House Appropriations Committee
Subcommittee on Financial Services and General Government

"The Need for Universal Broadband: Lessons from the COVID-19 Pandemic"
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Introduction

Chairman Quigley, Ranking Member Womack, and Members of the Subcommittee, thank you for this opportunity to appear before you today. My name is Matt Dunne and I am the founder and executive director of the Center on Rural Innovation, a nonprofit action tank that was founded in 2017 to close the rural opportunity gap. Today, we are working with a network of small towns across the country — including communities in rural Tennessee, southern Wisconsin, southwestern Utah, Vermont, New Hampshire and western Nevada — to help them become strategic about economic development and entrepreneurship in the 21st century, and ensure they can participate in our growing innovation economy.

The rural-urban divide that's emerged since the Great Recession was driven by automation and a decline in entrepreneurship. As of January 2020, less than half of all rural counties had returned to their pre-recession employment levels — and COVID-19 only knocked these counties to new lows. The reason for this divide is in large part due to the fact that high-paying, resilient, digital economy jobs that are resistant to

automation — like computer programmers, cybersecurity analysts, IT specialists, and others — are not distributed equally across the country. Rural America represents 15% of the nation's workforce but only 5% of the digital economy workforce. In order to return to geographic equity, we need to even out the distribution of these jobs across our country. A central piece to this work is accelerating access to world-class broadband in rural America, and we do so by offering boots-on-the-ground support for communities, policy-makers and others seeking to bring future-proof infrastructure to all corners of our nation. And as the past year has shown us, this work has never been more important.

Where we are right now

Broadband is no longer a luxury. It is a necessary piece of infrastructure to ensure there is equal access to healthcare, education, and jobs. And COVID has created a moment where there is the motivation and momentum to close the broadband gap.

Nearly a century ago, our leaders realized that unequal access to electricity prevented regions of the country from being able to compete and thrive, and they stepped up to solve the problem. We need to take a lesson from rural electrification and do this right. If we do not focus on delivering future-proof broadband, we will be back here in five years and billions of dollars later discussing once again the inequity in broadband connectivity.

Even before the pandemic, rural America struggled with the broadband gap. There's a small town near our headquarters that has a fantastic library. You'd drive by on Sundays and the parking lot would be full, which wouldn't be so odd if the library

weren't closed on Sunday. That parking lot was full of people doing work or homework from their cars, making the most of the wifi leaking from the library windows.

But this was no longer funny once COVID hit. The pandemic laid bare the depth and severity of the digital divide — more than 20% of rural Americans don't have access to broadband, a figure that is even worse for communities of color. In the Black rural south, for example, it's estimated that 46% of rural Black residents don't have broadband access at home. During the pandemic, millions of children couldn't participate in remote school. Superintendents reported losing touch completely with many of their at-risk students. People who could work remotely would sit in running cars trying to use hotspots hastily put up by schools or police stations. Seniors unable to access new telehealth technologies due to poor broadband were forced to risk infection to visit clinics for routine checkups.

However, this wasn't the case in every rural community. The small towns that leaned into their collective grit and innovation, that capitalized on public-private partnerships or other mechanisms to build out fast, future-proof broadband, had different experiences during the pandemic. These places benefited from city dwellers who brought their jobs with them to beautiful rural settings, reversing the population declines of the last decade. Children in states that coordinated subsidies and distributed laptops benefited from education systems that transformed and innovated to meet the moment. Powered by great broadband, tech startups in the communities we work with have grown, received investments, and found new markets without needing to leave the places they loved, small towns like Wilson, North Carolina, or Cape Girardeau, Missouri.

A recent Deloitte analysis of the digital divide's economic impact showed that a 10% increase in broadband access in 2014 would have produced nearly 900,000 more U.S. jobs and $168 billion more in economic output in 2019. We know there are models to deliver sustainable, world-class broadband to small-town America. And we've seen the power of unleashing rural innovation in education and economic development when broadband is available.

Today, I wanted to offer six recommendations for this once-in-a-lifetime moment to ensure we build future-proof broadband in the most efficient way possible.

