

Co-ops Connect FYI

By Jonathan Chambers • Jun 10, 2022

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Updates and insights for electric cooperatives considering or operating rural broadband networks.

Right Hand, Meet Left Hand: The FCC, NTIA, and Broadband Funding



When NTIA released its Notice of Funding Opportunity three weeks ago, it indicated that **areas funded under the FCC's RDOF program would not be eligible for funding from the BEAD program.**

- **The exception:** Areas where the RDOF recipient provides satellite or unlicensed wireless internet access.

The reasoning is sound enough:

- **All winning RDOF bidders** have committed either to 100/20 Mbps or 1 Gbps/500 Mbps services.
- **To avoid the duplication of funding**, NTIA decided that RDOF and BEAD funding should not overlap.
- **NTIA does not consider satellite or unlicensed wireless to be reliable broadband service.**

Let's ignore for a moment:

- A few months earlier, the Treasury Department issued guidance that ARPA funding could be used in RDOF areas if the purpose was to accelerate broadband deployment.
- Some states use ARPA funding in RDOF-funded areas and some do not.

Why it matters: A significant portion of RDOF winning bidders were satellite and unlicensed fixed wireless companies.

- Internet access is an inherently interstate and international service. We are on the road toward 50 state broadband programs as well as conflicting programs administered by several federal agencies.

So, what is to become of areas with RDOF-funded satellite and unlicensed fixed wireless?

- Starlink is the most prominent of the winning bidders, but bidding by unlicensed fixed wireless also significantly distorted the auction.
- The FCC has yet to authorize RDOF funding for satellite or unlicensed fixed wireless.
- Its decisions in the coming months will determine whether FCC and NTIA funding will be complementary or in conflict.

The bottom line:

NTIA's **decision** to discount satellite and unlicensed fixed wireless as unreliable makes sense, *but only if the FCC follows suit.*

- Otherwise, the RDOF recipients using reliable broadband technologies are placed at a competitive disadvantage.

Meet the Players



The FCC is an independent agency created by Congress.

- It is charged by Congress to ensure that all Americans, regardless of where they live or their level of income, **have access to affordable telecommunications and information services.**
- To accomplish this, it administers various Universal Service programs, including programs for high-cost rural areas, low-income households, persons with hearing disabilities, schools, libraries, and rural health care facilities.

- These programs, funded through assessments on telecommunications companies, amount to **over \$12 billion in annual spending**.
- The FCC is also responsible for allocating and assigning spectrum for commercial use.
- **Right now, the FCC is deadlocked** on important issues because it currently comprises only four commissioners instead of five — two Democrats and two Republicans. This deadlock could impact issuance of the DATA broadband map.

NTIA is an administrative agency within the Department of Commerce.

- It advises the president on telecommunications policy.
- NTIA also coordinates the use of spectrum by the federal government, such as the military and space agencies.

A Tale of Two Agencies



The FCC and NTIA, by agreement and necessity, **coordinate their activities.**

- Their coordination was first memorialized in a 1940 Memorandum of Understanding regarding spectrum.
- **Congress has directed** the agencies to work together on broadband, including activities related to mapping and funding.

Yes, but: The FCC and NTIA are **bureaucratic rivals.**

- While the Chair of the FCC and the Administrator of NTIA are always from the same political party, **their authority is overlapping**, which creates tension.
- The FCC, as an independent agency with the unique ability to collect and spend tens of billions of dollars, is generally viewed as **the more powerful institution.**

Why it matters:

As part of the Infrastructure Act, Congress directed a certain amount of **co-dependency between the agencies:**

1. **Congress determined** that NTIA should determine the allocation of \$42.45 billion funding to the states and set up the program framework.
2. **But NTIA must determine** this allocation based on maps of unserved locations to be produced by the FCC.
 - **Ten percent of the allocation** is to be directed to high-cost areas, according to NTIA's determination of what constitutes high cost, which in turn is defined as areas most difficult to serve and therefore unserved.

3. **Congress also appropriated** over \$14 billion for a new low-income program administered by the FCC.

– **Included in the new program** is funding for high-cost areas, but the FCC must use NTIA’s determination of high-cost areas rather than its own.

Back to Starlink



Neither the FCC nor NTIA can really consider Starlink’s service to be broadband service and faithfully carry out their responsibilities under the Infrastructure Act.

Why it matters: If Starlink’s service is broadband, then arguably there are relatively few unserved areas of the country.

