



TEXAS BROADBAND: USING FEDERAL FUNDS FOR THE GREATEST IMPACT

TEXAS HAS BEEN PRESENTED WITH A UNIQUE OPPORTUNITY TO BRIDGE THE DIGITAL DIVIDE

Ample evidence indicates that broadband access engenders better economic outcomes, yet approximately 6% of Texans still do not have access to 25/3 Mbps internet (the speed classified as broadband). Further, 15% of Texans are currently not subscribed to broadband—a population that may be unable to pay, undesirous of broadband, or, importantly, those lacking digital literacy. Texas can bridge the digital divide by prudently and strategically allocating the more than \$600 million in federal and state appropriations that have been made available for Texas’ broadband expansion efforts. While there has been merited debate as to whether this money—which comes directly from taxpayers—should be authorized, the funds are now here, and it is incumbent upon Texas lawmakers to use them judiciously. Here are some ways policy can reflect responsible, cost-effective investments in broadband.

REVOLVING LOAN FUND

- A revolving loan fund would provide low- to no-interest loans for planning, acquisition, rights-of-way, construction, expansion, and maintenance of broadband infrastructure.
- This promotes accountability and efficiency in broadband financing, incentivizing the development of successful broadband investments that must be repaid from savings realized in projects.

The policy recommendations that follow aim to:

- Connect rural Texans who currently lack access to broadband
- Promote a sustainable, long-term financing mechanism for continued broadband development
- Better unlock the economic benefits that broadband access can provide to all of Texas

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- Rather than profligate spending on a select few, potentially uneconomical projects, this creates a self-sustaining pool of funds that can finance continuous investment in broadband expansion for the long term.
- Texas has found success with this financing method, such as with the LoanSTAR energy program, which has provided more than 325 loans totaling more than \$546 million, saving taxpayers \$711 million over 35 years.
- Another current example is The Clean Water State Revolving Fund, which provides low-cost financial assistance for water infrastructure. Under this program, applicants seek a fixed-rate loan on a specified project, promising to fulfill repayment that then flows back into the revolving fund that provided the initial loan.

COMMUNITY CENTERS AND DIGITAL LITERACY PROGRAMS

- The largest share of “unconnected” Texans encompasses those who have access, yet are not subscribers. This includes both Texans who choose not to use broadband, and those lacking the skills and knowledge necessary to leverage it. Past efforts indicate this latter population, which is largely rural, can greatly benefit from digital literacy programs.
- Community centers can be leveraged to provide digital literacy programs, providing public computers and digital skills courses such as Microsoft Office, e-government, resume writing, financial literacy, and more.
- El Paso found great success with such an effort, attracting more than 163,000 citizens at a cost per user of \$50 over three years. Without building additional infrastructure, El Paso increased subscription rates and the skills necessary to realize the economic benefits of the digital economy.
- As more broadband infrastructure is developed in rural areas, it is key that residents have the skills to leverage the technology, lest uptake and economic benefits fall short.

TECHNOLOGY-NEUTRAL DELIVERY METHODS

- Each modality capable of delivering broadband speeds—digital subscriber line (DSL), cable, fiber, fixed wireless, 4G, 5G, and satellite connections—has advantages and disadvantages, ranging from cost to geographic compatibility to specific needs unique to a community.
- For example, while Starlink’s satellite technology is geared toward rural areas without fiber or cable infrastructure, the piney woods of East Texas would obstruct the connection.
- Before reflexively adopting specific technologies, policymakers should consider the specific dynamics of communities in Texas.