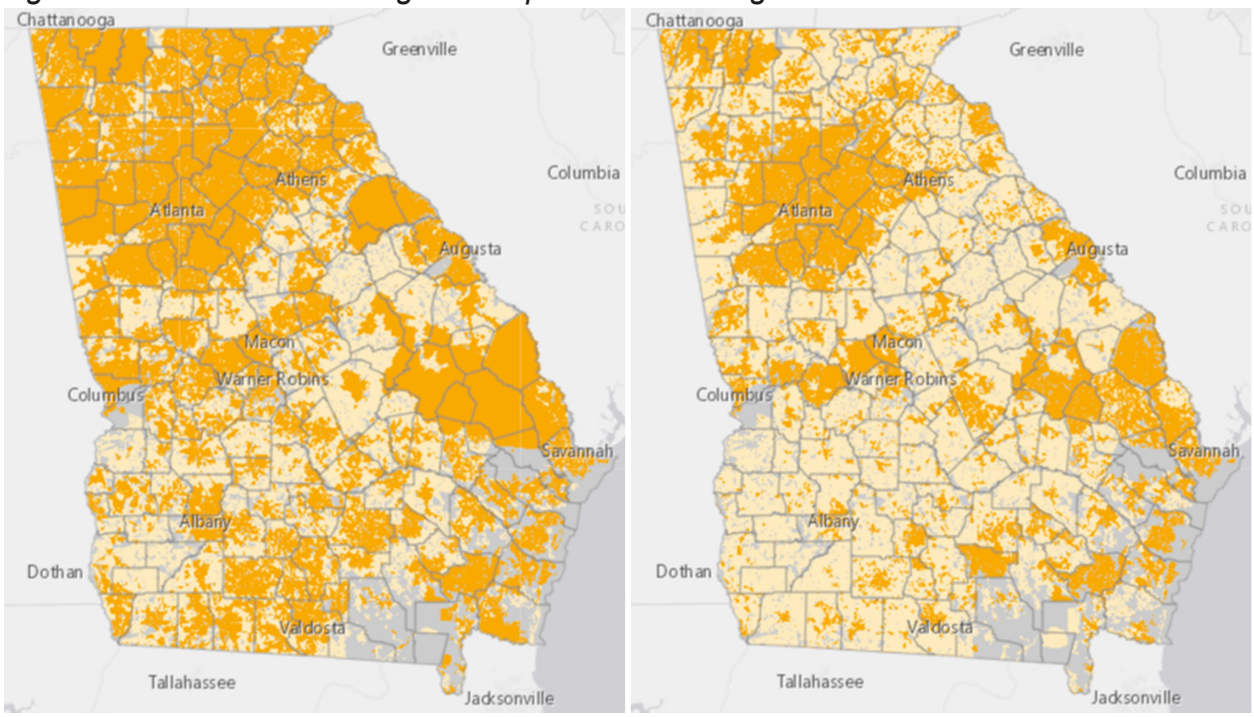
1. Require the FCC publish accurate and validated data

It has long been documented that the Federal Communication Commission's maps are bad. Most of the time, they overstate broadband coverage, but sometimes they also significantly understate coverage as well. Individual states with a fraction of the resources of the FCC have managed to get accurate data and, in the case of Georgia, have demonstrated how absurdly wrong the FCC data is. You can see this clearly in the interactive map the Georgia Broadband Deployment Initiative has posted online (Figure 1). Even tiny Vermont has managed to get more accurate data than the FCC about service to the premise.

Inaccurate FCC broadband data has real implications. Inaccurate data makes it nearly impossible to understand what it would take to achieve universal broadband. Inaccurate data has been used to distribute billions of dollars, which increases waste and decreases accountability. And inaccurate data makes local planning efforts much harder than they need to be. In Pine Bluff, Arkansas, the data on the FCC maps showed

the opposite of what was true, meaning neighborhoods with poor broadband were not eligible for funding and those with decent broadband were eligible.

Figure 1: Broadband coverage discrepancies in Georgia



The map to the left represents the FCC's Form 477 data on broadband coverage in the state of Georgia in 2019. The map to the right represents the coverage data compiled by the Georgia Broadband Deployment Initiative. (Source: broadband.georgia.gov)

Why is the data so bad? First, data is collected at the census-block level, which allows coverage to be inflated and means more locations are considered covered than actually are. Second, providers have historically reported false data with impunity. But they know exactly where they offer service and where they don't. Please create a penalty if providers send the FCC inaccurate information, and a mechanism to spot-check or verify that information. Congress did pass the Broadband Deployment Accuracy and Technological Availability (DATA) Act last year, and the FCC is currently working on it, but an explicit requirement for accurate reporting would make all of this easier now and into the future.

