

American Recovery and Reinvestment Act of 2009 Broadband Initiatives
Docket No. 090309298-9299-01

Wisconsin Department of Commerce Comments

RUS

1. What are the most effective ways RUS could offer broadband funds to ensure that rural residents that lack access to broadband will receive it?

a. bundle loan and grant funding options to ensure such access is provided in the projects funded under the Recovery Act to areas that could not traditionally afford the investment;

One option to consider is providing a limited number of grants to low-income communities for planning/feasibility studies coupled with set aside loan funding for those communities, or their providers, that the communities or providers may apply for within a designated period of time.

Low-income communities can easily be identified by utilizing the U.S. Department of Treasury's Community Development Financial Institutions (CDFI) Fund "Low-Income Communities" designation under the New Market Tax Credit Program. A community qualifies for the "Low-Income Communities" designation if: (a) the poverty rate for a census tract is at least 20 percent; or (b) the median family income for a census tract does not exceed 80 percent of the applicable area median family income. A census tract may also qualify under the "High Out-Migration Rural County Census Tracts" provision. Under this provision, a census tract qualifies as a "Low-Income Community" if net out-migration of inhabitants is at least 10 percent over the latest 20-year period and the median family income for the census tract does not exceed 85 percent of the statewide median family income. Approximately 31 percent of census tracts in Wisconsin currently qualify for the "Low-Income Community" designation. The Department of Agriculture could further limit eligible applicants to those defined as rural communities.

c. ensure that Recovery Funding is targeted to unserved areas that stand to benefit the most from this funding opportunity.

The best way to ensure that funds serve the purpose we intend them to serve is to establish evaluation criteria that are consistent with our goals for our rural, unserved areas. These goals should include: (a) ensuring that rural residents have access to timely health care services and higher educational facilities; (b) ensuring rural resident have access to public computers equipped with broadband internet service; (c) reducing population out-migration and lengthy residence-to-work commutes; and (d) ensuring access to affordable broadband internet service.

2. In what ways can RUS and NTIA best align their Recovery Act broadband activities to make the most efficient and effective use of the Recovery Act broadband funds?

a. RUS is charged with ensuring that 75 percent of the area is rural and without sufficient access needed for economic development. How should this definition be reconciled with the NTIA definitions of "unserved" and "underserved?"

"Without sufficient access" essentially encompasses both the – "unserved area" and "underserved area" terms - to the extent that those definitions are established as indicated below.

An “unserved area” should be defined as an applicant area in which at least 50% of the households do not have access to a cable or DSL broadband service provider.

An “underserved area” should be defined as an applicant area in which at least 50% of households do not subscribe to a cable or DSL broadband service provider, regardless of whether or not broadband service is available, or an applicant area in which at least 50% of households have access to no more than one broadband internet service provider.

b. How should the agencies structure their eligibility requirements and other programmatic elements to ensure that applicants that desire to seek funding from both agencies (i) do not receive duplicate resources and (ii) are not hampered in their ability to apply for funds from both agencies.

The BTOP and RUS need to establish clear and complimentary goals. For example, RUS may be focused on ensuring that all residents of low-income rural communities have timely access to health care services and higher educational facilities; whereas, BTOP may be focused on ensuring that the greatest number of residents, regardless of community definition, have access to affordable broadband internet service. Both programs also need to agree upon the definitions of “unserved”, “underserved”, and “without sufficient access”, as indicated above. Another consideration is the creation of a joint BTOP/RUS application option to facilitate larger planning projects that extend the benefits of a more urbanized investment to rural communities.

3. How should RUS evaluate whether a particular level of broadband access and service is needed to facilitate economic development?

a. How should RUS define “rural economic development?” What factors should be considered, in terms of job growth, sustainability, and other economic and socio-economic benefits?

Under Wisconsin’s Rural Economic Development program, a rural area is currently defined as either: (a) a city, town or village with a population of less than or equal to 6,000 people; or (b) a county with a population density of less than 150 persons per square mile. In general, evaluation factors include the amount of capital investment in a project, the number of jobs to be created or retained, and the average pay and benefits of the jobs created or retained. These definitions and evaluation factors may work for the RUS broadband programs, as well.

4. In further evaluating projects, RUS must consider the priorities listed below. What value should be assigned to those factors in selecting applications? What additional priorities should be considered by RUS?

Of the five priorities identified, clearly “to serve the highest proportion of rural residents that lack access to broadband service” should be considered the highest priority. Section 6001(k)(2) of the American Recovery and Reinvestment Act of 2009 states, the national broadband plan “shall seek to ensure that all people of the United States have access to broadband capability...”. Although this provision applies to the BTOP, it should be considered just as relevant to the RUS.