Go deeper:

If the \$42.45 billion can be spent *only* on:

1. Locations without ISP claims of broadband availability
2. Locations that lack funding from another federal program or a state program (CAF, RDOF, ReConnect, CARES, ARPA, etc.)

Then what's left?

Below is a map of areas (colored red) in the Southeast that would be considered *unserved and unfunded*:

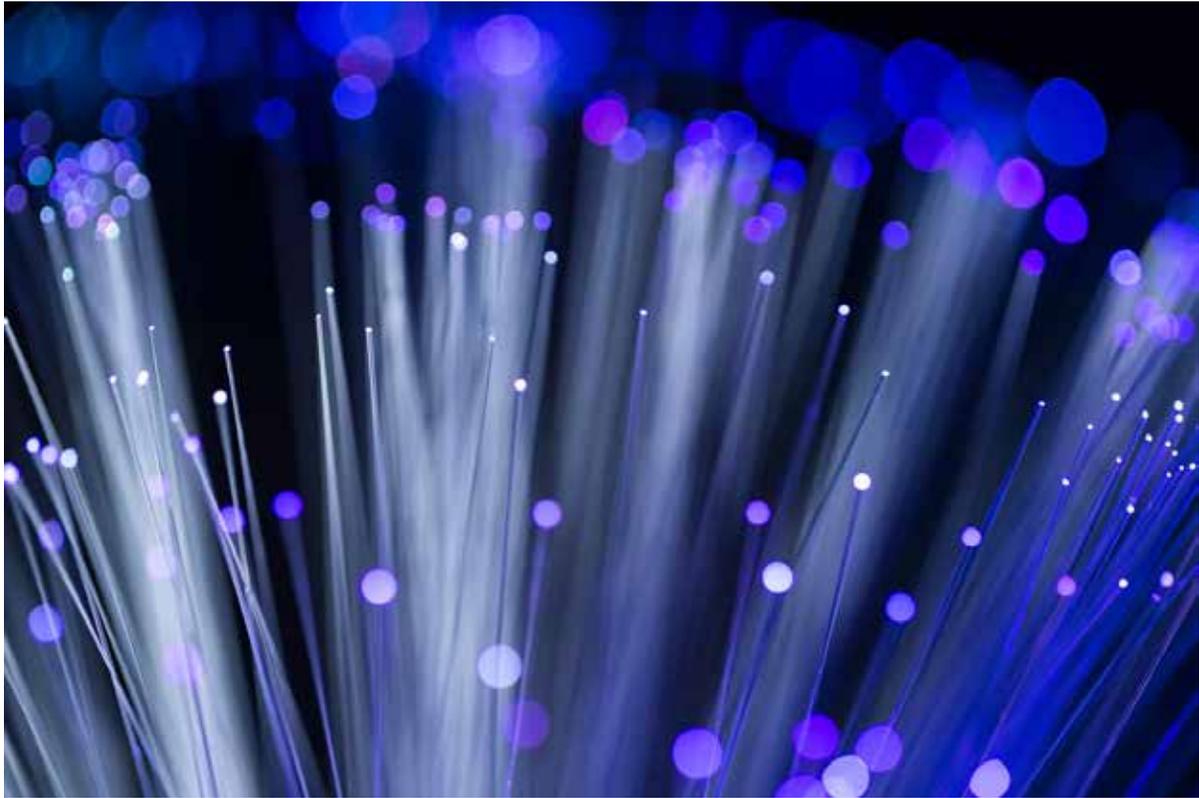


[View Conexon's interactive map here](#)

If you also remove the locations able to receive a signal from a geosynchronous or low earth orbiting satellite, *there isn't much left to fund.*

There aren't 10 or 15 million such locations in the country. There may not be a million such locations.

The Definition of Broadband Insanity



The big picture:

As a nation, over the past decade we have **spent nearly \$100 billion in public money** on broadband universal service programs, mostly in the same places over and over again.

Why? Because policymakers fund short-term definitions of broadband that are out of date before the money is spent. **It is happening again.**

By the numbers:

There was \$9 billion in RDOF winning bids for unserved rural areas.
Congress appropriated \$42.45 billion for unserved rural areas.

If the FCC spends billions in RDOF over the next 10 years on Starlink and unlicensed fixed wireless, **the country once again is going to spend billions more in the exact same places through the BEAD program.**

The bottom line:

Maybe this time, **the FCC should agree with NTIA and decline to fund unreliable broadband service.**

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