

# Broadband Essential to Post-Pandemic Economies

The results of a new survey of economic development experts indicate the changing role and value of broadband and digital technology as development tools.

By Craig Settles / *CJ Speaks*

Last March, when schools and offices closed seemingly overnight to slow the spread of COVID-19, the seriousness and extent of the digital divide was fully exposed. People who lacked adequate broadband access were at a stark disadvantage. Mercifully, federal and state agencies jumped into action and have been opening the spigots for billions of dollars in financial aid to prioritize broadband access for communities that need it most.

Meanwhile, broadband groaned under the strain of massive shifting computer data as more people learned and worked at home. Fiber was still the gold standard for broadband infrastructure then, but the only things moving faster than toilet paper off store shelves were wireless routers.

It's fair to say that over the past year, economic development experts saw changes in the roles, responsibilities, and value of broadband and digital technology as development tools.

## KEY SURVEY RESULTS

Results of the Broadband, Local Economies & the Age of COVID survey show economic development experts believe there has been progress in the impacts of community broadband, broadband coverage and increased applications of digital technologies. I have been collaborating on this annual broadband survey with the International Economic Development Council (IEDC) since 2006. This year, ETI Software sponsored the survey, and the software

company SizeUp provided sources of economic developers to survey.

Here are some key findings.

- Many markets reflect monopoly and duopoly influence, but some respondents (9 percent) feel there's at least some ISP competition for businesses in their jurisdictions.
- Respondents now have a markedly increased interest in telehealth as a local economic tool than they had 18 months ago.
- Most survey participants (52 percent) believe broadband can influence low-income workers, and 62 percent believe it can influence unemployed workers to become entrepreneurs before and after the pandemic ends.
- The majority of respondents (52 to 75 percent) believe federal and state broadband policies and funding rules work to the detriment of local communities.
- Ultimately, economic developers expect broadband and digital technologies will be helpful to local economies when the pandemic is over.

Unfortunately, the views of midsize to large cities aren't well accounted for in the survey because the membership of the IEDC heavily represents rural communities. That said, a significant number of counties (40 percent) and regions (22 percent) are represented, and these contribute to 25 percent of respondents representing urban, suburban and rural communities together in their jurisdictions.



Sixty-nine percent of survey participants called for “increased local control of broadband networks and policy.” Most also expect broadband and digital technologies will be helpful to local economies when the pandemic is over.

### **DIVERSE BROADBAND PLANS**

The survey found that for jurisdictions that have or are planning public networks this year, 8 percent hope to build a wired network, 5 percent are building a wireless network and 8 percent are building a hybrid wireless/wired network. This collective 21 percent is an increase from 15 percent in 2019 that had or planned to build a public network. Another 9 percent of jurisdictions plan to build public networks of one type or another, though they aren’t sure how soon.

This year’s respondents provided more details on “limited-reach” public networks, meaning networks confined to specific parts of a city or town. Sixty-three percent of respondents indicated they are building these networks in anchor institutions such as schools, libraries or government buildings.

However, 47 percent and 48 percent of respondents, respectively, want

limited-reach networks in commercial districts and downtown areas. Limited-reach networks also are targeted to residential areas for 40 percent of jurisdictions. I expect that further digging would reveal that these are areas with low-income homes where incumbents won’t build.

In terms of business models, public-private partnerships lead the pack, accounting for the first choice of 43 percent of jurisdictions. A quarter of respondents say they want the municipal government or public utility to own and operate their networks, and 27 percent want a public entity to own the infrastructure and a private company to sell and manage the broadband services.

Forty-nine percent of jurisdictions have WISPs. The prominence of WISPs on the broadband landscape is due in part to nearly three decades of rural growth, starting in Wyoming in 1992.

Currently, there are more than 2,500 WISPs, of which about 10 percent are in urban cities.

Fourteen percent of survey respondents say they have co-ops offering broadband, and 7 percent say co-ops plan to build broadband networks soon. Electric co-ops started these networks in 2013, and almost 100 co-ops are building networks now. Telephone co-ops have a 15-year head start on electric co-ops.

