential to retain jobs in rural areas, grows new markets for business, strengthens health care, enhances educational access and improves quality-of-life. The Blandin Foundation submitted an application in the first BTOP/BIP funding round.

The Blandin Foundation's guiding vision states:

“To ensure a high quality of life and a globally competitive future for its citizens, businesses and communities, Minnesota is committed to making the necessary investment to become a world leader in the universal deployment and use of ultra high-speed next generation broadband.”

<http://broadband.blandinfoundation.org/>

- **Coordinating collaborations:** Collaborations of local government, non-profits, and businesses may need to hire a short-term coordinators for their projects. Funders could elect to support an administrative position to track grant expenditures and draft grant reports.
- **Aggregating smaller projects:** Foundations can actually be applicants themselves and aggregate smaller projects in a geographic or content area (See ZeroDivide, Blandin Foundation side bars)
- **Track Impact:** Philantropists can support the research needed to measure the impact of broadband stimulus funding and identifying best practices for national models.

Support Beyond BTOP activities:

- Support non-profits to participate in federal proceedings on devising a National Broadband Plan (including organizing around public hearings, which are likely to take place around the county)
- Support non-profits to participate in local or state policy discussions on broadband.
- Fund successful BTOP programs to scale or replicate

ZeroDivide

“ZeroDivide is working to secure a share of the broadband and related-program funding for its communities from BTOP (Broadband Technology Opportunity Program), the federal economic stimulus program.

Over the past 10 years, we have invested nearly \$50 million in innovative programming that has encouraged sustainable adoption of technology, including broadband, in vulnerable communities.

We will capitalize on our strategic initiative to spark relevant community solutions, increasing demand for broadband and assisting broadband adoption through an intermediary strategy that will advance two BTOP statutory objectives.” (Source: ZeroDivide)

ZeroDivide submitted an application in the first BTOP/BIP funding round.

http://www.zerodivide.org/broadband_initiative

For funders of Economic Development & Workforce Investments, consider the potential of broadband to spur economic development. A major goal of BTOP is to increase jobs. Many of the sustainable adoption programs are going to focus on technology training, which will include training in real work-related skills for jobs in the both the technology and media sectors.

For Community Foundations and Regional funders, there is a huge opportunity here, especially since broadband deployment is a very geographically-focused effort, and provides the infrastructure for so many things - businesses, economic and community development, health care and social services, public safety, media, information services etc. Community Foundations can play a unique role in convening community interests to develop the plans and programs that will go in the application.

For Rural Funders, this federal investment stands to have a major impact in your priority areas on so many levels.

KNOW YOUR WORTH: THE VALUE OF PARTNERSHIPS AND SUPPORT

Applicants have strong incentive to seek support from the non-commercial sector, particularly from smaller, community-based local institutions. The BTOP and BIP use a competitive scoring system for applications. Applicants receive points for producing letters of support from community institutions and local government from the areas impacted by the grants. They also receive points for demonstrating, through partnership agreements, subgrants, and contracts that ensure that the grant money will serve as many purposes of the program – and of the stimulus package as whole – as possible.

Thus, local organizations may find themselves offered opportunities to partner or contract with infrastructure providers or others seeking grant money. Larger foundations and non-profits may look to partner with local organizations, or with organizations serving target populations. Or applicants may simply ask for letters of support.

In evaluating these opportunities, non-commercial organizations should certainly appreciate the value that the project can bring to an organization's overall mission. At the same time, non-commercial organizations should not feel that they lack leverage in negotiating with potential partners. Non-commercial organizations should assess what value they bring to the partnership in terms of performance of key provisions of the program and

in the assessment of the program. Even if the request is simply for a letter of support, organizations should make sure they understand the project and have good reason to expect that the promised benefits to the community will genuinely occur.

Nothing prevents an organization from supporting multiple projects, or from participating in multiple applications. Applicants asking for exclusive support should be asked why such an exclusive is necessary or desirable. While an applicant may legitimately worry that participation by an organization in multiple applications may strain that organization's capacity (assuming that more than one application is granted), the only reason to ask for exclusive support letters would be to disadvantage other applicants.

WHAT YOU NEED TO KNOW TO ASSESS RISKS AND OPPORTUNITIES

When approached by a potential partner, an organization should consider two factors. First, does the potential partner appear to be a legitimate partner and a "good fit." Too often in such situations, non-commercial organizations have found themselves agreeing to projects without properly considering whether the applicant is genuinely interested in supporting the non-commercial partner's mission, or is simply hoping to use the noncommercial entity to its own advantage. Second, the noncommercial partner needs to make a serious assessment as to whether it has the capacity to comply with the obligations it promises to undertake, including the ability to track money and make regular reports on progress. The obligations undertaken as part of an application are binding agreements.

