

**MEMORANDUM OF UNDERSTANDING BETWEEN  
THE STATE OF ALABAMA DEPARTMENT OF FINANCE AND  
THE ALABAMA DEPARTMENT OF ECONOMIC AND COMMUNITY AFFAIRS  
FOR THE DISTRIBUTION OF CARES ACT CORONAVIRUS RELIEF FUNDS**

This Memorandum of Understanding is made by and between the State of Alabama Department of Finance, at 600 Dexter Avenue, Montgomery, Alabama 36130, hereinafter referred to as "DOF" and the Alabama Department of Economic and Community Affairs at 401 Adams Avenue, Montgomery, Alabama 36104, hereinafter referred to as "ADECA." DOF and ADECA are hereinafter collectively referred to as the "parties." This agreement becomes effective upon approval of the parties and the Governor.

**1. PURPOSE AND SCOPE**

(a) The federal Coronavirus Aid, Relief, and Economic Security Act, hereinafter referred to as the CARES Act, established the Coronavirus Relief Fund, hereinafter referred to as CRF. The CARES Act appropriated \$150,000,000,000 to the CRF to make payments to state, local, and tribal governments for the purposes enumerated in the CARES Act, namely to respond to and mitigate the coronavirus pandemic. The State of Alabama received approximately \$1,900,000,000 from the CRF. CRF funds may only be used to cover costs that 1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); 2) were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and 3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

(b) Alabama Act 2020-199 divided the State of Alabama's share of CRF funds into ten categories and charged DOF with the responsibility of administering the funds on behalf of the people of Alabama. One such category provides, "Up to \$300,000,000 for expenditures related to technology and infrastructure related to remote instruction and learning." ADECA is requesting, and DOF is agreeing to provide, up to \$103,408,000 from this category of CRF funds to support ADECA's Alabama Broadband Connectivity for Students Program ("ABC for Students") as described in the overview document attached hereto as Appendix A. The budget for this program is attached hereto as Appendix B.

(c) In sum, ADECA's ABC for Students will provide internet service to connect low-income households with K-12 students so that they can participate in distance learning for the upcoming school year. Eligible students will be those students that are currently eligible for free and reduced-price school meals and/or other financial criteria. This program is designed to provide an equal quality of internet service for eligible students throughout the state, including rural areas.

(d) As this project has been presented to DOF by ADECA, DOF has concluded the ABC for Students is necessary to respond to and mitigate the coronavirus pandemic in Alabama. Further, DOF concludes that funding this project using the State's CRF funds is an appropriate use of these funds under both federal and state law. DOF fully supports ADECA in its efforts to support and protect the citizens of Alabama.

## II. PARTIES' RESPONSIBILITIES

### A. ADECA agrees to the following:

1. To develop and implement its ABC for Students as described in Appendix A and on the budget as described in Appendix B;
2. To collaborate and share information on the project with the Alabama Department of Education and other relevant agencies so that, to the greatest extent possible, state resources are used complementary and not duplicative;
3. To provide to the State Finance Director's Office, on the fifteenth of every month, beginning September 15, 2020 until conclusion of the project by either completion or termination, a report detailing the progress made on the project, an itemized list of expenditures for the project for the preceding month, and the number of students served by this program;
4. To use the funds provided by DOF under this agreement in accordance with federal and state law and for the purposes set forth in this agreement and for no other purpose;
5. To return any funds provided by DOF under this agreement that are unspent as of December 15, 2020; and
6. ADECA acknowledges and agrees that any contracts or other agreements entered into by ADECA that utilize the CRF funds provided under this agreement can only be funded with CRF funds until December 15, 2020, at the latest. After December 15, 2020, a different funding source must be utilized for such contracts or other agreements.

### B. DOF agrees to the following:

1. To provide up to \$103,408,000 to ADECA from the State's CRF funds as described herein to fund ADECA's ABC for Students and for no other purpose.

