

RURAL BROADBAND INSIGHTS FOR CLOSING THE DIGITAL DIVIDE



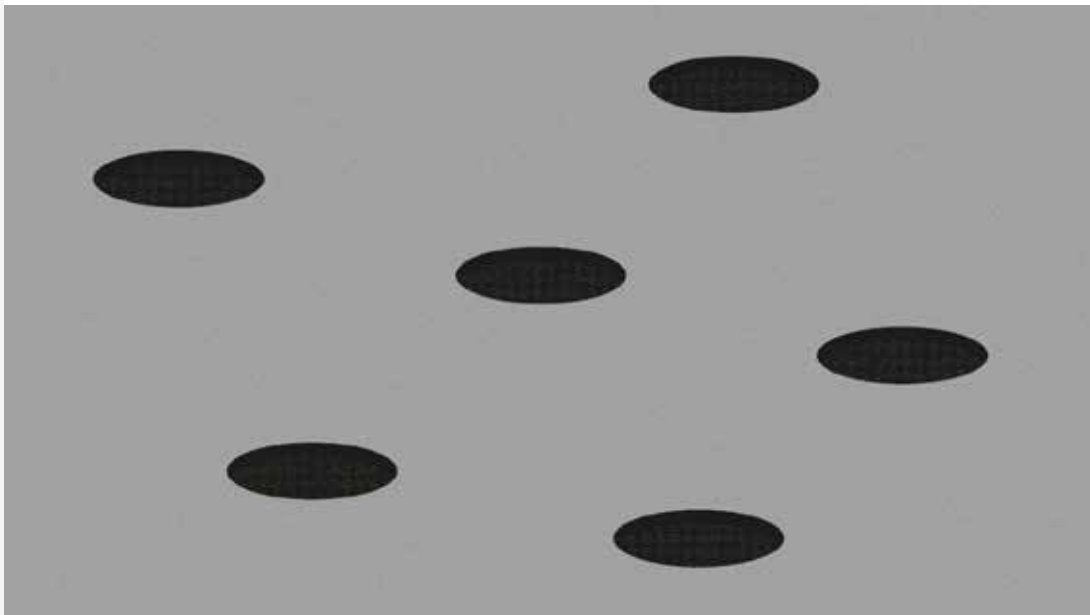
WITH PARTNER JONATHAN CHAMBERS

# Co-ops Connect FYI

By Jonathan Chambers • Jun 16, 2023

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## Where Did The Money Go?



**It has been 19 months since passage of the Infrastructure Act.**

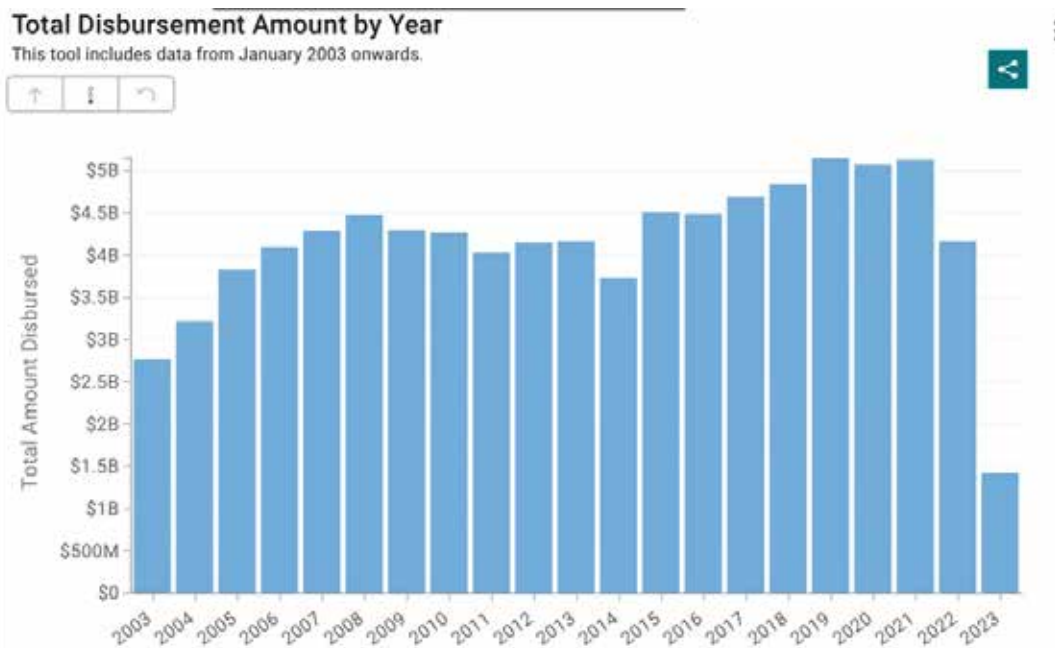
Within a few weeks, NTIA will announce the BEAD allocations to states.

- Each state will have the opportunity to receive broadband funding and administer a rural broadband program. The allocation will be in approximate proportion to the number of unserved locations in the state compared to the 8.3 million unserved locations in the country.

- Congress could have proscribed a methodology that allocated funding to states in a matter of weeks, not 19 months. Any number of methodologies would have been as accurate as and less time-consuming than the flawed FCC broadband maps.
- Nevertheless, the time for NTIA to act has finally come.

While we wait for NTIA, I thought it useful to remind people how much money has been spent already on rural broadband by the federal government.

## By the Numbers



FCC High-Cost Programs Total Disbursement, 2003-present

**The chart above shows how much in public funds has been spent by the FCC on its high-cost programs.** High-cost programs are those that support telecommunications and internet access services in rural, high-cost areas.

