



# MONTANA DEPARTMENT OF ADMINISTRATION

## Director's Office

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Mr. Noah Jackson  
Legislative Clark  
Committee on Energy and Commerce  
2125 Rayburn House Office Building  
Washington, DC 20515

Dear Mr. Jackson,

I want to thank Chairman Latta and the Subcommittee on Communications and Technology for the opportunity to testify at the hearing entitled, "From Introduction to Implementation: A BEAD Program Progress Report," on September 10, 2024.

As requested, I am providing my responses to the Members' questions provided on September 27, 2024.

Sincerely,

Misty Ann Giles  
Director and Chief Operating Officer  
Department of Administration, State of Montana

Attachment

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**Chairman Latta**

1. How is Montana preparing for supply chain shortage that will be created by 56 different states and territories vying for the same resources, like bucket trucks and fiber optic cables?
  - a. Montana has been working with our trade association partners and industry to build partnerships for purchasing materials. The supply chain is a major concern; however, federal rules do not allow “pre-purchasing” of goods for a federal grant. In addition, it is difficult for companies to purchase any goods in advance for buildout as they are not guaranteed to win an award. Montana does not have as much of a concern relating to bucket trucks as many of our other sister states because, given our climate, much of our fiber and our utilities are underground, negating the need
2. Your Initial Proposal was approved just over a month ago on August 1<sup>st</sup>. How was Montana able to move so quickly to announce the opening of its grant application period? Any tips for other states looking to do the same?
  - a. NTIA’s BEAD program requires at a minimum for states to each submit four milestone documents to successfully plan and deploy funding: a five-year action plan, initial proposal volume 1 (challenge process), proposal volume 2 (grant process/program operations), and the final proposal (grant results). All states were required to submit the initial proposal volume 2 by December 23, 2023. Montana’s readiness to deploy our application stands with each of these milestone triggers; as we finished one milestone, we immediately pivoted to the next, moving from planning to action and operations rather than waiting on NTIA.

Montana submitted the initial proposal volume 2 on December 7, 2023, in advance of the NTIA required deadline. With that submission, we immediately pivoted to taking our program outline, as submitted for consideration, to full operations. We began developing our application and online portal, all application guides and supporting materials to assist providers, and grant agreements. In addition, we hosted 23 webinars and an in-person bidders conference to unpack the NTIA requirements and ensure our providers were ready to apply upon our approval of the initial proposal volume 2.

Montana did take a small operational “risk” by immediately pivoting from planning to action by operationalizing our initial proposal volume 2 in advance of NTIA’s approval. Montana felt confident in our proposal and that we could modify any curing from NTIA and given the significant work required to launch the program, it was more prudent to move quickly rather than wait. This small risk paid off as Montana received no substantial curing from NTIA and only had to make minor modifications to our program prior to the official launch.

- b. Tips for other states looking to do the same as Montana would be simply do not wait on NTIA and final approvals. Montana was thorough in its work in our initial proposal and felt confident we would receive little curing, so rather than waiting 7 months to

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receive NTIA’s blessing, we got to work and started immediately putting a plan into something actionable and operational. More states should do the same as NTIA’s approvals take months to receive for any state.

**The Honorable Earl L. “Buddy” Carter**

1. How are you preparing for the influx of BEAD projects when it comes to workforce?

Labor market conditions in Montana are expected to follow this national trend, suggesting that, absent targeted action, the State could face a potential shortfall of broadband-capable workers. To anticipate upcoming workforce challenges, we analyzed the impact of upcoming broadband funding on the Montana labor market. Our analysis shows deployment-related roles will likely see the greatest incremental job growth in electrical power-line installers (24% growth) and telecommunications line installers (29% growth). More modest increases are expected in a variety of other roles, such as construction laborers, equipment operators, first-line supervisors, and electricians. The analysis factored in demand for specified jobs in other industries, including construction, engineering services, power line communication, and other relevant industries. The State acknowledges the need for a comprehensive workforce plan to meet these varying needs across roles while establishing opportunities to make jobs available to historically underrepresented groups. To achieve this objective, the State will collaborate with two of its flagship workforce development programs, the Montana Registered Apprenticeship Program and Accelerate Montana. We will encourage subgrantees and Montanans to participate in these programs and intend to coordinate targeted outreach to help these stakeholders advance their impactful initiatives.

The Montana Registered Apprenticeship Program (MRAP) MRAP, sponsored by the Montana Department of Labor and Industry (DLI), places high school students into apprenticeships with trades or skilled labor employers, providing both paid and on-the-job training to position them for future employment. MRAP was designed to create a skilled labor force that can take advantage of Montana’s employment opportunities. Around 6,000 Montanans graduate high school each year and enter the workforce without the credentials required for career advancement in fields such as construction, healthcare, manufacturing, and hospitality.<sup>84</sup> MRAP was designed in part to support these students, providing a clear on-ramp to gainful employment opportunities. Recently, the governor adjusted MRAP rules to increase the number of apprentices mentors are allowed to accept—now, each mentor can help train two apprentices. This adjustment has further catalyzed the program’s growth: 500 new apprentices joined MRAP in the first half of 2022, surpassing the registration totals recorded for the entirety of both 2019 and 2020.<sup>86,87</sup> Additionally, the MRAP is partnering specifically with the University of Montana and Montana State University to create partnerships and programs to develop additional workforce programs.

