September 28, 2017

Minnesota Governor’s Broadband Task Force

St. Paul, Minnesota

Dear Chair Anderson Kelliher and members of the Governor’s Broadband Task Force,

The organizations signed on to this document represent a broad cross-sector of statewide and community interest groups, particularly in rural areas. Our organizations represent business, education, health care, government, economic development, tribal governments, telecommunications providers, cooperatives and more. These groups know access to quality broadband services has never been so important. The vitality of our communities is directly affected by access to affordable high-quality broadband services.

This letter offers recommendations and comments from rural communities for your consideration as you develop and adopt your recommendations to the Governor and Legislature.

Our recommendations are:

1. **Fund the Border-to-Border Broadband Grant Program:** The grant program is essential to reaching the state broadband goals and to allowing providers to extend and improve networks in the hardest to reach places in Minnesota. This program was not funded for fiscal year 2019, but there remain significant portions of Minnesota, frequently low-density rural areas, that lack broadband service. The amount requested by all applications continues to exceed the money available in the fund, showing the provider’s continued interest in participating in this program.We also urge the Taskforce to consider recommending alternative funding sources, such as bonding dollars or the use of DEED’s Public Facilities Authority model of infrastructure financing.

We are further concerned some policy makers seek ways to diminish state investment in broadband, believing wireless technologies are adequate for rural residents and businesses. As Task Force members, you understand there is more to broadband quality than an advertised speed. Latency, data caps, line of sight, changing topography and forest cover, lack of fiber to towers, low reliability, and weather elements all impede rural users from full use of today’s best wireless technology.

1. **Provide multi-year funding** **for the Grant Program**: Providers have found it challenging to complete the complex task of blending engineering, finance, partnership agreements and community support into a competitive application in the time allowed by the single-year funding model. Stable multi-year funding, incorporated into DEED’s base funding, would give confidence to providers and communities alike to continue to plan and build partnerships and prepare effective project proposals.
2. **Remove or Increase the $5 million cap on projects**: The $5 million grant cap per project may limit applications for project that propose to cover larger areas, including entire counties. Larger projects may allow for more cost-efficient network planning and construction.
3. **Increase the match offered by the Grant Program**: The 50% maximum grant level is increasingly insufficient to attract providers due to the high costs and project risks of building networks in Minnesota’s hardest-to-serve rural areas. OBD should be allowed to implement a sliding scale system in which the grant amount could be more than 50% based on deployment factors such as population density, terrain, the capabilities of the network proposed, and the expected consumer benefit.
4. **Emphasize the importance of the Office of Broadband Development**: DEED’s Office of Broadband Development (OBD) provides a critical link between communities and providers, documenting successful infrastructure project design and management. They are critical to implementation of the Grant Program and mapping activities. We fully recognize that 2018 is not a budget year and that the office is funded through next year. We believe the task force should emphasize the office should be maintained in the future and enhanced to include a role in promoting the adoption and use of broadband so that the highest possible value is gained from broadband infrastructure investments.

Thank you for your work on behalf of the citizens of Minnesota and for your consideration of this input.

Sincerely,