2. <u>Focus on fast, and focus on fiber</u>

In order to truly seize this moment, we need to focus on building the broadband infrastructure that can support decades of use. And that means putting resources behind getting fiber to the home whenever possible. Consumer bandwidth needs increase 20-30% each year, and wireless solutions, including low-earth orbit (LEO) satellites, simply will not be able to keep up with the growing speed demands of modern internet usage, especially when it comes to telehealth and collaborative tools for work and education. Fiber is the investment that will last.

We know some regions need solutions now, which is why paying for wifi hotspots, boosters in homes for mobile, and facilitating fixed wireless deployment is important as well. Yet we must recognize these for what they are: Stop-gaps, not answers for the long term. There are also some homes that are off-grid or miles off the main road for which wireless can be the solution, but those should be the exception and not the rule.

When rural electrification was the cause, we didn't give rural people flimsy windmills to put on their houses, but instead built long-term, resilient infrastructure to put 98% of all Americans on equal footing to access electricity — transforming economies and education across the nation. We should expect no less with broadband.

3. <u>Allow municipal, coop, and public-private broadband solutions</u>

When the private sector did not bring electricity to rural places, rural communities created cooperative and municipal utilities to close the gaps. We must allow local

governments, counties, communication union districts, and electric cooperatives to do the same for broadband. States that have explicitly allowed for public-private partnerships for delivering broadband have seen a dramatically higher rate of deployment of fiber to the home. With more taxpayer money than ever going to subsidizing broadband deployment, we recommend that federal broadband funding be predicated upon a state eliminating barriers to these solutions for unserved and underserved communities.

4. Resist the temptation of reverse auctions, and have funding follow plans such as USDA ReConnect that are driven by states and regions

Reverse auctions sound good in concept, but they have frequently failed to deliver in practice for critical infrastructure like broadband. We can't imagine distributing transportation funds the same way — a D.C.-based competition to fund construction companies willing to pave the most roads for the least amount of money, but not necessarily building the roads between communities that will have less traffic.

Seizing this moment to build universal broadband requires focusing on serving an entire community or region, not funding private internet service providers (ISPs) to take on a patchwork of locations. Provide funding to states based on plans designed with local context and expertise that ensure a path to fiber coverage for the last mile, with a clear focus on those locations that currently have less than 25/3 connectivity. The current version of reverse auctions lack local input, and allow for larger incumbents to pick more densely populated areas. This leaves more remote locations out of the mix,

or left to public entities trying to fill the broadband gap now with fewer customers to engage.

The fact is we all know that we shouldn't make all of these kinds of community infrastructure decisions from Washington. We need to work in partnership with states and communities that are on the ground, the people who already understand where we need to prioritize and can be effective in holding the recipients of these funds accountable.

5. Invest in programs to build the broadband labor force

Building out universal fiber broadband in the U.S. would require 250,000 new jobs, and that doesn't even count the number of jobs that wireless deployments, like 5G, would require on top of that. The good news is training for these jobs can allow for well-compensated careers beyond this intensive period of infrastructure investment. This moment deserves a massive investment in apprenticeships and partnerships with tech schools and community colleges to ensure we're building the workforce to realize the vision.

6. Create enforcement mechanisms that hold providers accountable

After all we've spent, and all we're considering spending to solve this issue, why would we not also implement the appropriate enforcement mechanisms to ensure these funds achieve their intended purpose? In the past, when ISPs failed to meet their obligations for reaching unserved communities with federal subsidy money, the government moved the goalposts — essentially gave them a pass so no one looked

bad. Because of this, many in the industry are concerned that without more strict enforcement measures from the government, these predictable, disappointing outcomes will continue.

Any public funds going toward broadband projects need to be used to meet those standards that set us up for long-term success. When providers don't meet those targets and deadlines, they must be held accountable with clawback provisions instead of being granted waivers.

Conclusion

Thank you all for your time and consideration of this important issue. I'm hopeful that in this moment, with the momentum we all feel toward erasing the digital divide once and for all, you and your peers will make the responsible decisions needed to bring broadband to all Americans. I am happy to answer any questions you may have.