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Accelerate Montana (AMT) AMT is a non-profit based at the University of Montana that offers programs and services designed to invest in Montana’s workforce and build businesses’ economic capacity. AMT’s operating model is based on a symbiotic relationship between AMT, jobseekers, Montana’s higher education system, and potential employers. AMT works directly with employers to determine their workforce needs (e.g., number of workers, skill set, location of employment), design training programs to meet those needs, and then coordinates with the higher education network to identify the ideal locations to host trainings. AMT’s model helps cultivate the right talent in the right places around the state and attracts participants, including high schoolers, recent college graduates, and individuals pursuing career changes. AMT’s core offerings include its Rapid Training Programs, which allow students to gain full licensure and accreditation for in-demand careers in six months or less. Since 2021, the program has been awarded nearly \$10M. While around 1,700 students currently complete these programs every two years, some estimates suggest that the rapid training programs will train ~3,000 individuals by the end of 2024.95,96 AMT currently offers programs that are relevant to broadband workforce skills, including entry-level construction training, commercial driver’s licensing, heavy equipment operation, fiber splicing, cyber security, and other technology-related programs. AMT’s current training offerings and growing capacity suggest that the program could potentially accommodate the current projected increase in broadband worker demand in 2027 during the BEAD funding rollout. Rapid Training Programs are broadcast widely by AMT, which conducts outreach at tribal colleges in Montana and spreads awareness about its programs at high schools, two- and four-year colleges, and community & technical colleges.

DLI offers several career development services to help Montanans access job opportunities, receive training, prepare interview materials, and develop other necessary skills for gainful employment. The Department of Public Health and Human Services (DPHHS) also offers a wide variety of services to meet the needs of Montanan workers, including childcare services, financial aid, and health care.

For more information, please visit [2024.04.23\\_MT-BEAD-Initial-Proposal-Volume-II\\_Clean1.pdf](#), which outlines our full list of resources to assist workforce development.

In addition to these efforts, Montana’s DLI Department of Labor applied under the NTIA Digital Equity program to build out complete workforce development program specifically for broadband. We are awaiting approval of that application and the funds.

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**The Honorable John Joyce**

1. What principles guided you to choose a smaller unit, Census Block Groups, for applicants to build their projects around? Was there any guidance from NTIA to help states to make that choice instead of choosing larger bidding units?
  - a. To create a simple and straightforward process, Montana considered pre-defining project areas. Given the importance of fostering objectivity and fairness, in this scenario, rather than drawing new boundaries across the state to create project areas, we relied on existing areas. Responding to suggestions from existing providers, we considered using study areas, which are locally administered telecommunications regions based on traditional voice service areas (or similarly, exchange boundaries, which roll up into study areas). These pre-established boundaries are familiar to a number of providers, as the areas have been used routinely in the past to allocate federal funding. For example, the Alternative Connect America Cost Model (ACAM) and its successor program, the Enhanced Alternative Connect America Cost Model (E-ACAM), both distribute funds in accordance with these boundaries. However, there was not a clear path forward to objectively constructing these areas, and the State was concerned about inadvertently harming one provider or favoring another.

Despite the benefits of aligning with other recent funding models and the familiarity with providers, using these existing standalone units also had its shortcomings. First, the study areas are not contiguous and do not cover the state in its entirety. For this reason, additional boundaries would have to be drawn, as a subset of unserved and underserved BSLs are not contained within study areas. Also, these areas may have favored certain providers over others, given the historic dominance of a single company in each region. Finally, this approach ran counter to one of our main objectives: to allow providers adequate latitude in creating project areas that best align with their business models. The State understands that allowing flexibility for providers to leverage their existing infrastructure or expand their service areas to geographies to optimize their business cases may help to ensure efficient use of funding and extend public funding further.

To address the primary shortcoming associated with pre-defined project areas, we also considered giving providers complete flexibility in designing their own project areas. Given that providers have the best understanding of their existing infrastructure, this approach would ensure that providers could design project areas that best reflect their preferred business cases. In accordance with NTIA guidance, which states that “An ‘Unserved Service Project’ or ‘Underserved Service Project’ may be as small as a single unserved or underserved location, respectively,” this approach would allow providers to build their project areas using individual BSLs at the smallest or largest aggregation levels. While this approach would have given providers the most flexibility, it also had several critical shortcomings. First, this

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approach could have yielded an enormous number of location combinations, which would not have allowed a like-to-like comparison of proposals, a key BEAD requirement. This approach may also have resulted in selectively choosing more attractive locations and ultimately failing to achieve a core BEAD requirement and priority for the State of Montana in reaching all unserved (and ideally underserved) locations. Following input from a number of stakeholders, including providers themselves, who also expressed concern given the shortcomings outlined above, we decided not to pursue this design approach.

