



December 7, 2020

Madame Chair and Members of the Committee,

Thank you for the opportunity to provide written testimony about economic recovery opportunities associated with broadband expansion and the work our locally-owned company is doing from Buhler, Kansas. The decisions and investments being made for the development of broadband infrastructure in our state is key to ensuring economic stability, growth, and competitiveness across Kansas. The Covid-19 pandemic has only further illuminated the ongoing challenges associated with inadequate investment in broadband in Kansas.

From underground excavators to technology wizards, we employ a cross-section of valuable skillsets to complete these important projects, often drawing from local talent in the areas where a build is concentrated. This work infuses hundreds of thousands of dollars in local economies with contractors, technicians, and others.

The pandemic has amplified the public's awareness of broadband inequities, prompting federal and state resources to address the need. Our company is the recipient of some of these resources and is currently working to install service to more than 7,000 households in rural areas of Kansas. As you know, our projects are expected to conclude by December 30, 2020, and our crews are working around the clock to make it happen.

But challenges remain for our broadband future if we don't address barriers that existed before the pandemic and haven't been remedied, and also embrace a bolder and broader strategy to lift Kansas from the bottom tier of connected states in America to the top.

It's been our experience that there are a few consistent factors to understand when discussing why there's a rural digital divide.

**1. Failure To Respond Objectively and Consistently**

Broadband deficiencies in Kansas have not occurred overnight; it is a product of time and policy. Our current broadband policy is still limited, and as good intentioned as it may be, is driven strongly by individual industry interests without a strong enough focus on the Kansas broadband consumer and taxpayer. Please remember, our fellow Kansans who need broadband care about speed, reliability, and affordability rather than a particular allegiance to one company.



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**Solution:** Market-based solutions that incent innovation and open the bidding process to all providers, similar to the system recently adopted by the federal government. Since 1996, \$1.2 billion in Kansas universal service fund dollars has been spent largely on landline telephone installations. Imagine how different the broadband landscape would be today if even \$250 million of that \$1.2 billion had been dedicated to broadband solutions in underserved regions? There is still time to make a change.

**1. Skewed Mapping: Overstated coverage and speed areas.**

The FCC Form 477 is data provided by census block the basis for the most widely used maps for broadband funding. Census blocks are the smallest geographical unit used by the United States Census Bureau. The area used for each census block varies based on the density of population. In urban areas, they cover a smaller area, where in rural areas it can cover upwards of several miles to nearly an entire county. This lack of granularity wildly overstates the speeds in many rural areas, leaving many Americans left behind.

**Solution:** First, we must accept that any map will be imperfect. Then we must agree that the lack of a perfect map will not stop our efforts. Second, we should embrace opportunities to develop better data such as consumer-reported speed tests and challenge opportunities both for and against data by industry and consumers.

**2. Reluctance to Invest in Fiber-Based Infrastructure.**

Fiber Optic Infrastructure continues to be the gold standard for any long term broadband investment. Many misconceptions of fiber deployment continue to misconstrue fiber's importance including inaccurate points that fiber is too expensive or fiber will be eclipsed by wireless infrastructure in the near future. One needs only reference existing wireless infrastructure in America and its current speeds to determine the capabilities are far behind that of fiber technology and continuing to fall farther behind as broadband speed demands continue to rise at a very rapid pace. The network of the next decade will need every bit of wireless and fiber-based infrastructure together to survive an explosion in bandwidth demands.

**Solution:** Weigh fiber optic deployments more highly in broadband grant funding decisions and focus policy on fiber infrastructure for rural Kansas. Fiber should be prioritized to ensure Kansas does not struggle with rapidly growing bandwidth needs that other technologies are not capable of meeting.

**3. Blanket Policies: Rural/Urban areas are different; can't treat uniformly**

Many times, right-of-way policies are geared toward the worst-case scenario, leading to increased time and costs of broadband deployment. This makes it difficult for companies to serve lower density, rural areas. Rural areas should be considered for exemptions as it relates to policies and rules that were designed for developed/urban areas in high-use areas.

**Solution:** Ensure greater flexibility in using public row; dispense with the current method of applying a "one-size-fits-all" mentality to policing the public right-of-way.

What's necessary for a busy intersection in Overland Park doesn't necessarily fit the needs of a right-of-way in Gove County. Costs can be reduced by employing innovative construction techniques and allowing for flexibility in placement of fiber lines.

**Solution:** Encourage pole owners to work closer with internet service providers on the shared goal of expanding internet access. The federal government has initiated some changes to their process that should assist in the deployment of fiber and the state should model these changes as well.

#### **4. Lack of Dedicated Funding: KUSF Reform must happen**

Telecommunications companies still receive State Universal Service Funds to subsidize landline telephone development. Reform of the Kansas USF program is necessary if we want to ensure the million of dollars Kansans pay each year are being used to implement modern-era communications infrastructure.

Since 1997, over \$1.2 BILLION dollars in Kansas USF funds have been spent for the purpose of landline development. Some companies have used these resources to include some broadband deployment but not enough to make a remarkable impact on the program considering the amount of taxpayer money spent.

If you consider that Kansas allocated \$50 million for broadband funding through CARES Act funding, consider the kind of impact the state could have if the roughly \$40 million in KUSF funds were being used annually on broadband development instead of landline telephones. How much more coverage could we provide to rural areas and underserved urban populations?

Funding limitations are often what stop the legislature from acting on opportunities. Where broadband is concerned, funding mechanisms exist. It's not about finding new money. Instead, we need the political will to determine how best to reallocate a long-time funding stream for the needs of tomorrow.

**Solution:** Reform KUSF. We recognize this is a big undertaking but it's not something we can continue to delay addressing.

The federal government started modernizing the USF fund nearly 10 years ago by developing the Connect America Fund which fosters competition and makes funding available to all companies to bid on underserved, rural areas. Under this system, funding is directed toward areas that are underserved via a competitive award process open to all providers fostering more efficient use of precious taxpayer money under a market-based approach.

Through this reform process, consideration should be given to the fact that fiber networks have significant capital needs in order to deploy to new areas. Traditional commercial lending can only partially cover the need and cannot keep up with the demand of capital needed for rural broadband expansion. Traditional loans call for

extensive collateral which decrease the amount that can be used to expand the fiber network. Over time, fiber has a lower operations cost and a longevity upward of 20 years making it an appropriate investment but the upfront costs can be difficult to cover using traditional funding services.

Many states have reformed their USF programs. A report by the National Regulatory Research Institute released in April 2019 found that many states are making changes to their funds to increase the focus on ensuring statewide access to broadband. Kansas should learn from what those in Colorado, Wisconsin, New Mexico, Utah, Nebraska, and other states have done to help inform best practices for our state.

Moving forward to advance broadband for all Kansans, border to border, will require all of us. There is enough need across the state for the rural telecom providers, homegrown companies like Ideatek, and the big players like AT&T and Cox. But continuing to do business as we have ensures we waste limited resources and fail to incent providers to be more innovative, cost-conscious, and solution-driven. We're poised to chart a new course for Kansas, but all of us must come together to address the flaws of the KUSF formula and reinvent it so the dollars can incent the deployment of tomorrow's technological needs.

We look forward to working with policymakers, agency officials, and our colleagues/competitors in the broadband space to meet the needs of Kansas. Market-based solutions will drive the best outcomes at the lowest cost; a win for Kansas communities and its taxpayers.

Respectfully submitted,

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