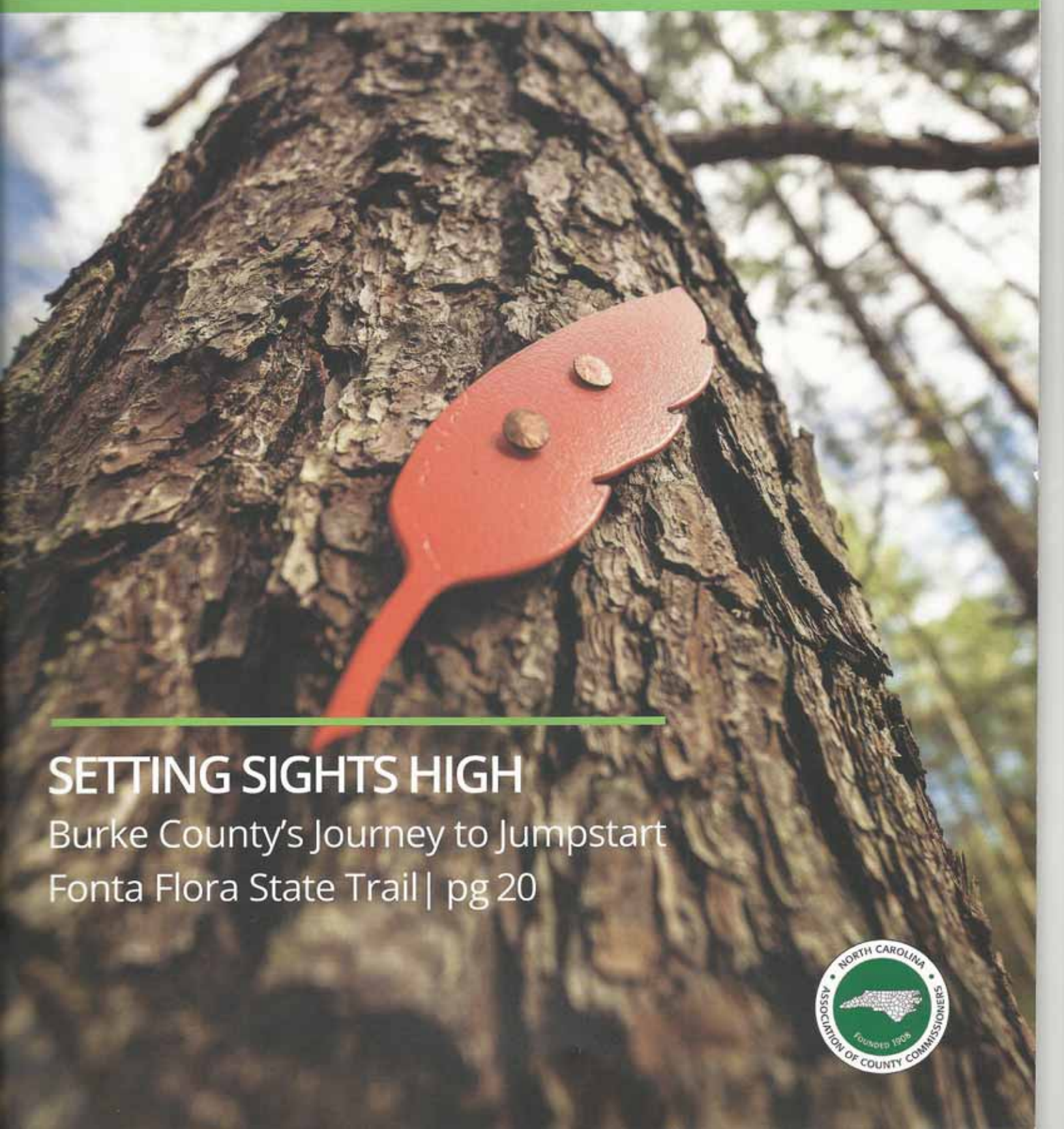


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Broadband Opportunities are Growing at the Federal Level

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Broadband access enables a number of beneficial applications for residents, businesses, and communities.

