



April 27, 2022

WHAT YOU NEED TO KNOW ABOUT

Biden's broadband expansion

PRO POINTS

- **The Biden administration is launching a multi-pronged effort to close the digital divide**, with broadband efforts underway at the departments of Commerce, Agriculture and Treasury as well as the Federal Communications Commission, an independent agency.
- **2022 is largely a year of planning around the scores of billions of dollars devoted to broadband infrastructure and adoption**, prefacing the rollout of new grant programs envisioned in last year's bipartisan infrastructure law.
- **Democrats tout a new focus on digital equity and inclusion** — which puts a priority on connecting marginalized communities with the internet and how households choose to go online — as well as making monthly broadband bills more affordable.
- **One open question is what level of regulatory authority the FCC may assume over these broadband networks.**

HOW WE GOT HERE

The U.S. federal government is preparing to roll out its largest ever investment in expanding broadband, thanks largely to the bipartisan Infrastructure Investment and Jobs Act signed last November as well as money flowing from coronavirus relief packages.

The infrastructure law alone slated \$65 billion for broadband — about \$48 billion flowing to the Commerce Department, largely devoted to laying better internet infrastructure and fostering digital equity; \$14 billion to FCC affordability subsidies of \$30 per month to consumers in need; and about \$2 billion for an Agriculture Department broadband loan and grant program.

President Joe Biden has touted these funds as a signature part of his agenda ahead of the November midterm elections, framing broadband as a priority for rural parts of the country and part of his competition platform. Vice President Kamala Harris has assumed broadband as part of her portfolio and emphasized the merits of closing the broadband gap for the many millions of households that lack it (estimates range from about 15 million to more than 40 million).

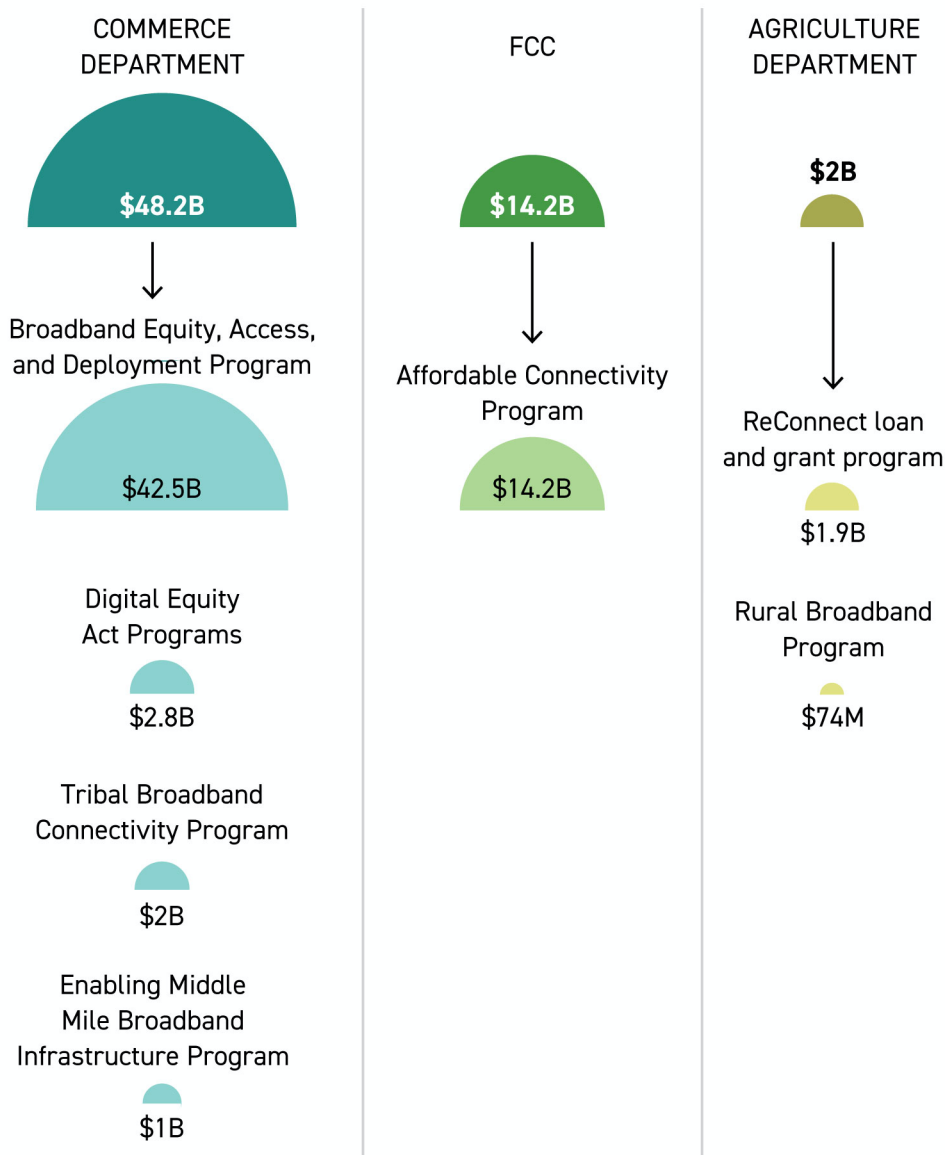
This explosion of funding has sent agencies racing to set up rules governing how it will flow. Statutory deadlines in the infrastructure law are now guiding many of these actions. The Commerce Department, for instance, plans to submit a notice of funding opportunity to the states by May 16 about rules involving its \$48 billion in broadband infrastructure grant funds. Under its centerpiece \$42.45 billion Broadband Equity, Access, and Deployment Program, the law envisions at least \$100 million going to each state. States will then figure out how to dole out that money to internet providers, which could include private traditional companies like Comcast or AT&T as well as cooperatives and municipally owned network operators. The law directs money to go first to entirely unserved parts of the country, then to areas considered to have subpar broadband connectivity.