## III. TERMINATION OF AGREEMENT

Except as set forth in this section, this agreement may be terminated only by a writing signed by each party or representatives of each party. If ADECA determines that it will not pursue this project for whatever reason, it may terminate this agreement upon written notice to the State Finance Director and upon return of any unspent funds. If DOF concludes, after a reasonable investigation and in its sole discretion as administrator of the funds, that the funds provided hereunder have been used in a manner inconsistent with federal or state law, DOF may terminate this agreement immediately upon written notice to ADECA.

## IV. MISCELLANEOUS PROVISIONS

A. The terms and commitments contained herein shall not constitute a debt of the State of Alabama, which is prohibited by Section 213 of the Official Recompilation of the Constitution of Alabama, 1901, as amended by Amendment No. 26.

B. By signing this contract, the contracting parties affirm, for the duration of the agreement, that they will not violate federal immigration law or knowingly employ, hire for employment, or continue to employ an unauthorized alien within the State of Alabama. Furthermore, a contracting party found to be in violation of this provision shall be deemed in breach of the agreement and shall be responsible for all damages resulting therefrom.

C. In the event of any dispute between the parties, senior officials of both parties shall meet and engage in a good faith attempt to resolve the dispute. Should that effort fail, and the dispute involves the payment of money, a party's sole remedy is the filing of a claim with the Board of Adjustment of the State of Alabama. For any and all other disputes arising under the terms of this contract which are not resolved by negotiation, the parties agree to utilize appropriate forms of non-binding alternative dispute resolution including, but not limited to, mediation. Such dispute resolution shall occur in Montgomery, Alabama, utilizing where appropriate, mediators selected from the roster of mediators maintained by the Center for Dispute Resolution of the Alabama State Bar.

D. DOF and ADECA understand the unprecedented and novel challenge that COVID-19 presents to the State and its educational institutions. Therefore, ADECA cannot guarantee the success of its efforts under this Memorandum of Understanding. In addition to the reporting requirements in Section II.A.3., ADECA will reasonably update DOF of material changes that make ADECA's performance hereunder impracticable.

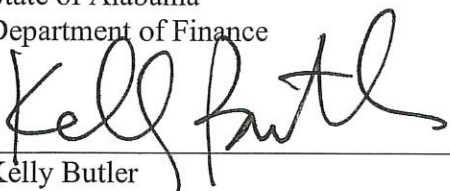
E. In order to comply with federal requirements relating to the administration of grants and other federal assistance funds, DOF provides the following information to ADECA: This subaward is provided to ADECA through a grant to the State of Alabama in the amount of \$1,901,262,000 from the U.S. Treasury via Section 601(a)(1) of the Social Security Act (42 U.S.C. 301 et seq.), known as the Coronavirus Relief Fund, as created by Section 5001 of the CARES Act, Pub. L. No. 116-136 (March 27, 2020) under Federal Award Identification Number SLT0002 and SLT0223, CFDA #21.019 Coronavirus Relief Fund for the period March 1, 2020 to December 30, 2020. This subaward is provided in accordance with the requirements set forth in the CARES Act and other applicable federal and state law and policy, and ADECA affirms that all information it has provided to DOF relating to this subaward is true and accurate. This subaward does not include research and development. The parties acknowledge and understand that each subrecipient of CRF funds will be evaluated in accordance with Code of Federal Regulations 200-331(b) for risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward. Further, each subrecipients' activities will be monitored as necessary to ensure that the subaward is used for authorized purposes, in compliance with law, and that subaward performance goals are achieved. Other monitoring tools may be implemented depending on the level of risk posed by the subrecipient.

V. AMENDMENT

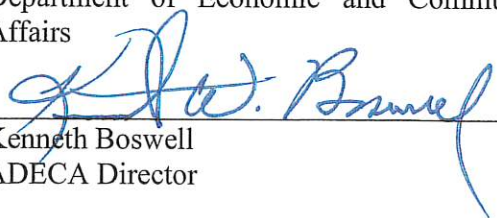
This agreement may be amended only by a writing signed by each party or representatives of each party.

