

RURAL BROADBAND INSIGHTS FOR CLOSING THE DIGITAL DIVIDE



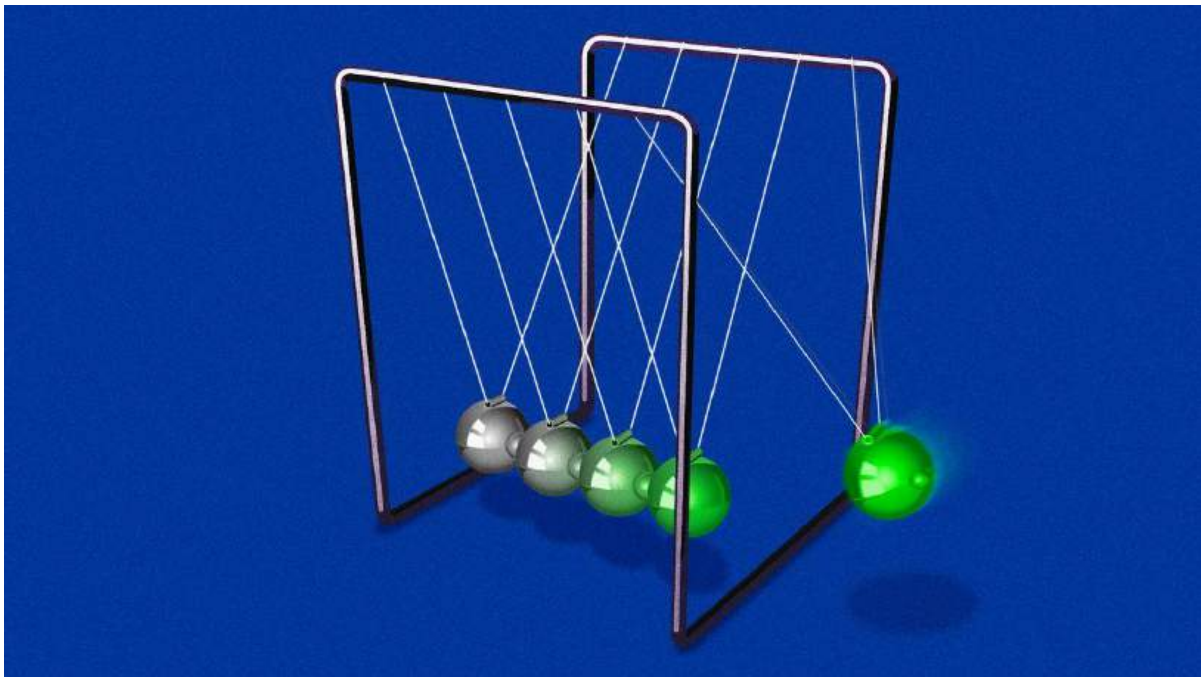
WITH PARTNER JONATHAN CHAMBERS

Co-ops Connect FYI

By Jonathan Chambers • Sep 06, 2024

Smart Brevity® count: 2.5 mins...681 words

Can We Learn?



A few weeks ago, I wrote about the transition that occurs when a new administration takes office. Whether Harris or Trump becomes president in January, there will be a wholesale change in the cabinet and sub-cabinet positions as well as new agency and commission heads.

That's why I don't think it is too early to begin thinking about changes in broadband policy, and to the BEAD program specifically.

As it stands, no BEAD funds will be committed to build rural broadband networks until next year; and, nearly all BEAD contracts will require the approval of a new NTIA administrator.

- While many states will have programs underway by the end of this year and the first part of next year, it would be surprising if even half of BEAD funds are committed to companies over the next year.
- Honestly, I will not be surprised if half of BEAD funds are never committed or spent on rural broadband.

What can the new administration do immediately to change the trajectory of BEAD?

I'd recommend starting with two pieces of unfinished business in the BEAD program.

1. Auctions – Fast, Efficient, Equitable



The BEAD program was established in November 2021, the same time that the RDOF program began to authorize its funding. In January 2025, there will be the same number of unserved and underserved locations and the same amount of unspent BEAD funding on broadband construction as there was in November 2021.

Indeed, there will be zero NTIA-approved rural construction projects under BEAD.

By contrast, the leading RDOF recipients – electric cooperatives and Charter – have built broadband networks passing millions of previously unserved rural residents.

Auctions fell out of vogue due to poor vetting by the prior Administration.

Yet, a well-run auction remains the most efficient mechanism to allocate resources.