The law also directed the FCC to come up with rules requiring broadband providers to clearly label details about their internet service as well as rules banning ISPs from discriminating against communities. The commission has begun seeking input about these efforts and taking actions like holding public hearings and assembling task forces.

Where the infrastructure law's broadband funding is going

The infrastructure law slated \$65 billion for broadband — about \$48 billion flowing to the Commerce Department, \$14 billion to FCC affordability subsidies to consumers in need and the rest for the Agriculture Department and private activity bonds.



Note: Also includes \$600 million in private bonds for broadband projects.
Source: POLITICO staff reports

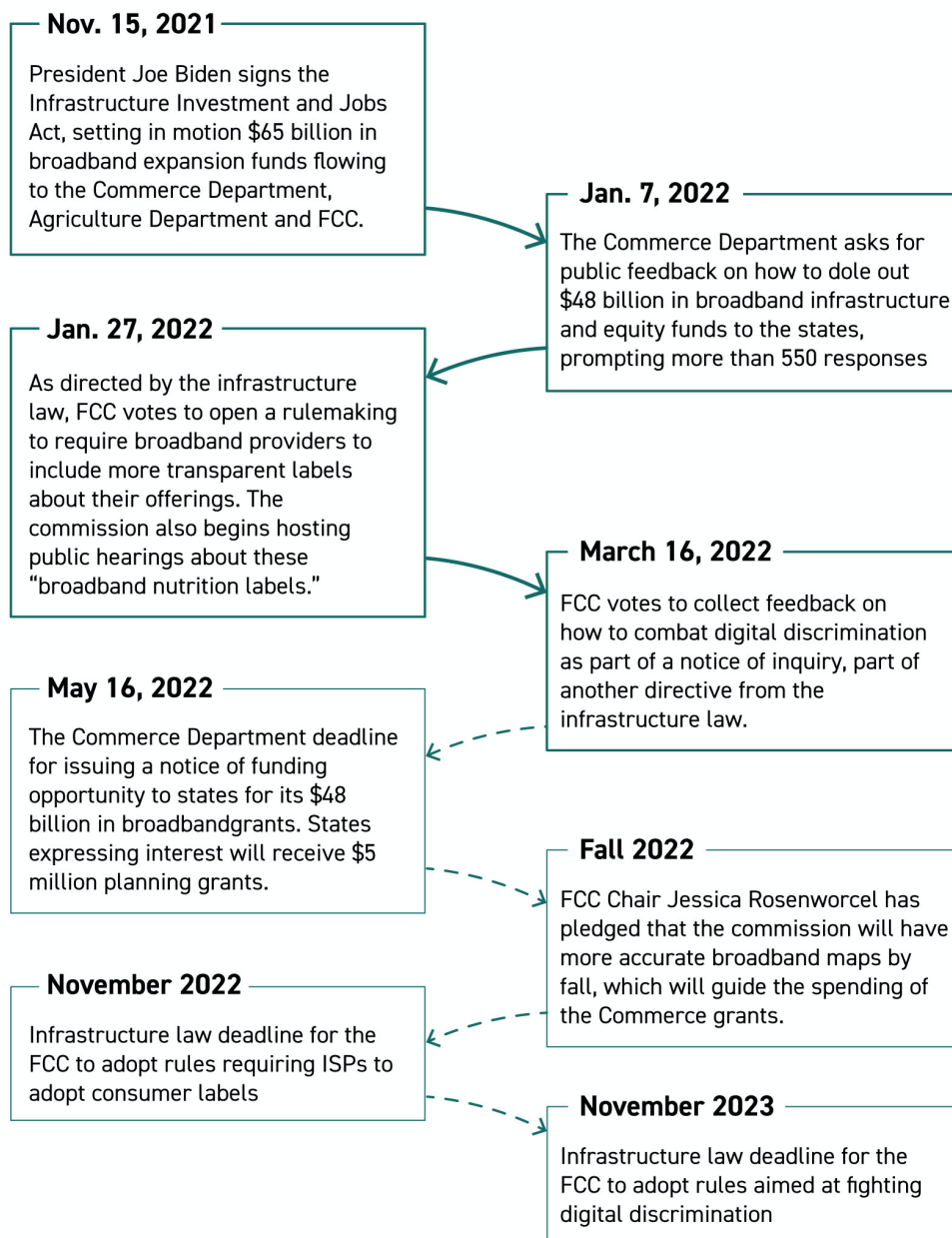


WHAT'S NEXT

Several unknowns remain as agencies take their first steps.

The Commerce Department can't precisely determine how much broadband infrastructure aid each state may be eligible to receive until the FCC produces more accurate maps of existing internet coverage — and the latest FCC timeline suggests those won't be ready until fall. That could complicate the initial planning efforts this summer (states that formally express interest following the administration's May notice will get \$5 million planning grants).

Broadband infrastructure funding timeline



Source: POLITICO staff reports



Administration officials are still working out details of the overarching rules states will follow, such as how to interpret the law's requirement that states engage in local consultation and ensure broadband providers who receive grant money offer a low-cost broadband offering. Some tech and telecom industry trade groups have also raised concerns about the law's "Buy America" requirements and suggested waivers may be necessary — a prospect that remains in flux.

Looming over these efforts is uncertainty around what regulatory authority the federal government will wield over broadband networks.