In witness whereof, the parties hereto have caused this agreement to be executed by those officers, officials, and persons thereunto duly authorized.

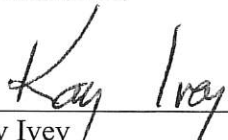
State of Alabama  
Department of Finance

  
\_\_\_\_\_  
Kelly Butler  
Finance Director

State of Alabama  
Department of Economic and Community  
Affairs

  
\_\_\_\_\_  
Kenneth Boswell  
ADECA Director

APPROVED:

  
\_\_\_\_\_  
Kay Ivey  
Governor of Alabama

## Program Summary

The program was developed with the following key priorities:

1. Internet service must be able to support meaningful distance learning activities
2. Quality service must be equally accessible to all eligible students across the State
3. The plan should be efficient, non-burdensome, and capable of enabling service to eligible students as soon as possible, ideally in time for the start of the 2020-2021 school year

Because the quality of service and the timeline on which it must be delivered is paramount, the plan leverages existing mechanisms whenever possible, and allocates responsibilities among entities in a manner that maximizes strengths to ensure effective program implementation.

### Service Requirements and Procurement Mechanism

ADECA will utilize existing contracts with providers wherever possible and will also issue a simple Request for Proposals to identify additional providers that are able to meet requirements related to broadband service, customer service, equipment and installation, and reporting. In order to alleviate strains on existing networks that will result from the sudden addition of a large number of new customers, ADECA will seek to include a wide array of locally available providers rather than contracting with only a few large providers.

Based on discussions with educators in the State, ADECA developed technical specifications for service that can support meaningful distance learning—and that can be provided by different types of service providers (e.g., wireline, fixed wireless, mobile wireless, satellite). In areas where existing networks can't support service, a wireless provider may be able to improve the situation with a deployable "cell on wheels" antenna. Where no other option is available, satellite technology can connect students.

### Program Scale and Budget

Given that there is no precedent for this program, it is challenging to project how many households will use the program and how much funding will be utilized. The provider pricing is also an uncertainty, given that the procurement has not yet taken place. ADECA will seek to use the competitive process to secure low pricing from the providers and will seek to maximize participation by eligible families, but these areas of uncertainty are substantial, particularly given the short time to develop this emergency program and the short timeline for execution.

Based on a number of assumptions, the project team estimates that approximately \$100 million could be used for the initial four- to five-month period. The assumptions are as follows: (1) average costs per household of \$380-400 (inclusive of five months of service, equipment, and

installation) and (2) participation by approximately 250,000 households. In addition, a small component of the budget could be used to procure “cells on wheels” to enable wireless carriers to extend or augment coverage in poorly served areas.

### Post-Procurement Program Implementation Process

Given the urgency of this effort, it will be critical to keep the process as simple and efficient as possible and to allocate roles and responsibility efficiently, without duplication of effort or need for extensive preparation time.

**Student eligibility:** ADECA will leverage existing eligibility parameters for free and reduced-price school meals, and/or other financial criteria, to determine student eligibility for this program. Creating parallel eligibility will significantly reduce the complexity of implementing a new program, resulting in faster execution and efficient distribution of resources to students identified as being in need.

**Service enrollment and installation:** ADECA will mail each eligible household a package that contains a unique voucher code that can be used to redeem service directly with a participating service provider; information about the program, including a phone number for the State’s customer service office (described below); and information about participating providers. Families may then choose the service they wish to receive and use their unique code to enroll directly with the service provider.

**Invoicing and payment:** Participating providers will update ADECA regarding which voucher codes have been redeemed. In addition, ADECA will require participating service providers to track and collocate households served at least once per month, and submit to the State a single monthly invoice based on the number of service connections made that month, as well as a list of the individual voucher codes that have been used to redeem service.

