

Border to Border 2.0: Minnesota's Broadband Reboot

Minnesota's state broadband grant program has been praised as one of the nation's best – but that doesn't mean it can't be improved, according to the bill's author.

By Matt Schmit / *University of Minnesota*

In 2014, Minnesota was abuzz with broadband. The state's newly created Office of Broadband Development had opened its doors, and the legislature was poised to give it an invaluable new tool to extend critical access: the Border to Border Broadband state grant fund.

Five years later, the competitive matching grants have connected more than 40,000 homes, businesses and community anchor institutions; leveraged \$85 million in state grant funds for roughly \$200 million in targeted investment; and positioned all Minnesotans to enjoy basic service by 2022.

However, Minnesota's path toward broadband ubiquity has been something short of smooth. An overarching political impasse in 2018 resulted in a year with no grants. And in years prior, when the state did appropriate funds, progress was anything but prescribed. In 2019, however, a new governor and House majority are pushing hard for a broadband reboot.

In fact, the governor has called for a broadband "moonshot," having pledged \$300 million in new funds while campaigning for office last year. And in the nation's only divided state legislature, Senate Republicans and House Democrats can agree on at least one thing: The state's broadband fund is a proven winner and worthy of renewed investment.

BIRTH OF THE BROADBAND FUND

Although I have worked on broadband as a legislator, a consultant and an academic

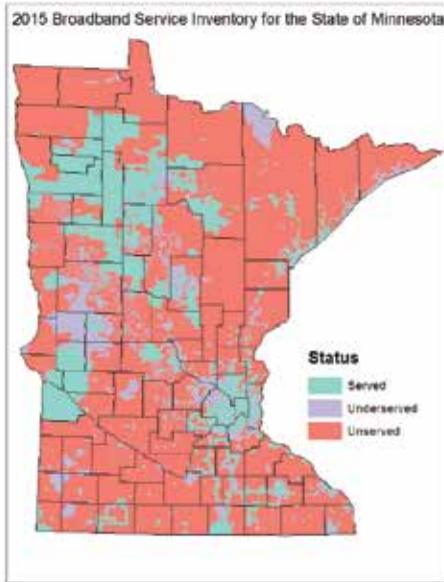
researcher for more than 15 years, the issue assumed new meaning to me in January 2014, when the second leg of my 20-stop statewide listening tour kicked off in northern Minnesota. Think lake country, Paul Bunyan and the harshest Minnesota morning you can imagine. My jeep's engine barely started, and the governor had closed all public schools for the day, but scores of area residents turned out to talk with an out-of-town freshman legislator about one pressing need: You got it, better broadband!

Teachers and parents lamented the limited opportunity for distance learning, area businesses craved more competitive e-commerce, hospital administrators hoped to adopt new technology and telehealth applications, farmers aspired to the power of precision agriculture and folks from all walks of life yearned for the ability to connect and contribute online – anywhere, anytime. Of course, these have become familiar storylines, and rightfully so.

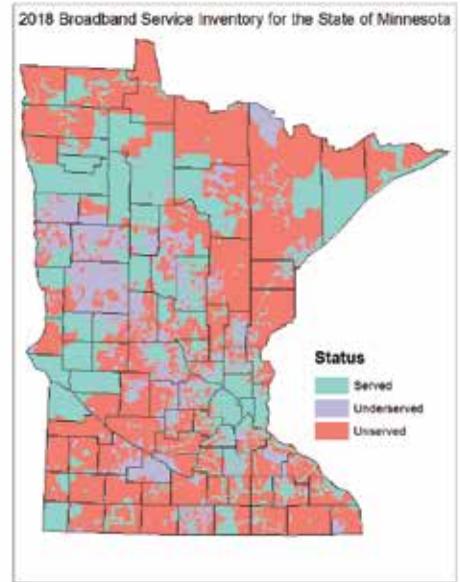
Six months later, after conversations and coalition building, visits with far-flung local newspaper editors and various stakeholders, compelling committee testimony and legislative wrangling, Minnesota had its broadband fund.

Although this story goes back about five years, a fuller telling of Minnesota's broadband tale extends farther still. For a fair recounting, and to give credit where it is due, consider Minnesota's two governor-appointed broadband task forces that elevated

25 Mbps/3 Mbps: 2015



25 Mbps/3 Mbps: 2018



Minnesota's broadband coverage increased markedly after the grant program was adopted. (Source: Office of Broadband Development)

the issue, proposed goals and made recommendations; federal and state investment in mapping, as imperfect as it is, that showed where broadband was and, certainly, was not; and years of outreach and education from stakeholders large and small, including Minnesota's own Blandin Foundation and its Blandin Broadband Communities program.

LEGISLATIVE ACTION

By 2014, though, folks were growing restless talking about broadband. Those suffering from poor service wanted action. Such sentiment was palpable as we concluded our listening tour, and I shared this message with anyone who would listen – statewide television and public radio, small-town newspapers and various media outlets in between; fellow legislators skeptical of a newcomer wandering outside his district; and a governor who had coined the term “border to border broadband” while seeking his first term four years earlier.

Like many states, Minnesota splits its two-year legislatures into odd-year budgeting and even-year bonding

sessions. 2014 was a bonding year, focused heavily on infrastructure that ranged from traditional bricks-and-mortar buildings to neglected sewer and water facilities to the state's crumbling roads and bridges. Raising the profile of essential 21st-century broadband infrastructure seemed particularly fitting.