Democrats are calling for the FCC to reassert authority over broadband as part of a new order reviving net neutrality rules. But without a Democratic majority, that priority has been stalled for the past year and a half of Biden's presidency. A Democratic majority may impose stricter regulations on broadband providers as well as hike the speed benchmark for what counts as broadband. It's unclear when the Senate may schedule votes to confirm a long-pending FCC nominee, Gigi Sohn, to fill the agency's final seat.

The prospect of intense Hill oversight also hangs over these efforts, particularly if Republicans win a chamber majority in November. Some Republicans have questioned whether various government agencies are properly coordinating, although agency leaders have committed to share data and best practices.

POWER PLAYERS

- **Alan Davidson, NTIA Administrator:** The head of the Commerce Department's National Telecommunications and Information Administration is tasked with rolling out \$48 billion in broadband grants.
- **Jessica Rosenworcel, FCC Chair:** The Federal Communications Commission chair is leading an effort to come up with more accurate broadband maps to guide all the spending — and could ratchet up regulatory powers over the broadband networks themselves.
- **Xochitl Torres Small, USDA Undersecretary for Rural Development:** Within the Agriculture Department, the undersecretary for rural development has emerged as a point person on the multi-billion ReConnect broadband loan and grant program.
- **Brendan Carr, FCC Commissioner:** The FCC's senior Republican commissioner has been a vocal proponent for greater federal coordination on broadband spending, scrutiny that could translate into Hill GOP oversight.
- **Joseph Wender, Treasury Capital Projects Fund Director:** This former Senate staffer is now taking the lead on the Treasury Department's \$10 billion Capital Projects Fund, which can flow to broadband projects.