I would advise the next Administration to:

1. Use the FCC location fabric and the most recent version of the Connect America Cost Model to establish and publish the cost of fiber construction to every unserved and underserved location by census tract.
2. Use the FCC's descending clock auction software to hold a reverse auction by census tract. They can set the opening round at 200% of the cost model.
3. Use the state broadband offices to vet potential bidders, something many states have already done through the BEAD process.
4. Allow states to opt out of an auction only if they have assigned funding to every unserved and underserved location in their state.

All four steps, with committed public servants, should take less than 3 months.

In short, let's start delivering rural broadband to the communities and people who have been made to wait.

2. Lifeline – Reform Now



The expiration of the Affordable Connectivity Program was unnecessary, as I have written previously.

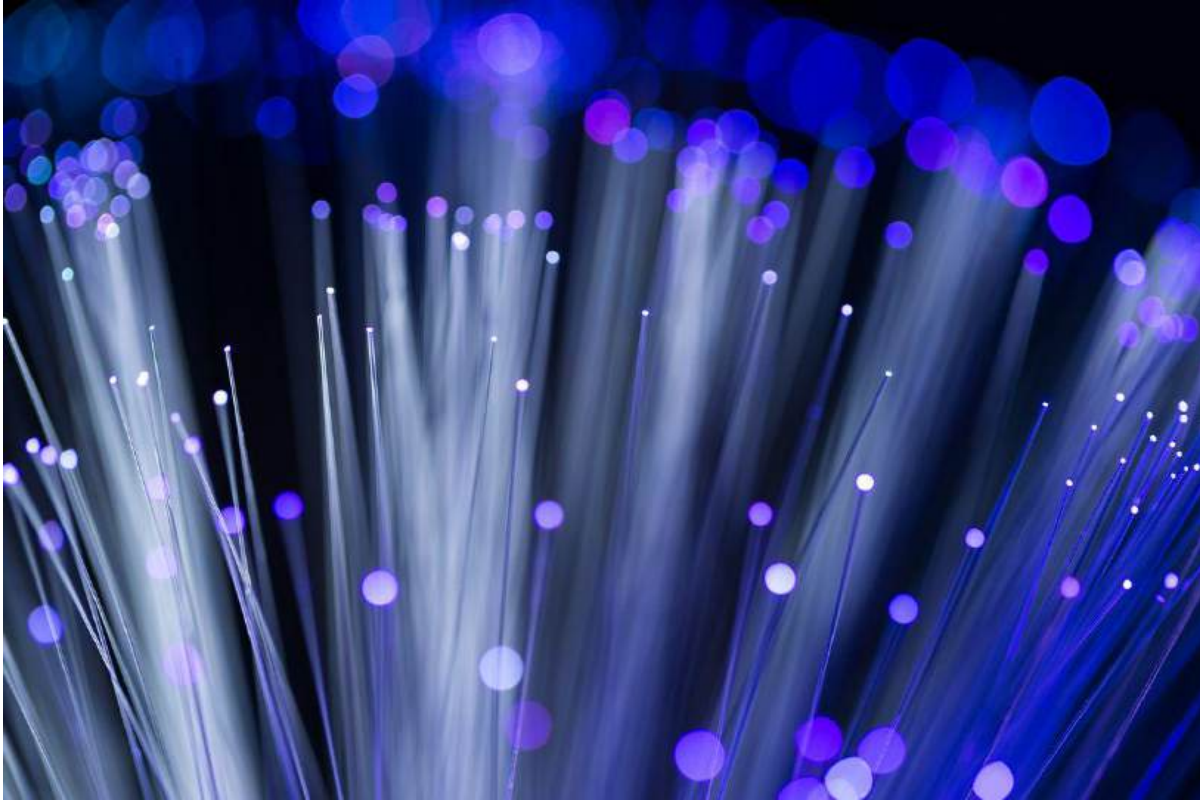
Instead of ensuring that low-income households can afford broadband services, the FCC, Congress, and the Administration played a game of chicken. ***And low-income households lost.***

I would argue the FCC has an obligation to increase the monthly Lifeline subsidy to \$30 (and \$75 in high-cost rural areas) so that low-income households have access to affordable residential broadband service.

- Congress determined that \$30 and \$75 subsidies were the appropriate amount to make broadband affordable.
- Congress also directed the FCC to establish specific, predictable and sufficient mechanisms to advance universal service, including access to broadband for low-income households.

The next president will have the authority to appoint an FCC Chair who is committed to making this simple programmatic fix of the current Lifeline program.

The Final Word



Ecclesiastes teaches:

“What has been will be again, what has been done will be done again; there is nothing new under the sun.”

A new Administration is not going to come up with new, untried methods to solve old problems.

We need to learn from what has been done, and improve those things that have been tried. And in doing so, get on with the task at hand.

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