A. Assessing Possible Partners

Unfortunately, the prospect of stimulus money has proven a fertile ground for a variety of scam artists and con men to prey on organizations in financial need. Even where an entity is not behaving dishonestly, many entities may look at noncommercial partners merely as coloring for a commercial venture. Noncommercial entities should therefore consider the following:

1. The BIP and BTOP explicitly prohibit writing grants on a contingency basis. Although a lead applicant can take the job of writing the application, reject offers from vendors or consultants who promise to write grant applications on a contingency basis.

2. There is no fee for applying, although there are significant costs in preparing the applications. Some of these costs are reimbursable from the grant money. When participating in an application, be certain to determine what costs the lead applicant will expect partners to bear. For example, will all partners share the fee to have an engineer certify the technical aspects of the application? Will partners be expected to contribute toward the 20% matching fund required for BTOP applicants? If so, will partners be allowed to contribute “in kind” matching funds or will they be asked to provide cash contributions? Will these be up front, or over the life of the project? How will partners receive payment out of the grant fund? How will the lead applicant handle the reporting requirements, and what obligations will this impose on prospective partners?
3. Who else is partnering with the applicant? What are the terms of those partnerships? Will partners have a right to reject a proposed new partner, or withdraw from an application prior to filing, if a noncommercial entity finds a proposed partner antithetical to its mission?
4. If the applicant is unknown, what references can the applicant provide? A noncommercial partner should not hesitate to ask for reasonable assurances, similar to those in other commercial dealings, that establish an entity’s *bona fides*.
5. What are the mechanisms for accountability? How can the potential partner be confident that the lead applicant will be able to satisfy its obligations, and will act in an open and transparent manner with its partners? How will the lead applicant, or other participants in the grant project, notify the partner about material changes in circumstances that could impact the success of the project?
6. At what stage can the noncommercial entity expect to see the entire application? Will the noncommercial entity have the right to see the application before filing?

Noncommercial organizations should expect, in a processes as new and developing as rapidly as this, that many potential partners may not have immediate answers to these questions. In fact, many of these questions should be the subject of negotiation between participants rather than subject to a “take or leave it” attitude. But noncommercial should take care not to “sign on the

dotted line” until they satisfy themselves that they thoroughly understand their obligations and how the proposed grant fits their overall mission. Do not allow the promise of easy money and the threat of missing an opportunity to lure you into an agreement you will later regret.

On the other hand, there are many positive factors to assess as well. Some of these include:

1. Does the partnership/project provide new opportunities beyond the grant to expand the organization’s social network or resources?
2. Does the partnership/project allow the organization to elevate the importance of its mission or the community it serves in the community as a whole?
3. Does the partnership/project create opportunities to work with state or federal government agencies useful to the overall mission of the organization?
4. Does the project allow the organization to develop new expertise and capacity that will extend beyond the project to provide a “multiplier effect” for the organization’s overall mission.

B. Self-Assessment

In addition to assessing potential partners, a noncommercial organization must seriously assess whether it can genuinely take on the new obligations that come with a BIP or BTOP grant. In particular, noncommercial entities need to ask themselves these questions:

1. Does this project really meet the BTOP or BIP goals of expanding broadband access and the use of broadband? While it is tempting to try to take money and apply it to already existing programs in need of funds, this may have serious consequences in light of potential federal audits and the need for regular reports.
2. Is the organization capable of tracking the money in accordance with federal requirements? Generally, any organization that can track different project grants is familiar with the concept of tracking expenditures. But organizations should be aware that federal grants require particular forms that take considerable time and require considerable detail and supporting documentation. Also, as part of the tracking and transparency in the federal stimulus package, applicants will need to provide regular reports every 90 days.

Because the lead applicant is ultimately responsible for ensuring accurate reports, a noncommercial entity concerned with its ability to properly monitor and track funds may legitimately ask the lead applicant to provide assistance. Ultimately, however, the noncommercial entity is responsible for tracking the money it receives under the program.

3. How will the project continue once the BTOP or BIP money is spent?
Projects need to be sustainable, although there is some flexibility around this requirement if the noncommercial partner is providing training or outreach for other partners. But to the extent a noncommercial entity is undertaking to build a network or create a long term program as its part of the project, the noncommercial partner must give serious thought to how it will continue to operate the network or maintain the program.