### By the numbers:

- Until 2011, the FCC programs supported telecommunications (voice services).

- But in 2011, the FCC decided to use its authority to collect and spend funds on improving rural broadband services.
- The new rural broadband spending began in 2012.
- In the decade between 2013 and 2022, **the FCC spent \$45.89 billion on its rural, high-cost programs.**
- That does not include money spent on rural schools, libraries and health care facilities through the e-rate program and the rural health care program.

### **Why it matters:**

**The \$42.45 billion BEAD budget** for states is enough money to build fiber-optic networks to every rural home in the country.

**But (and there's always a but), *not if funding is spent on the same set of companies doing the same thing they've done for the past decade.***

- In the past decade, more public money was spent by the FCC on rural broadband than the BEAD budget.
- **And yet, the nation has approximately the same number of unserved and underserved homes** as it did before spending money on rural broadband.

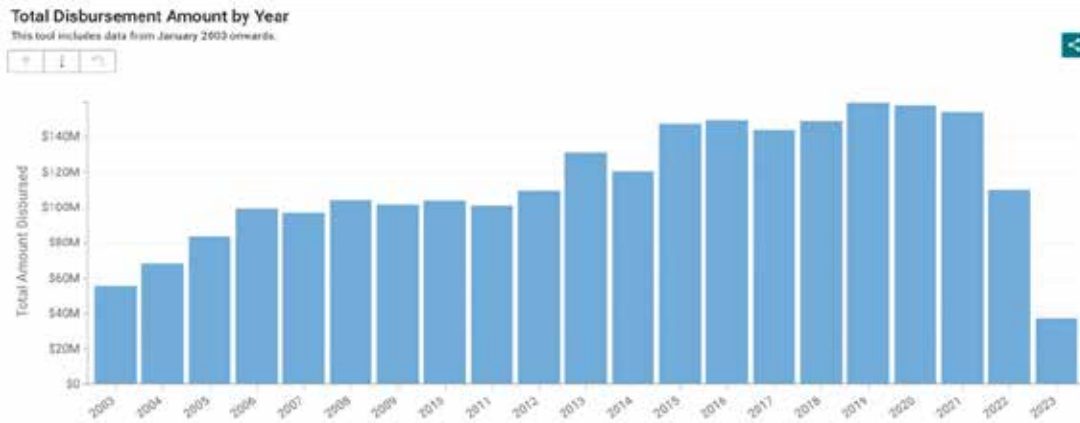
**What? How? Why?** Because the definition of broadband keeps evolving as homes and businesses use the internet more intensively.

- The FCC programs were long-term (7-10 years), yet the service requirements were not forward-looking.
- The FCC funded service that was outpaced by the internet before the money was spent: First 4/1 Mbps, then 10/1 Mbps, 25/3 Mbps, 100/20 Mbps.
- What should NTIA and the states require in order to be forward-looking? Within a decade, even 1 Gbps speeds will be considered the slow lane.

**The bottom line:**

Unless BEAD funding is dedicated to long-lived assets — those with at least a 30-year life — we’ll be back where we started in another decade.

## Kentucky By The Numbers



Kentucky, FCC High-Cost Programs Total Disbursement, 2003-present

**Any state can [look up the same information](#) and compare.**

For example, the chart above shows the total FCC disbursement amounts in Kentucky over the past 20 years.

The major recipients of that funding? Here are the top 10:

Total Disbursement 2003-2021 (All Providers)		2,169,187,070
	Study Area	Amount
1	SO CENTRAL BELL-KY (AT&T)	372,198,566
2	WINDSTREAM LEXINGTON	220,241,446
3	BLUEGRASS CELLULAR	165,313,404
4	SOUTH CENTRAL RURAL	158,515,031
5	FOOTHILLS RURAL COOP	152,151,527
6	WEST KENTUCKY RURAL	144,035,737
7	DUO COUNTY TEL COOP	110,367,595
8	PEOPLES RURAL COOP	108,876,559
9	MOUNTAIN RURAL COOP	102,108,956
10	EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS	88,569,509

### Why it matters:

Since the FCC began spending public money on broadband, **\$1.3 billion has been spent on rural broadband in Kentucky.**

- According to the latest FCC maps, **Kentucky should be allocated \$1.2 billion in BEAD**, or close to the same amount that has been spent by the FCC over the past decade.

**The bottom line:**

Kentucky still has over a half million unserved and underserved locations in the Commonwealth. **BEAD must do better.**

## The Big Picture



It shouldn't be surprising that the BEAD allocations will mirror the amount spent on rural broadband in each state over the past decade.

- The FCC budget for rural broadband was \$45 billion over a 10-year period, nearly identical to BEAD.
- The FCC programs targeted unserved areas of the country.

**Can we expect better results** with the same amount of money and programs run by states rather than the FCC?

**Yes — if state broadband offices avoid the mistakes** the FCC made in implementing the Connect America Fund and Rural Digital Opportunity Fund.

**The most pertinent questions** for a state broadband office to pose to a BEAD applicant:

1. What have you done with public funding to date?  
***(My advice: Avoid recidivism.)***
2. What can you build in the next 12 months? In the next 24 months?  
***(My advice: Award funding in annual tranches.)***
3. What is the life of the assets being deployed with BEAD funds?  
***(My advice: Invest public money for the long term.)***

**The bottom line:**

The FCC didn't get those three questions right.

Broadband in rural America now depends on NTIA and the state broadband offices. **Don't let us down.**

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