
Lower Population Density Grant Program

Office of Broadband Development
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Program Description and Background

In order to continue to promote broadband infrastructure expansion for areas of Minnesota that remain unserved or underserved, public sector investment is necessary. Following the establishment of the Border-to-Border Broadband Development Grant Program in 2014, the Lower Population Density Grant Program was created by the legislature in 2022 and made a continuing program by the legislature in 2023. Pursuant to Minnesota Statutes §§116J.394-116J.398, the State of Minnesota, Department of Employment and Economic Development (DEED) has the authority to award grants to assist broadband providers with eligible infrastructure installation costs.

The relevant legislation states:

116J.3952 LOWER POPULATION DENSITY GRANT PROGRAM.

Subdivision 1. Establishment. A lower population density grant program is established in the Department of Employment and Economic Development. The purpose of the lower population density grant program is to provide broadband service to unserved and underserved areas of the state where a 50 percent match formula is not adequate to make a business case for the extension of broadband facilities.

Subd. 2. Grants. Grants awarded under this section may fund up to 75 percent of the total cost of a project and must otherwise adhere to section 116J.395, subdivisions 1 to 6 and subdivision 7, paragraph (b).

Further, 2022 legislation requires the following report:

Laws 2022, chapter 95, article 4, section 2, is amended to read:

Sec. 2. LOWER POPULATION DENSITY PILOT PROGRAM.

(c) No later than December 31, 2023, the Office of Broadband Development must submit a report to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over broadband policy and finance analyzing the impacts of this section on the number and amounts of grants awarded under Minnesota Statutes, section 116J.395.

Funding

As listed further below, for the Lower Population Density Grant Program, the Office of Broadband Development (OBD) distributed \$29.9 million in the first round (Round 8). \$20 million is allocated for the program in its second round (Round 9) where completed applications were due in DEED's Grant Management System on December 7, 2023. Grant funding awards cannot exceed 75% of the eligible total project costs. Priority consideration is given to projects that leverage funding from other community, private and public sources.

Eligible Applicants

Eligible applicants for this program are the same as for the Border-to-Border Broadband Development Grant Program established in 2014 in Minn. Stat. 11J.395: an incorporated business or partnership, a political subdivision, an Indian tribe, a Minnesota nonprofit organization organized under chapter 317A, a Minnesota cooperative association organized under chapter 308A or 308B, or a Minnesota limited liability corporation organized under chapter 322C for the purpose of expanding broadband access.

Eligible Project Areas

Similar to the Border-to-Border Broadband Development Grant Program, broadband development projects located in unserved or underserved areas are eligible. An unserved area is an area of Minnesota in which households or businesses lack access to wire-line broadband service at speeds that meet the Federal Communications Commission's (FCC) threshold of 25 megabits per second (Mbps) download and 3 megabits per second (Mbps) upload. An underserved area is an area of Minnesota in which households or businesses do receive service at or above the FCC threshold of 25 Mbps download and 3 Mbps upload but lack access to wireline broadband service at speeds of 100 Mbps download and 20 Mbps upload.

Eligible Program Costs

The Lower Population Density Grant Program can pay up to 75% of the total costs for a qualifying project (in contrast to the Border-to-Border Broadband Development Grant Program which can pay for up to 50%). Eligible costs refer to the costs associated with the acquisition and installation of middle mile and/or last mile infrastructure that can support broadband service to speeds of at least 100 Mbps download and 20 Mbps upload, scalable to 100 Mbps download and 100 Mbps upload.

Matching Funds Requirement

To obtain a Lower Population Density Grant, the applicant must provide for the funding not covered by the grant with matching funds. The match can come from any private and/or public sources that allow for such use and are available to the applicant.

Required Pre-Application Outreach to Other Providers

Minnesota Law 116J.395, subd. 5(9) requires that an application include evidence that no later than six weeks before submission of the application the applicant contacted, in writing, all entities providing broadband service in the proposed project area to ask for each broadband service provider's plan to upgrade broadband service in the project area to speeds that meet or exceed the State's broadband speed goals in section 237.012, subd. 1, within the time frame specified in the proposed grant activities. The application is also to include the broadband providers written responses. This requirement is in statute and applies to both the Lower Population Density and Border-to-Border Broadband Development Grant Programs and cannot be waived; an application that does not contain the necessary information will not be considered for funding.