Noncommercial entities assessing their ability to participate should bear in mind that the consequences may extend beyond the particular project. In an application, all partners contribute to the success of the project, and the failure of one partner to fulfill its obligations may have consequences for other partners or cause the failure of the project as a whole.

We do not intend these warnings to discourage potential noncommercial partners. To the contrary, as a long-time presence in the world of community media and digital inclusion, the Benton Foundation recognizes the tremendous talent and ability of the noncommercial sector, from multibillion dollar foundations to small community-based nonprofits. It is precisely because we believe so many organizations in our sector should embrace this opportunity that we urge every organization considering participation to weigh the pros and cons carefully.

C. Remedies If Things Go Wrong

Even in the best of cases, with all parties acting in good faith and with noncommercial performing all necessary due diligence, something may go wrong. If that happens, noncommercial entities should consider what possible remedies they will have.

Neither the NTIA, which administers BTOP, or the Rural Utility Services at the Department of Agriculture (RUS), which administers BIP, has general enforcement powers. To the extent that a grant application contains detailed

agreements, these are part of the application and all parties must comply. Noncommercial entities will therefore want to have agreements settled as explicitly as possible, including the project governance and accountability mechanisms on which the parties intend to rely. (Because BTOP and BIP give additional points for having completed agreements rather than commitments to make agreements, parties will wish to have these spelled out in any case. This may not, however, always be possible.)

If partners violate the terms of this agreement, the injured party may complain to the BTOP or BIP that the violating party is not in compliance with the grant. This may trigger an investigation and, if the violation is particularly egregious, may lead to a deobligation of funds. But even where parties have explicit agreements incorporated into the application, it is unlikely that BTOP or BIP will have the resources or the inclination to investigate and settle such complaints.

Noncommercial entities should therefore expect to rely on conventional contract remedies in the event of a breach or default. In the end, however, parties would be well advised to do as much in advance to minimize the likelihood of problems emerging, rather than relying on remedies after the fact. By clearly spelling out the obligations and expectations in advance, and in writing, parties can avoid confusion and concentrate on their project and their mission.

GETTING THE WORD OUT

Foundations can play an important role in disseminating information about BTOP and the upcoming second round application process to their grantees, and more importantly, to their communities. Successful applications will be characterized by a strong collaborative partnership, which demonstrates a range of stakeholders working toward a common goal.

Foundations could play a vital role over the next several months convening their community's best thinkers, the movers and shakers, and their young people to discuss what's possible and how this unprecedented federal investment in broadband could help achieve it.

Take a look at the following resources to get started.

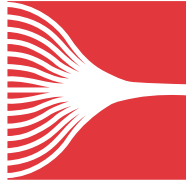
- BroadbandUSA (<http://www.broadbandusa.gov>) This is the portal for BTOP and BIP funding, with information about the ARRA, an online

application, and a searchable data base of applications submitted for the first round of funding.

- Open Technology Initiative (<http://newamerica.net/programs/oti#>) This New America Foundation initiative prepared application guides for BTOP and BIP funding. Scroll down the page for these materials.
- TechSoup Global (<http://techsoupglobal.org/economicstimulus>) TechSoup Global is a recognized leader in bringing technological empowerment and philanthropy to social benefit organizations—including nonprofits, nongovernmental organizations, libraries and other social change agents.
- Knight Center of Digital Excellence has a Stimulus Center (<http://knightcenter.info/topic/id.36/name.Stimulus%Center>) with great resources. Take a look at Connect Your Community—A Sample Roadmap (<http://knightcenter.info/webapp-article-action/do.articleDetail/id.367/topicID.38>) for ideas on assessing your community's needs, etc.
- Benton Foundation-Tracking Legislation: The American Recovery and Reinvestment Act (<http://benton.org/node/20455>) This is a summary of the legislation that authorizes BTOP and BIP.
- Benton Foundation Communications Headlines (<http://benton.org/headlines>) Since 1996, the Benton Foundation has provided free, daily summaries of articles concerning the quickly-changing telecommunications policy landscape. Since September 2005, we've used individual stories to help track developments in telecommunications legislation, the media ownership debate and efforts to ensure universal broadband. Take a look at this amazing resource, then sign up to receive Headlines via email every day!

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The Benton Foundation works to articulate a public interest vision for the digital age and demonstrate the value of communications for solving social problems.



Grantmakers in Film + Electronic Media (GFEM) is an association of grantmakers committed to advancing the field of media arts and public interest media funding.

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