

Responses of Doug Brake to Questions for the Record
Subcommittee on Communications and Technology
U.S. House Committee on Energy and Commerce
Hearing Entitled, “Defining and Mapping Broadband Coverage in America”
June 21, 2017

The Honorable Eliot Engel

1. There seems to be consensus that we should expand broadband access in the United States, but of course it is expensive to build the necessary infrastructure. In New York, we have an aggressive broadband expansion plan that offsets high costs through a reverse auction process. We use data from the FCC to identify both unserved and underserved areas. Then we auction off grant money for each area, awarding financing to the private company that seeks the lowest state subsidy. The system has attracted many different providers, including major telecommunication companies like Fairpoint and Frontier, as well as small utilities like Middleburgh Telephone Company and Margaretville Telephone Company
 - a. Can you comment on New York’s plan and whether you think we should adopt certain aspects of it on the federal level?

There is much to admire in the “New NY Broadband” expansion program. It is certainly one of the, if not the number one, most ambitious state-level investments to expand broadband to rural areas. The funding allocation model, pioneered by the FCC’s Connect America Fund, utilizes a reverse procurement action, with bids weighted by the performance criteria a proposed build can be expected to achieve. This model has many advantageous and is the design we urged policymakers to support within our recent report, “A Policymaker’s Guide to Rural Broadband Infrastructure.”¹

This grant allocation mechanism is technology neutral, without giving up the ability to target desired goals, such as a specific throughput (New York targets 100 Mbps in most areas, and 25 Mbps in the least economical areas) or latency. It has low barriers to entry, and has solicited and awarded grants to a wide variety of providers. But the reverse auction also allows for the fact that often in rural areas upgrading existing DSL lines is the most economical way to hit a higher speed target.

The design and execution of New York’s broadband expansion program are admirable, but it is simply too early to determine if the program has been a success. Time will tell. But the main limiting factor in replicating this model elsewhere is the funding. New York utilized money from the FCC’s Connect America Fund, essentially implementing the procurement auction the FCC otherwise would have, but also injected additional funds secured through various settlements with the state. Additional funding for a one-off acceleration of rural broadband should be advanced in Congress.

One of the most important lessons from New York’s program is the importance of working closely with the FCC’s Connect America Fund. New York relied on funding, data, modelling, and auction design principles from the FCC. Furthermore, this program was done in lieu of a CAF II auction in New York. I can appreciate that as a political matter, a new, federal, acceleration of broadband infrastructure might be implemented by an authority other than the FCC. But it is incredibly important that the two programs be tightly coordinated. Not only does the FCC’s CAF program have by far the most experience and the best track record in deploying economically efficient grants that do not overbuild existing networks, it is

¹ Doug Brake, “A Policymaker’s Guide to Rural Broadband Infrastructure,” ITIF (April, 2017), <https://itif.org/publications/2017/04/10/policymakers-guide-rural-broadband-infrastructure>.

also important that the two programs not work at cross purposes, by, for example, targeting different speed goals in the same areas.

Thank you for your question and please feel free to contact me if you would like to discuss further.