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What are the Options for Improving Access to Rural Broadband?

BACKGROUND

Access to affordable broadband is vital to economic growth and quality of life. However, it is well-documented that rural areas fall behind urban and suburban areas, due to a variety of factors. Factors generally cited include that they are hard-to-reach, and it is cost prohibitive to service the long distances for so few people.

Only 55 percent of people living in rural areas have access to broadband compared to 94 percent of the urban population. Urban areas not only have available access, but they have a choice of providers resulting in lower prices and improved services.

The rural challenges exist for both wired and wireless services. Although the footprint for mobile wireless has improved, many of the connections do not meet the Federal Communications Commission's (FCC) speed requirement for "broadband." In addition, the coverage available can be spotty and varies by provider and geography. There is little doubt a "digital divide" between rural and urban areas exists and each day rural residents continue to fall further behind.

Affordability, reliability, and quality of service are all important and essential in order to improve adoption rates.

ISSUE

Several USDA programs are designed to expand high-speed broadband access into rural areas:

- A Rural Gigabit Network Pilot Program (operating at 1 gigabit per second downstream transmission capacity) authorizes deployment of ultra-high-speed broadband to rural areas with an annual appropriation authorization of $10 million each year for FY2014 through FY2018.

- The Community Connect Grant is a nationwide competitive grant program for broadband deployment in rural communities where it is not yet economically viable for private sector providers to deliver service. Matching funds of at least 15 percent from non-federal sources are required.

- The Rural Broadband Access Loan and Loan Guarantee Program authorizes USDA to provide treasury rate loans at four percent and loan guarantees for the construction of broadband infrastructure, improvement, or acquisition of facilities and equipment needed to provide broadband service. Loans are provided to non-profit and for-profit organization entities on a technology-neutral basis and are limited to the expected composite economic life of the assets financed, plus three years. Broadband service, and required minimum speeds, must be available to every customer within the proposed service area. Eligible areas must be rural or composed of multiple rural areas where at least 15 percent of households are unserved.

- The Access to Broadband Telecommunications Services in Rural Areas program provides broadband that is not primarily for business service if at least 25 percent of the customers in the proposed service territory are commercial interests.

- The Distance Learning and Telemedicine Loan and Grant Program authorizes funding for end-user telecommunications equipment. This program helps rural communities acquire technologies to connect teachers and medical providers serving rural residents with other teachers, medical professionals, and needed experts located at distances too far to access otherwise.

OPTION #1

Broadband loan applications are reviewed, evaluated and ranked on the basis of the number of unserved households. Subject to available funding, eligible applications proposing to serve the most unserved households will receive loan funding first. Applications not funded are eligible to reapply in the next funding window. Although this is a loan program, the competitive ranking makes it more like a grant competition. The ranking and resulting competitiveness creates an excessive lag time that might last six months to a year. Companies or communities applying for broadband dollars have made a decision to move forward, but the current structure results in unnecessary delays.

Is there a way to require a more efficient process to get the applications evaluated and awarded so infrastructure can be put in place sooner? If an application is not going to be funded, can applicants be notified in a more timely manner so they can look elsewhere for funding?

OPTION #2

Competitiveness is also impacted by the limited broadband budget. It is not unusual for the Rural Broadband Access Loan and Loan Guarantee Program to be consumed by two or three applications. It is costly to deploy infrastructure in the most needy, underserved areas.

Could the Community Facilities Direct Loan & Grant and the Community Facilities Loan Guarantee Program be used for broadband deployment? Those programs provide loans and grants to help build essential community facilities in rural areas. An "essential" facility is defined as an essential service to the local community. Funds can be used to purchase, construct, and/or improve essential community facilities; purchase equipment; and pay related project expenses. The Community Facilities Loan Guarantee Program is typically used for buildings such as fire halls, police stations, hospitals, public works vehicles, etc. Should we support using that program for broadband deployment? Would this allow a city, county, and community to apply together or to partner with a telephone cooperative or commercial provider to deploy broadband?

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