Ecommerce, telecommuting, voice service (voice over the internet protocol or “VOIP”), distance learning, telemedicine, public safety, and other important applications all require high speed internet access. For users to take advantage of these benefits, access must also be affordable. Both access and affordability are particularly important for the economic development of rural areas to allow individuals and businesses to participate fully in the online economy regardless of geographic location.

A 2016 study from the Hudson Institute found that rural broadband providers directly and indirectly added \$24.1 billion to the U.S. economy in

2015. The rural broadband industry supported 69,595 jobs in 2015, both through its own employment and the employment generated by online purchases of goods and services.

Yet rural areas continue to lag behind urban and suburban areas in broadband deployment. The Federal Communications Commission’s (FCC) speed benchmark for fixed services is 25 megabits per second for download and 3 megabits per second for upload (25Mbps/3Mbps). According to the FCC 2018 Broadband Deployment Report, 30.7% of Americans in rural areas lack access to 25 Mbps/3 Mbps broadband, as compared to 2.1% of Americans in urban areas. Translated another way, the FCC reported that approximately 14 million rural Americans still lack mobile

“Federal programs have been established to incentivize and subsidize broadband infrastructure investment in unserved and underserved rural areas.”

Long-Term Evolution (LTE) broadband at speeds of 10 Mbps/3 Mbps.

Fortunately, the “digital divide” between rural and urban or suburban areas with respect to broadband deployment has gained bipartisan support and federal programs have been established to incentivize and subsidize broadband infrastructure investment in unserved and underserved rural areas.

Rural Utilities Service

One of the major federal vehicles directing money to fund broadband programs is the Rural Utilities Service (RUS) of the U.S. Department of Agriculture (USDA). Programs at the RUS include:

- Rural Broadband Access Loan and Loan Guarantee Program — funds the costs of construction, improvement, or acquisition of facilities and equipment needed to provide service in eligible rural areas. There are a minimum of two application periods per year. Entities eligible to receive loans include corporations and local governments. Eligible areas for funding must be completely contained within a rural area (or composed of multiple rural areas). Additionally, at least 15% of the households in the proposed funded service areas must be unserved, no part of the proposed service area can have three or more incumbent service providers, and no part of the proposed service area can overlap with the service area of current RUS borrowers or of grantees that were funded by RUS.

- Telecommunications Infrastructure Loans — provides loans and loan guarantees for the construction, maintenance, improvement, and

expansion of telephone service and broadband in extremely rural areas with a population of 5,000 or less. The program cannot fund networks that duplicate similar services in the same area. State and local governments, federally recognized tribes, non-profits, corporations, and limited liability companies are eligible.

- Community Connect Grants — funds broadband deployment into rural communities where it is not yet economically viable for private sector providers to deliver service. The program provides grant money to applicants proposing to provide broadband on a “community-oriented connectivity” basis to currently unserved rural areas for the purpose of fostering economic growth and delivering enhanced health care, education, and public safety services. State and local governments, federally recognized tribes, non-profits, and for-profit corporations are eligible.

- Distance Learning and Telemedicine Grants — while not for connectivity, these grants fund end-user equipment to help rural communities use telecommunications to link teachers and medical service providers in one area to students and patients in another. Grant funds may be used for audio, video, and interactive video equipment; terminal and data terminal equipment; computer hardware, network components, and software; inside wiring and similar infrastructure; acquisition of instructional programming; and technical assistance. Eligible applicants include most entities in rural areas that provide education or health care through telecommunications, such as local governmental entities and for-profit businesses.

Federal Communications Commission

The Universal Service Fund (USF) has been established under the FCC to implement the goal that all Americans should have access to communications services at affordable rates. The FCC programs within the USF are as follows:

- **Connect America Fund (High Cost Program)** — this is a subsidy to carriers to keep the operation of telecommunications networks in high cost areas profitable for providers and affordable for consumers. This mechanism has been the largest USF program based on disbursements and has been particularly important to rural areas due to the lack of subscriber density often combined with higher costs. Under the Connect America Fund is the targeted Mobility Fund, providing support to wireless carriers for the expansion of mobile broadband networks in areas that might otherwise not be served, and Rural Areas Fund for the most difficult to serve, extremely high-cost areas that remain unserved.