To provide applicants the freedom to design their ideal business cases while still maintaining objectivity, we also considered a hybrid approach in which we would designate foundational units that could be assembled in different combinations by providers to create project areas. Designating “building blocks” could bring a level of order to the process while giving applicants more agency to define their ideal territories. The potential units considered ranged widely in size and number. However, the key considerations in determining units were to ensure they a) do not overlap, b) cover the entire state of Montana, and c) are based on neutral, objective criteria. To meet these criteria, we considered existing administrative boundaries, including census blocks, census block groups, census tracts, and counties. Using administrative boundaries, like those defined by the United States Census Bureau, could confer a high level of objectivity.

By utilizing a hybrid approach, we could address the key issues associated with the other approaches outlined above by providing an objective unit for comparison that covers all unserved and underserved areas while still providing flexibility for providers to define their project areas. This decision should help Montana achieve universal coverage by incentivizing potential subgrantee applicants to bid on areas with a mix of hard and easy-to-reach locations and simultaneously ensure no locations are left out.

- b. NTIA issued little guidance related to application areas to states. NTIA allowed states to have the freedom to select a model that worked best for their state so long as the model provided a fair, equitable, and objective approach to reviewing project applications for BEAD.

**The Honorable Russ Fulcher**

1. Can you expound on your testimony where you discussed NTIA’s lack of readiness with their system for entering BEAD-granted funding? Also, can you provide any specific steps we can take regarding timelines for final BEAD proposals, and any suggestions on guidance?

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- a. NTIA has issued limited guidance related to permitting, in particular the NEPA process. NEPA will be a cornerstone determination for the success of BEAD; it is complex, costly, and causes significant delays to broadband deployment.

Recent guidance states that NEPA is now a “joint responsibility” between NTIA and the state. Joint responsibility is undefined, yet it appears that the state must conduct all NEPA activities and then submit them to NTIA. We are required to do the following:

- Obtain specialized environmental and historic preservation expertise to hire with relevant NEPA qualifications.
- Develop a schedule for environmental review and permitting.
- Prepare or supervise the preparation of NEPA documents, reviewing all drafts and verifying they meet the requirements of NEPA prior to transmittal to NTIA.
- Ensure that project implementation (site preparation, demolition, construction, ground disturbance, fixed installation, or any other project implementation activities) does not begin prior to NEPA completion.
- Monitor subgrantees to ensure they understand and comply with relevant environmental laws, including but not limited to NEPA.

Like all guidance issued by NTIA, it is too late in the game to set these high expectations for a state. States have set budgets, and NTIA has approved those budgets, so cuts will need to be made to hire additional internal or contract staff to support these activities. Further, additional hiring expectations presume that this expertise can be found and afforded on short notice to work for state broadband offices. Further information on the guidance can be found here: [NEPA for BEAD Frequently Asked Questions \(doc.gov\)](#).

Further, NTIA has stated that all states will be required to use the NTIA NEPA environmental permitting “tool” for the BEAD program. However, this “tool” is not yet available or developed and will not even be available to the states for another six to eight months. For states like Montana, this is far too late as we will begin application review this fall and, in the winter of 2025, and make decisions in the spring of 2025. NTIA’s mandate misses the practical implications for states that are ahead of the curve and in the active, operational BEAD application process.

- b. To date, NTIA has requested to be “heavily” engaged in the selection of applications for the BEAD program prior to the submission of the Final Proposal. In addition, NTIA requires a state to send an advance selection prior to release to any other governmental entity or distribution. By law, Montana must submit our initial decisions to our Communications Advisory Commission for review and consideration, this requirement to pre-submit to NTIA precludes this body from the process.

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- c. Recommendation: NTIA should be flexible with states in reviewing potential awardees rather than dictating a review prior to the submission of the Final Proposal and in conflict with existing state laws.

NTIA should also make assurances on the review timeline for the Final Proposal as delays here will significantly impact the overall program, particularly in the western states. To date, approvals from NTIA have taken approximately 7-9+ months to obtain.

BEAD requires a 4-year build-out timeline; this timeline does not factor in western states with inclement weather that will be fortunate to have maybe 20 months for construction. Delays in approval for the Final Proposal will further delay construction and force western states to miss the 2025 construction season entirely. Montana intends to submit well in advance of our July 30, 2025, deadline to ideally obtain approval and get to work for the summer construction season.

Montana would recommend that NTIA set a specific review and approval timeline for all Final Proposals, abide by that timeline with no delays, and factor in the realities of construction seasons. BEAD was established in 2021. We are 3 years in and construction has yet to begin. Delays on Final Proposal approval will further delay connecting Montanans. For example, if Montana is successful and submits by April 2025, in advance of our statutory July deadline, and NTIA takes (as seen historically) 9 months to review and provides approval in January 2026, we will miss an entire implementation window and will not begin construction until May 2026.