

# Why Is Providing Rural Broadband So Difficult?

Several state-level political strategies can help convince policymakers to provide support to broadband providers that wish to deploy in unserved or underserved areas.

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**D**espite millions of dollars committed by federal agencies and millions of words from state officials, large geographic areas of the United States still do not have reliable and affordable broadband service. More important than geography, millions of people – businesses, students, farmers, retirees and others – do not have broadband. Why?

Although these people may be a relatively small percentage of the total U.S. or individual states' populations, their aspirations, economic potential, and educational desires are not being met. Many states struggle to stem problems associated with aging rural populations, decreasing rural education and health care opportunities, and a resulting large capitalization/low employee-based agricultural economy that cannot affordably maintain the community's infrastructure. Broadband access is widely seen as necessary to reverse or slow outward migration and economic challenges.

It is well known that in some instances, business models for incumbent telecommunications providers do not foresee an adequate return on investment to extend broadband capabilities to rural areas. Other providers, frequently with access to Rural Utilities Service funds, operate business and economic models that permit deployment to areas with low population density and few customers.

In other cases, the business plans of incumbents do not encourage the use of multiple broadband delivery technologies

within their operations. A few broadband providers (e.g., Midco with its purchase of a system pioneered by Sunflower) provide fiber in areas with sufficient population density to cost-effectively serve customers and offer fixed-base wireless service beyond the fiber footprint to reach unserved populations.

Though high deployment costs are a problem, these costs vary between and within geographic and political boundaries. In some cases, unreasonably high franchise fee expectations are the problem; in other cases, access to rights of way and existing infrastructure pose barriers.

Perhaps the greatest obstacle to receiving the necessary financial resources (subsidies) is small-population constituencies' lack of political clout.

## HISTORICAL CONTEXT

The U.S. Postal Service provides flat rate service to every physical address in the country. It does so because of direct federal subsidies and indirect subsidies by high-density urbanites. The formation of rural electric and telephone cooperatives was enabled by legislation, but facilitated by providing low-cost loans and subsidies in the belief that all Americans deserved the benefits of electricity and voice-communications capabilities.

States and rural communities provide property-tax relief for new residents to those communities and student loan forgiveness for physicians who serve in rural communities. Environmental Protection Agency and state-administered State Revolving Water and

Wastewater Loan programs forgive the smallest operating systems' debts. Today, affordable, reliable broadband availability is the equal to any government programs that serve residents in low-population-density areas.

How can a prospective broadband provider persuade policymakers to financially and otherwise support serving rural residents in ways that are economically viable and contain performance metrics?

## STRATEGIES FOR WINNING SUPPORT

The FCC's Broadband Deployment Advisory Committee incorporated some State Initiatives Working Group recommendations in a report to the FCC. That's a good place to start, but federal recommendations for state actions seldom significantly influence state lawmakers unless there is a mandate for action or sufficient financial incentive. Following are brief descriptions of political strategies that may be beneficial at the state level.

- 1 Avoid myopic perspectives.** Search out existing programs, such as those above, that can legitimize a request. State legislators and governors have more requests for assistance than they can responsibly fulfill. This is especially true if one is competing with K–12 education funding requirements. A proposal for state assistance similar to existing programs overcomes the first obstacle.
- 2 Develop nontraditional coalitions.** With every U.S. census, redistricting of state and federal legislative seats results in decreased political representation for rural residents. A coalition of policymakers necessarily must include urban, suburban and rural members with statewide, long-term perspectives. Look for examples of rural legislators supporting program initiatives that benefited urban legislators (e.g., support for the Department of Transportation to construct an interchange that will serve a new shopping center or tourist attraction). The urban legislators who benefited from that support are more likely to be willing to reciprocate.

- 3 Develop captivating data.** National or state public polling results demonstrating that Americans support broadband access for all are essentially valueless. Signed contracts by rural residents stating that they will pay a certain amount per month for broadband service and a coordinated request for state funding to assist in deployment, but not operations, are more persuasive. Similarly, petitions signed by urban residents and college students stating that they have relatives living in unserved or underserved areas of the state and requesting state support for deployment can be persuasive. A state's higher education governing body could conduct student surveys on each campus (do not forget independent colleges and residential community colleges). The Department of Commerce, County Extension Service, or another agency could conduct a rural population survey.

- 4 Propose innovative legislation.** Legislators do not have in-depth knowledge of telecommunications issues, so help them by proposing reasonable, responsible ideas to move broadband deployment forward. For example, if the incumbent telecommunications provider has not deployed broadband with the capability of at least 25/3 Mbps, suggest to legislators that they pass a bill providing that any such provider must provide a firm plan, including timelines, to extend affordable broadband services to those areas to the state regulatory body, attorney general, or another person of choice within six months or lose their certificated territory for voice services. Alternatively, propose permitting state universal service funds or state subsidies for overbuilds of municipalities if that results in deployment to rural residents.

If rights-of-way access is a problem, suggest that legislators pass a bill permitting collocation of broadband facilities on existing utility or state-owned rights of way without requiring new easements, but requiring reasonable compensation to landowners and

the existing utility. This could mean locating along rural water district lines or attaching to existing poles. Such legislation should provide for reasonable compensation to the utility and include an appeal process if "reasonable" compensation cannot be negotiated.

- 5 Seek tax relief.** Some states, through legislation, provide property-tax exemptions for electric and natural gas transmission lines during construction and/or partial or total exemption for a finite number of years. The intention is to encourage development and recognize that cash flow does not start with the beginning or completion of construction. Seek such exemptions for broadband deployment.
- 6 Explore income tax breaks.** Broadband providers that use multiple technologies to reach customers of varying population densities and economic capabilities are able to serve larger geographic areas than do providers that focus on a single technology. Providing income tax breaks to utilize two or more technologies to cost-effectively serve unserved and underserved areas can be a way to incentivize wider deployment.
- 7 Consider other ideas.** Encourage legislators to consider aggregating unserved and underserved areas with a reverse auction for state financial support. Another option is to explore having legislators establish franchise fees for video or content providers to support state subsidies for broadband deployment.

## DEVELOP AN ACTION PLAN

The goal of the above list of options is to stimulate thinking about how to make taking action attractive to policymakers. The key is to make taking action attractive *and* politically necessary. The combination of responding to a need and satisfying constituents is a powerful tool. ❖

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