Ironically, though, given how quickly other forms of infrastructure age, state bond counsel, interpreting Minnesota's constitution, does not consider fiber or the conduit it populates to be a requisite long-term investment and thus eligible for state bonding. Just think – how many roads will be repaired or replaced while the same pair of fibers still provides speedy service and return on investment?

Fortunately, Minnesota was and continues to be blessed with a strong economy, which since 2014 has provided a string of state budget surpluses – and supplemental budgets. Leveraging one-time surplus funds for what, if done right, should be a one-time investment, has provided a fairly reliable stream of state broadband funding – thus far.

However, the question remains: What happens if a budget deficit strikes before the state reaches its speed goals? Can broadband compete with education, health care, transportation or public safety in a general fund budget-cutting environment?

After distilling feedback from our listening tour into key takeaways – the need for state investment, clear authority for local and regional solutions and, above all, action – I wrote two bills designed to meet Minnesota's statutory broadband goals: ensuring basic broadband service for all homes and businesses and positioning Minnesota as a leader in broadband access and utilization. Since then, the goals have been updated in statute to provide 25 Mbps /3 Mbps ubiquitous basic *service* by 2022 and 100 Mbps /20 Mbps ubiquitous competitive *access* by 2026.

The first bill, which created the grant fund, focused on improving service in unserved areas while not ignoring the underserved; achieving technology neutrality while requiring scalability of all state-funded deployments to 100 Mbps /100 Mbps speeds; and

A 2014 bill would have provided new tools for increasing rural providers' access to capital. This problem still needs to be addressed.

encouraging meaningful partnerships among various entities, such as local communities, tribal governments, incumbent and competitive providers, and rural cooperatives.

The legislation was straightforward enough, but its path to enactment and renewal faced a steady stream of resistance, ranging from honest skepticism and misunderstanding to downright scheming and misinformation. What began with seemingly genuine concerns about the role of government morphed into familiar red herrings regarding satellite and wireless capabilities, deeply flawed federal funding, and the promise of far-off, if not outright fanciful, rural 5G service.

OVERCOMING OBSTACLES

At each turn, we overcame these obstacles, but not without consequence. Concerns over statewide prevailing wage mandates on public funding in rural markets led to a bipartisan exemption in state law, a tweak to the program that has worked well and enhanced program purchasing power. A desire to improve service in underserved areas inspired a small carve-out for targeted investment but to date has produced scant proposals. An infusion of new federal CAF dollars and an interest, however idealistic, in coordinating scarce public resources and leveraging federal funding to maximum benefit led to a challenge process that has failed to push incumbent CAF recipients to provide more competitive service.

As beneficial as Minnesota's Border to Border program has been, I remain convinced that my other bill was the better bill – and far more likely to inspire greater impact. The bill's overarching goal was to facilitate local and regional cross-sector collaboration

and partnership by introducing new public financing tools to the rural broadband conversation. After all, if lack of private investment capital for scarcely populated service territories remains the fundamental challenge underlying broadband service gaps, this bill sought to address the problem head on.

Intended to provide new tools for local and regional solutions, the legislation clarified and enhanced local bonding authority, enabled creation of regional broadband districts to strengthen cooperatives and public-private partnerships with new taxing authority, and provided a critical source of non-state match funding for state grant program applicants.

Dramatically mischaracterized by one industry lobbyist as the “most radical legislation ever introduced in Minnesota,” the bill never even received a hearing. Five years later, I struggle to understand what's so radical about giving rural cooperatives and similar democratic, accountable entities the authority to leverage public funding to help trusted provider partners offer better service in areas where market failure predominates.

A SECOND CHANCE TO GET IT RIGHT

Just as the grant program overcame significant resistance, I hope the next iteration of broadband policymaking in Minnesota reconsiders some old ideas. Elements of the second bill have reappeared in new legislation, and an increasingly competitive environment for general fund dollars may inspire innovative thinking about local and regional solutions that supplement state investment.

Minnesota's broadband reboot offers an opportunity to reconsider what our original broadband legislation got right – and wrong. For instance, housing the

Office of Broadband Development and its grant program in the Department of Employment and Economic Development rather than a regulatory agency fostered buy-in among providers. Prioritizing unserved areas without forsaking the underserved enabled focus on basic service *ubiquity* and competitive access for *economic development*. And the requirement of scalability to 100 Mbps / 100 Mbps service ensured that the state is deploying new technology rather than outdated infrastructure – something federal programs have yet to achieve.

At the same time, the broadband grant program would benefit from a few upgrades. First, multiyear base funding, preferably through a dedicated source that limits its exposure to general fund competition, would provide more stability to the program. Second, a reconsidered incumbent challenge process would help achieve the intended purpose of pushing CAF recipients to invest in better technology and offer faster speeds. Third, new tools and clear authority for local and regional entities to raise non-state funds to match a state grant or forego state funding altogether would improve rural broadband providers' access to capital.

My vision for closing Minnesota's broadband service gap and enhancing competitive access for economic development centers on creating tools and incentives that foster meaningful partnership and cross-sector collaboration. This requires smart policy that brings partners to the table, as well as significant and sustained funding sources that allow for real planning and robust investment. After five years of Border to Border Broadband grants, Minnesota is well on its way – but my state and many others would do well to consider the critical components of an ideal broadband reboot. ❖

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