Minnesota Government Data Practices Act

Under Minn. Stat. § 13.599:

- Names and addresses of grant applicants and the amount requested will be public data once proposal responses are opened.
- All remaining data in proposal responses (except trade secret data as defined and classified by § 13.37) will be public data once OBD has completed negotiating all grant contract agreements with the selected Grantees.
- All data created or maintained by OBD as part of the evaluation process (except trade secret data as defined and classified in § 13.37) will be public data once OBD has completed negotiating all grant contract agreements with the selected Grantees.
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Selection Criteria

Applications are reviewed by Office of Broadband Development staff. Lower Population Density Grant Program applications are eligible for a maximum 140 reviewer scoring points and are ranked on the following categories:

- Anticipated broadband improvements – up to 20 points
- Critical need/Community participation – up to 15 points
- Project readiness – up to 25 points
- Project sustainability – up to 25 points
- Economic development and community impact – up to 15 points
- Broadband adoption assistance – up to 10 points
- Passings per mile – up to 10 points
- Explanation of need for higher funding – up to 15 points
- New application area – up to 5 points

2023 Lower Population Density Grant Program Awards

- # of Projects: 9 Grant \$ Awarded: \$29,961,246 # of Passings: 2,672

Applicant	Project	Grant Award Amount
702 Communications	Western Clay County	\$2,624,830
Federated Rural Electric	Jackson County FTTP	\$7,068,222
Garden Valley Tech	2023 Rural Warren Southwest	\$1,488,322
Interstate Telecom. Co.	Yellow Medicine County West FTTH Project	\$4,988,174
Meeker Coop./Vibrant	Lake Elizabeth-Lake Lillian Twp	\$1,428,066
Paul Bunyan Coop	Paul Bunyan Comm. Rural GigaZone Fiber	\$5,569,281
Red River Rural Tel.	North Wilkin County	\$2,227,363
Red River Rural Tel.	Rural Campbell	\$2,035,500
Wikstrom Telephone Co.	Wiktel NW MN Broadband 2023	\$2,531,488
9	Total	\$29,961,246

2023 Lower Population Density Grant Awards	
Number of applications	28
Total amount originally applied for	\$80.7M
Amount awarded	\$29.9M
Number of projects awarded	
Breakdown by region:	
Central	0 projects - \$
Northland	1 projects - \$5,569,281
Northwest	2 projects - \$4,019,810
Southern	0 projects - \$
Southwest	3 projects - \$13,484,462
Twin Cities	0 projects - \$
West Central	3 projects - \$6,887,693
Local/private match	\$10.7M
Total number of locations served	2,672
Unserved locations	2,237
Underserved locations	435
Households to be served	1,611

Businesses to be served	98
Farms to be served	951
Community anchor institutions to be served	12
Challenges submitted	31
Number of challengers	6
Number of projects challenged	20
Number of challenges resulting in partial or non-funding	0

Listed below is a brief comparison of the first set of lower population density awards in Round 8 with the summary of the lower population density grant applications just received on December 7.

Application Round Stats Comparison	RD8 awarded 6-28-23	RD9 in-progress
Applications Received	28	31
Total Grant Request	\$80.7M	\$85.5M
Amount Awarded/Available	\$29.9M	\$20.M Available
Average of Grant Request	\$2,882,728	\$2,760,283
Total Passings	9,987	8,140
Total Unserved	7,207	6,430
Total Underserved	2,780	1,710
Average Cost Per Passing	\$13,657	\$14,331
Average Passing Per Fiber Mile	6.02	3.12

Conclusion and Next Steps

The enabling legislation states that OBD is to file a report “analyzing the impacts of this section on the number and amounts of grants awarded under Minnesota Statutes, section 116J.395.” In its January 15, 2023 Annual Report, OBD stated it anticipated high demand for this program¹. As predicted, demand was high, with \$80 million in projects requested for the \$30 million available. 1,611 households, 98 businesses, and 951 farms are being served by this first round of Lower Population Density Grant funding. As a comparison, the Lower Population Density program funded projects at an average of \$15,194 per passing while the traditional Border to Border grant program funded projects at an average of \$8,466.76 per passing. Based on this cost comparison, the program appears to be effective in funding locations where the traditional 50 percent funding match was not adequate for the extension of facilities.

OBD will continue to monitor effectiveness of all its grant programs including the Low Population Density program and make recommendations for changes to statutory language or adjust as it can within the existing statutory framework.

¹ Annual report, p. 5.