**Program support and service validation:** ADECA will create a small office to provide program support and service validation. The office will:

- Develop the necessary information technology systems to support the program
- Develop and distribute informational materials to families and school districts in both digital and traditional formats
- Develop a dedicated website frequently updated program material
- Deliver webinars in August to educate school districts about the program
- Provide customer service support to eligible families with their questions regarding the program and answer school district questions (e.g., a customer service telephone line will be staffed 8 am to 5 pm from project initiation through the end of the calendar year)

- Review and reconcile invoices from service providers
- Conduct random quality control and spot checks of service and develop analytics to report on project metrics

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**Draft program budget for Alabama Broadband Connectivity for Students program**  
July 29, 2020

Item	Estimated cost
Cells on Wheels (COWs)	5,000,000
<ul style="list-style-type: none"> <li>• Assumes procurement of approx. 15 COWs at approx. \$300,000 each</li> </ul>	
Service for five months, equipment, and installation, procured from a full range of internet service providers that qualify under State contracts	95,000,000
<ul style="list-style-type: none"> <li>• Assumes an average cost of \$380-400 per household and participation by approx. 250,000 households</li> </ul>	
Contractor expenses for program management and execution (see attached itemized budget)	3,408,000
<b>Total</b>	<b>103,408,000</b>

**Considerations:** Given that there is no precedent for this program, there are areas of substantial uncertainty with regard to the budget projections:

1. It is unclear how many households will use the program
2. It is uncertain what costs providers will bid in the competitive process, given that the procurement has not yet taken place

ADECA will seek to use the competitive process to secure low pricing from the providers and will seek to maximize participation by eligible families, as well as to exclude the potential of duplicate service to a single household. However, these areas of uncertainty are substantial, particularly given the short time to develop this emergency program and the short timeline for execution.



**Draft execution budget for Alabama Broadband Connectivity for Students program**  
July 29, 2020

Item	Estimated cost
Program design and initiation (including procurement)	180,000
Project management	79,000
Communications strategy and outreach during first two months to increase participation	80,000
Design of graphics, print and digital materials, and website	22,000
Information technology systems	330,000
<ul style="list-style-type: none"> <li>Website</li> </ul>	
<ul style="list-style-type: none"> <li>Data-base development and quality control</li> </ul>	
<ul style="list-style-type: none"> <li>Voucher system and management</li> </ul>	
<ul style="list-style-type: none"> <li>Accounting system</li> </ul>	
<ul style="list-style-type: none"> <li>Dashboards</li> </ul>	
<ul style="list-style-type: none"> <li>Service provider recommendation system</li> </ul>	
<ul style="list-style-type: none"> <li>Customer service system</li> </ul>	
<ul style="list-style-type: none"> <li>Maps and statistics</li> </ul>	
<ul style="list-style-type: none"> <li>Validation and quality control</li> </ul>	
SpeedSurvey@Home vendor verification and quality control tool	500,000
<ul style="list-style-type: none"> <li>2,500 in-home speed test devices at \$200 each, including shipping, for home placement to verify and test consumer speeds</li> </ul>	
Printing, mailing, and related costs	1,000,000
<ul style="list-style-type: none"> <li>Printing and mailing of estimated 300,000 units at \$3 each</li> </ul>	
<ul style="list-style-type: none"> <li>Includes \$100,000 contingent budget in case of need for additional units, follow-up mailings, or lost mailings that require replacement</li> </ul>	
Customer service staffing	617,000
<ul style="list-style-type: none"> <li>Weeks 1 to 8: 5 full-time customer service representatives and 1 supervisor</li> </ul>	
<ul style="list-style-type: none"> <li>Weeks 9 to completion: 2 full-time customer service representatives and 1 supervisor</li> </ul>	
<ul style="list-style-type: none"> <li>Contingency for additional customer service staffing in case of unanticipated call volume</li> </ul>	500,000
Analytics and reporting	60,000
Bookkeeping/accounting support	40,000
<b>Total</b>	<b>\$3,408,000</b>