FUNDING RURAL BROADBAND

- ✓ **Maximizing Network Investments**
- ✓ **Identifying Funding Resources**
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- ✓ **Redefining Broadband**
- ✓ **Questions Rural Broadband Providers Must Answer**

Mapping a Better Broadband Future

By Chip Pickering
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In the last decade, the FCC has been focused on how to ensure that all Americans have high-speed broadband available to them where there is no business case for the private sector to deploy. It has done so largely through the FCC's universal service fund (USF)—which has been transformed from supporting telephone networks to broadband networks in rural areas.

Despite the FCC's best efforts, we still face serious challenges in connecting all Americans, including businesses of all sizes, to high-speed broadband. Many are starting to question the data used to measure broadband access and competition. Indeed, the broken broadband maps have been a frequent target for criticism by both Republicans and Democrats in Congress.

The FCC data estimates that approximately 21.3 million Americans live in areas without broadband access; however, Microsoft's user data tells a very different story. Over 160 million Americans are not using high-speed internet access (currently defined at 25 Mbps download/3 Mbps upload by the FCC). That's a huge discrepancy, and a huge problem.

Building Out Broadband Networks

Some of the problem is about broadband network coverage, but there also is an issue with affordability. The other problem we face as a nation is that there is very little choice for competitive broadband service at home. Most Americans only have ONE provider, TWO if they are lucky—which means that there is not sufficient competitive pressure on these monopoly providers to invest and innovate.

INCOMPAS' competitive fiber provider and wireless members continue to deploy broadband throughout the nation. It remains the case that building last-mile fiber is costly and time-consuming. The good news: The FCC has taken a number of steps in recent years to address these issues, including adopting policies that encourage more predictable and more reasonable costs to build, and adopting a one-touch make-ready (OTMR) policy for pole attachments that INCOMPAS and its members endorsed.

For wireless deployment, the FCC, led by Commissioner Brendan Carr, has adopted streamlining processes to encourage deployment, including 5G network rollout—which is the next generation of wireless networks that companies have begun to deploy. It is important to emphasize that all wireless networks are reliant on wireline networks. Real 5G will require a dense, competitive fiber infrastructure—new networks built across the nation, ideally by hundreds of local broadband builders.

With the introduction of 5G, the expectation is that more devices will be connected online. For example, the number of Internet of Things (IoT) devices is expected to grow to 10 billion by 2020 and 22 billion by 2025, according to IOT Analytics Research. Given the data demands, there will be a significant need for more wired backhaul—i.e., fiber, to carry wireless traffic to the internet. As such, the efforts to streamline both wired and wireless deployments is important to enable faster and more cost-effective broadband networks to be built.

The Need for Accurate Broadband Mapping

There are a number of efforts being discussed to address the challenges with delivering broadband networks where there is no economic case to build those networks. However, the nation's current broadband map is unreliable. It is broken and needs to be fixed immediately so that funding is directed to those areas that currently are not served.

The FCC's map depends on providers to identify and report where they "could" serve—not where they actually "do" serve; and once a provider says it could serve a census block, the FCC considers the entire population of the census block to be served. This has added to the frustration that broadband availability in the U.S. is inadequate as the broadband map does not reflect true broadband network availability.

There are certain efforts underway to remedy these deficiencies. For example, the FCC has a proceeding open to improve Form 477, which providers use to report their broadband data. FCC Chairman Ajit Pai has indicated that he plans to introduce reform measures to Form 477 at the FCC's August meeting. Congress also tasked the National Telecommunications and Information Administration (NTIA) with improving the broadband maps, and it currently is working to do so in eight states.

We need reliable and verifiable coverage maps so that communities and consumers are informed, and policymakers can make prudent decisions for rural broadband funding. INCOMPAS supports reform of the FCC's Form 477 so that

broadband providers offer more granular information about their network coverage, such as where they currently provide service at the address level. INCOMPAS also believes using third-party data, such as Microsoft's user information and the FCC's subscription information, would dramatically improve the maps. We also believe crowd-sourcing data so consumers can confirm where they do and don't have coverage will help bring the internet to families most in need of connections. No child should have to sit outside a fast food restaurant looking for a homework hotspot.

Legislation to require improvements have been introduced in the Congress, but there is no reason for the FCC to delay. It should improve the Form 477 and include other data points from third parties now so that there is a better understanding of the need for broadband infrastructure to be built with targeted funding.

Prioritizing Unserved Areas
Identifying the areas that have the greatest need for infrastructure—urban, suburban and rural—is the right policy choice. Former FCC Commissioner Mignon Clyburn recently testified before the House Energy & Commerce Committee, stating:

"Funding must be targeted to places with the greatest need, to ensure that those communities and citizens who have been completely left behind, are connected as quickly as possible. Prior attempts—while important and well-intentioned—

simply have not done enough to close persistent gaps. Investments must begin there."

Our fellow Americans who have been left behind because they have no access to broadband infrastructure should be our nation's priority, and Chairman Pai has made this his priority. He has proposed a new Rural Digital Opportunity Fund that would spend more than $20 billion over 10 years to address the persistent digital divide through a reverse auction. A reverse auction that allows all providers—whether competitive or incumbent—to participate in the opportunity to obtain that funding to build and serve these areas will ensure that taxpayers will get as much bang for their bucks as possible. In fact, reverse auctions have brought more benefits and saved the taxpayers money.

One study estimated that the Connect America Fund II auction resulted in 70% less funding than the FCC's original model suggested would be needed to deploy broadband. We need to stretch our limited dollars when we are using taxpayer money to build broadband, and using reverse auctions that allow all providers a chance to compete for the funding will drive needed efficiencies.
It is heartening to see the efforts underway to ensure every American citizen has the opportunity to connect to broadband and enable every community the chance to connect to the digital economy. This is a worthy goal that will serve our nation well.

About the Author
Chip Pickering is the CEO of INCOMPAS, the internet and competitive networks association. Chip was a six-term Republican Member of Congress representing Mississippi's Third District. During his time in the House, he served on the Energy & Commerce Committee, where he was vice chairman from 2002 to 2006, as well as the Science Committee. While chair of the Basic Research Subcommittee, he oversaw the transition to the commercial internet, and the establishment of domain names, registries and internet governance. He also successfully led a bipartisan legislative effort to codify net neutrality principles through the House in 2006. Before serving in the House, Chip was a key Republican Senate staffer in developing the 1996 Telecommunications Act. In addition to his work with INCOMPAS, Chip teaches at Ole Miss.

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