- **Schools and Libraries Program** — Eligible schools and libraries receive discounts ranging from 20% to 90%

for telecommunications services depending on the poverty level of the school's (or school district's) population and its location in a high cost (i.e., rural) telecommunications area. Two categories of services are eligible for discounts: category one services (telecommunications, telecommunications services, and Internet access), and category two services that deliver Internet access within schools and libraries (internal connections, basic maintenance of internal connections, and managed internal broadband services).

- **Rural Health Care Program** — provides funding through the Telecommunications Program and the Healthcare Connect Fund. The goal of these programs is to improve the quality of health care for those living in rural areas by ensuring access to broadband and telecommunications services. Only public or nonprofit health care providers are eligible to receive this funding.

- **The Telecommunications Program** provides discounts for telecommunications services to ensure that eligible rural health care providers pay no more than urban providers for telecommunications services. The primary use of the funding is to provide



reduced rates for telecommunications and information services necessary for the provision of health care.

- The Healthcare Connect Fund is a program to expand health care provider access to broadband, particularly in rural areas. It supports high-capacity broadband connectivity and encourages the development of state and regional networks. This program provides a 65% discount on eligible expenses related to broadband connectivity and is available to individual rural health care providers and consortia. Consortia can include non-rural providers but at least 50% of providers must be located in a rural area.

- Low Income Program — this major program has two sub-programs, Lifeline and Link Up, with the Lifeline Program providing the vast majority of support. Households must meet needs-based criteria for eligibility. The Lifeline Program provides assistance to only one line per eligible household either wired or wireless, in the form of a monthly

subsidy. Support is not given directly to the subscriber but to the designated service provider.

Other Federal Programs and Initiatives

BroadbandUSA is housed at the Department of Commerce's National Telecommunications and Information Administration (NTIA) and offers one-to-one technical assistance to communities seeking to plan and implement broadband initiatives. BroadbandUSA will leverage knowledge of federal funding and its network of contacts to help communities identify and leverage funding opportunities; provide support to communities seeking public-private partnerships; review, analyze, and provide recommendations and guidance associated with community-level reports, studies, and procurements; and provide background information and training to organizations that need assistance navigating the



broadband landscape.

BroadbandUSA also organizes regional events and workshops bringing together broadband stakeholders and publishes guides and tools that can serve as resources for communities seeking to launch broadband initiatives. One excellent guide is the comprehensive Guide to Federal Funding of Broadband Projects: www2.ntia.doc.gov/files/ntia_guidetofedfunding_062317.pdf

The Fixing America's Surface Transportation (FAST) Act authorized a high-speed broadband deployment initiative for the 13-state Appalachian region, known as the Appalachian Regional Commission (ARC), consisting of \$10 million in available broadband grants annually through FY2020. In August 2016, ARC published a Broadband Planning Primer and Toolkit: www.arc.gov/images/programs/telecom/ARCBroadbandPlanningPrimerToolkit.pdf

The Digital Literacy Initiative is basically the NTIA's web portal, DigitalLiteracy.gov, created in cooperation with the Department of Education and other federal agencies. The website is intended to serve as a resource to practitioners who are delivering digital literacy training and services in their communities.

The Interagency Task Force on Agriculture and Rural Prosperity, created by Executive Order on April 25, 2017, was charged with identifying legislative, regulatory, and policy changes to

promote agriculture, economic development, job growth, infrastructure improvements, technological innovation, energy security, and quality of life in rural America. The first recommendation of the Task Force's report to the President is to expand e-connectivity in rural and tribal areas.

And, under the new Better Utilizing Investments to Leverage Development (BUILD) Transportation Discretionary Grants program, formerly the TIGER program, 30 percent is set aside for rural areas. This infrastructure program, administered by the U.S. Department of Transportation, also allows applicants to include broadband deployment as an eligible activity in their grant request for transportation projects.

Pending Legislation

Programs funded by the RUS and the FCC, as well as most all listed in BroadbandUSA's comprehensive guide, are funded through the annual appropriations process. Congress is currently working through the FY19 appropriations bills. Additionally, the 2014 Farm Bill expires on September 30, 2018, so the 115th Congress is currently considering reauthorization of the broadband loan program as part of the 2018 Farm Bill. There are also a number of stand-alone bills introduced in the 115th Congress that could, if adopted, modify broadband programs. ■