The second highest priority should be to “give end-users a choice of internet service providers”. This piece is essential to ensuring affordability and increased broadband adoption.

Other priorities to consider include those suggested as evaluation factors above including ensuring that rural residents have access to timely health care services and higher educational facilities.

5. What benchmarks should RUS use to determine the success of its Recovery Act broadband activities?

A few of the measurement factors that RUS may wish to consider include: (a) the average cost of broadband services in applicant areas (relative to household income); (b) the percent of the applicant area households subscribing to broadband internet services; (c) the current and proposed broadband speeds in applicant areas; (d) the availability of online health care services and educational courses in rural communities; (e) the number of public computers available per population within the rural communities; (f) the average commuting distance from residence-to-work in applicant areas; and (g) the percent of applicant area households having no more than one provider of broadband internet services. Applicants should be permitted to identify one or two measurement factors on which they will be required to report regularly.

NTIA

1. The Purposes of the Grant Program: Section 6001 of the Recovery Act establishes five purposes for the BTOP grant program.

a. Should a certain percentage of grant funds be apportioned to each category?

Yes, it is absolutely necessary to establish limitations on awards within each of the five purposes of the Broadband Technologies Opportunities Program (BTOP). Section 6001(k)(2) of the American Recovery and Reinvestment Act of 2009 states "The national broadband plan required by this section shall seek to ensure that all people of the United States have access to broadband capability...". In order to accomplish this primary goal, the majority of BTOP will need to be allocated to the first three purposes identified as follows: (1) to provide access to broadband service to consumers residing in unserved areas of the United States; (2) to provide improved access to broadband service to consumers residing in underserved areas of the United States; and (3) to provide broadband education, awareness, training, access, equipment, and support. The remaining two purposes are ancillary to this primary goal and; therefore, should not be allowed to consume more than a fair share of total available funding.

c. How should the BTOP leverage or respond to the other broadband-related portions of the Recovery Act, including the United States Department of Agriculture (USDA) grants and loans program as well as the portions of the Recovery Act that addresses smart grids, health information technology, education, and transportation infrastructure?

*See response to RUS question #2b above.

In addition, while it may make sense to combine BTOP projects with smart grid, health information technology, education or transportation infrastructure, creating a priority for such may actually dilute the agency's ability to best meet the national broadband plan goals.

2. The Role of the States:

Please refer to the comments of the Public Service Commission of Wisconsin.

4. Establishing Selection Criteria for Grant Awards:

a. What factors should NTIA consider in establishing selection criteria for grant awards? How can NTIA determine that a Federal funding need exists and that private investment is not displaced? How should the long-term feasibility of the investment be judged?

*See response to RUS question #5 above.

NTIA may also determine that a Federal funding need exists by limiting grant funding to "low-income communities". Low-income communities can easily be identified by utilizing the U.S. Department of Treasury's Community Development Financial Institutions (CDFI) Fund "Low-Income Communities" designation under the New Market Tax Credit Program. A community qualifies for the "Low-Income Communities" designation if: (a) the poverty rate for a census tract is at least 20 percent; or (b) the median family income for a census tract does not exceed 80 percent of the applicable area median family income. A census tract may also qualify under the "High Out-Migration Rural County Census Tracts" provision. Under this provision, a census tract qualifies as a "Low-Income Community" if net out-migration of inhabitants is at least 10 percent over the latest 20-year period and the median family income for the census tract does not exceed 85 percent of the statewide median family income. Approximately 31 percent of census tracts in Wisconsin currently qualify for the "Low-Income Community" designation.

b. What should the weighting of these criteria be in determining consideration for grant and loan awards?

The "low-income communities" designation should, perhaps, be a requirement or a high priority for BTOP grant funds. Weights applied to the remaining criteria should be consistent with the weights placed upon each of the five purposes outlined in section 6001(b) of the American Recovery and Reinvestment Act of 2009.

c. How should the BTOP prioritize proposals that serve underserved or unserved areas? Should the BTOP consider USDA broadband grant awards and loans in establishing these priorities?

The BTOP should take into account state-identified investment priorities, if applicable. Priority consideration should also be given to applicant areas identified as "low-income communities" as defined above.

d. Should priority be given to proposals that leverage other Recovery Act projects?

No. As was stated earlier, while it may make sense to combine BTOP projects with other Recovery Act projects, creating a priority for such may actually dilute the agency's ability to best meet the national broadband plan goals.

8. Broadband Mapping:

a. What uses should a map be capable of serving?

Please refer to the comments of the Public Service Commission of Wisconsin.

13. Definitions:

*See response to RUS question #2a above.