

APRIL 18, 2022

# ARKANSAS BROADBAND MASTER PLAN

## EXECUTIVE SUMMARY



## Executive Summary

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In October 2021, Broadband Development Group was hired to develop a comprehensive master plan for how the state of Arkansas should approach the inequitable availability of broadband service across the state.

### RESEARCH

To develop our key findings and recommendations, we conducted the following research and community outreach from October 2021 to March 2022:

- We reviewed FCC Form 477 mapping data, recent federal and state grant awards, provider network data (GIS shapefiles, address/service lists, fiber/RF coverage maps), and directly researched address-by-address service availability on provider websites to update current and planned broadband coverage for all census blocks.
- We hosted or attended more than 300 community meetings in all 75 counties and received more than 18,000 surveys from residents in every county across the state.
  - Several Arkansas legislators participated in these meetings to ensure a variety of voices were heard during the community fact-finding portion of our research.
  - Arkansas Farm Bureau, Arkansas Municipal League, Arkansas State Chamber of Commerce, Arkansas Department of Education, Arkansas State Library Association, Association of Arkansas Counties, Arkansas Sheriffs Association and several other association groups helped set up community meetings.
- We consulted with nearly 30 broadband providers to learn more about their perspectives on the program's effectiveness, how they would improve the program, their views on competition and regulation, their build plans, what additional grants they anticipate receiving or requesting, and their needs going forward.

### KEY FINDINGS

Based on our research and analysis, this report can be summed up by three key findings:

- **Significant progress has already been made to overcome the state's broadband problem with plans in place to make even more progress.**
  - The 2020 FCC Form 477, which influences most federal funding, states that Arkansas has 251,000 households lacking adequate broadband access.
    - Underserved households are those with less than 100+ Mbps access.
  - Our research has corrected the FCC map by identifying mischaracterized reports to reduce this number to about 210,000 households.
  - Furthermore, the state has worked through various state and federal programs to create coverage for about another 100,000 households.
  - The remaining 110,000 households are not currently addressed by any identified programs at any level. We estimate the cost of covering these households at about \$500 million.

- However, 31,000 of the households are currently covered under Rural Digital Opportunity Fund (RDOF) grants to wireless providers, of which we have some concerns. Federal rules prohibit further funding to serve these locations. We think there is significant risk that these households will not be served in a timely or technologically sufficient manner.
- **Arkansas should focus its efforts on providing broadband service to the remaining 110,000 underserved households not currently served by any federal grants. The expected cost for this effort is roughly up to \$550 million and can be funded through American Rescue Plan Act (ARPA) and Infrastructure Investment and Jobs Act (IIJA) grants.**
  - A few options exist to provide broadband services to these households:
    - If we tap into forthcoming federal funds in the range of \$254 to \$358 million, we should be able to reduce the remaining 110,000 households down to about 10,000 underserved households within three years.
    - The final 10,000 homes, which represents less than one percent (0.83%) of Arkansas households, however, would be the toughest barrier to overcome since many of these homes are in some of the most rural and sparsely populated areas of the state.
    - We estimate it would require more than \$200 million or approximately 30 to 40% of the remaining additional federal funds to get to zero, or roughly \$20,000 for every remaining household.
- **The existing ARC program, with some modifications, will help us get there.**
  - **We recommend the state put in place competitive bidding for grants.**
    - Currently, providers tell the state how much they need for a project. Under the modified plan, however, the state should solicit multiple proposals for each project.
  - **We recommend requiring affordability on rates.**
    - Survey results from potential subscribers statewide indicate that affordable service is thought to be roughly \$50 or less per month.
    - The business case for suggested subsidy levels in this report uses \$50 per month as an affordable rate that predicts a 15% IRR for providers.
  - **We recommend future proofing the technology deployment so we don't have to do this again in five to seven years.**
    - We know that fiber optics technology is the key in giving us the ability to ramp up speeds in the future.
    - We don't want the state to fall behind again, and that's why future proofing with fiber optics is such a critical investment for the state.

## **WHY IS THIS IMPORTANT?**

From buying groceries and changing our thermostat to connecting with loved ones and scheduling medical visits, we live in a digital world where everything we need is only a click away. At least some of us do. Unfortunately, too many households across Arkansas are still

unable to access high-quality broadband internet, which limits their options to participate and succeed in our rapidly changing way of life.

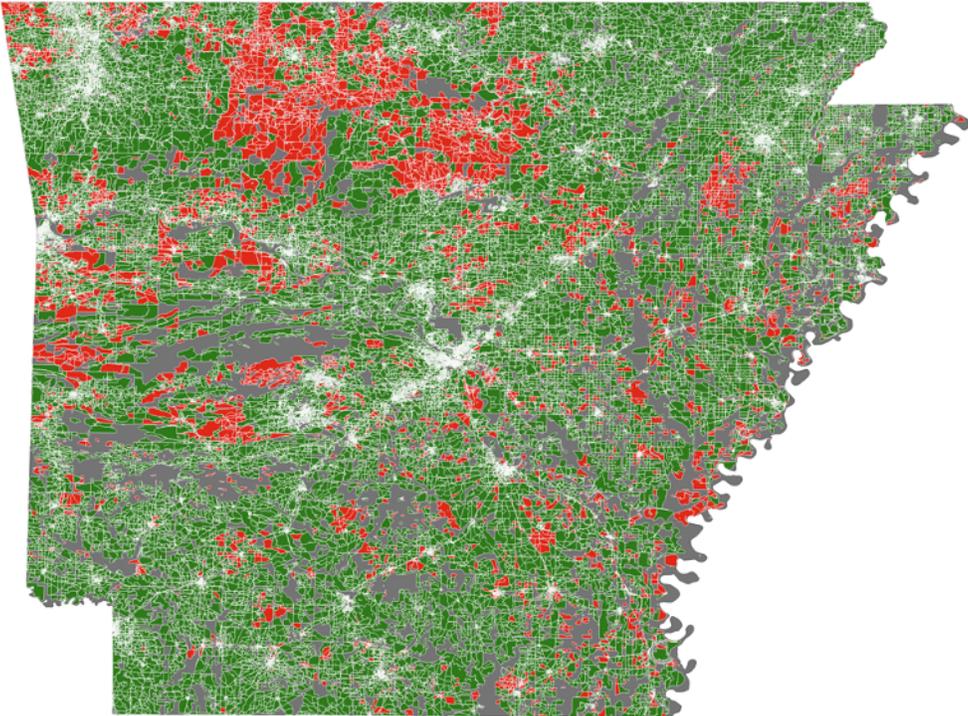
The last two years have served as a much-needed impetus for change. When the COVID pandemic began, life as we knew it came to a screeching halt. Kids logged in for school from their kitchen table. Employees tuned in for daily Zoom calls. Small businesses were forced to pivot or establish ecommerce sites, and many were left scrambling to keep operations going while being forced to temporarily close their physical structures. This once-in-a-lifetime pandemic served as a sobering realization of the importance of reliable, high-speed broadband internet access, and should reinforce the need to provide all Arkansans with access to the most basic human services.

**WHAT'S NEXT?**

Thanks to federal funding, our goal to drastically reduce the number of Arkansas households without access to adequate broadband is well within reach. In the Arkansas Broadband Master Plan, we present our findings, walk through various issues to be resolved and outline key challenges moving forward. For the full report, visit [broadband.arkansas.gov](http://broadband.arkansas.gov).

**Gap = Unserved with no grant**

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- HHs covered (now served or grants awarded)
- Broadband gap
- Uninhabited