### **TELEHEALTH’S ECONOMIC IMPACT INCREASES**

Forty-one percent of survey respondents think attracting more health care professionals to communities impacts local economies; 26 percent believed so in 2019. Thirty-nine percent think reducing ER visits through telehealth is a significant economic benefit, and 24 percent thought the same in 2019. Having more mental health care

## Telehealth kiosks can reduce ER overcrowding, provide emergency and general care, and save health care facilities money.

services stay local is a strong benefit for 32 percent of respondents; just 24 percent said so in 2019.

“There’s a reason broadband is a super-determinant of public health,” says economist Dr. Bento Lobo, an expert in digital technology and public health’s economic impact. “By having Chattanooga’s 10 gigabit public network in his home office, Dr. Jim Busch and the other radiologists together at Diagnostic Radiology Consultants save \$18.2 million a year in time – their typical radiologist saves 1,000 hours a year.”

Telehealth kiosks can reduce costs in the ER equation. Low-income African Americans, other people of color and immigrants often use the ER as primary care. Kiosks can reduce ER overcrowding, provide emergency and general care and save health care facilities money. The units enable two-way communication with health care professionals who can remotely observe patients, or medical assistants equipped with various digital diagnostic tools can go to kiosks.

Kiosks can compensate for the loss of hospitals in urban and rural communities because vendors can configure kiosk capabilities to meet specialties needed in certain areas and connect them via broadband into a single network. Clinics and kiosks can team up to deliver big-city quality services to sparsely populated areas, plus attract businesses and individuals to an area and keep profits local.

Local government can place modified mobile kiosks at food banks and other places where needy people gather. “Counties possibly could set up kiosks in homeless shelters to provide ‘safety net’ free emergency and general health services without patients needing to visit urgent care clinics,”

says Eric Haden, president at Drexly Telehealth Solutions.

### **BROADBAND POLICY SHOULD BE LOCAL**

Twenty-one states passed varying degrees of prohibitions against public utility-owned broadband networks. But COVID-19 changed the political dynamics. Some state legislators value constituents’ needs (and fear their wrath) as political tides shift. Sixty-nine percent of survey participants called for “increased local control of broadband networks and policy.”

This is happening in some parts of the country. The Arkansas governor signed a bill this year significantly reducing barriers to municipal broadband. It allows government entities “to acquire, construct, furnish, or equip facilities for the provision of voice services, data services, broadband services, video services, or wireless telecommunications services” as long as they “partner, contract, or otherwise affiliate with an entity that is experienced in the operation of the facilities.”

Currently, public utility districts (PUDs) in Washington state are able to offer unrestricted broadband on a wholesale basis only through a dark fiber or open-access network, meaning cities can’t sell broadband directly to consumers or organizations. House Bill 1336 was introduced to remove these restrictions and allow PUDs to sell outside their existing territories and construct broadband infrastructure for federally recognized tribes.

Survey respondents were asked if there should be a drive to “return local right-of-way (ROW) rules.” For several years, incumbents have been trying to centralize control of ROW rules in statehouses rather than in cities and

counties, thereby ensuring incumbents’ greater control and lower ROW fees.

Seventy-three percent of survey respondents say it’s worth fighting for the return of local control over ROW. Local governments want fair market prices for ROW fees from incumbents, control over what kind of broadband is deployed, knowledge of constituents’ rates, and franchise agreements terms.

### **EQUITY SHOULD BE PRIORITIZED**

Digital redlining is the practice of under investing in digital connectivity resources for low-income neighborhoods. Though heavily associated with urban communities, rural areas are not immune. Survey respondents are strongly against the practice and believe there should be rules prohibiting it. Help is coming as dozens of organizations have asked the FCC to directly confront digital redlining.

Should federal broadband grants for broadband urban areas increase? Currently, billions of dollars in federal grants are given predominately to rural areas. In contrast, in urban areas, there is a weak subsidy program and a comparatively small number of federal grants. Fifty-two percent of respondents favor grant parity between urban and rural.

I suspect that the reason there is less support for this policy change is the fear that any advancement for urban broadband funding will lead to an automatic reduction of rural broadband grants. But this is not a zero-sum game – everybody needs broadband! Communities do themselves a disservice falling into an “us versus them” incumbent trap. ❖

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