



EQUITABLE ACCESS TO BROADBAND IN MICHIGAN

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INTRODUCTION

Reliable and high-speed broadband access is increasingly necessary as vital services become more reliant on the internet. When completing everyday tasks, like completing homework, filing taxes, paying bills, and applying for college or jobs, those without access to internet are becoming further left behind. In Michigan, 9.8% of residents do not have high-speed broadband¹ access at home compared to the national rate of 7.7%.² Of those residents without access,³ the burden falls disproportionately on residents in rural regions (88.5% without access) and residents with low-incomes.⁴ Additionally, this disparity may be understated as the Federal Communications Commission (FCC) only collects data on the availability of high-speed broadband. This means that even in communities where broadband is available, individuals with a low-income may still be unable to afford and access services.

In this brief, the policy landscape for equitable broadband access in Michigan is discussed at the federal, state, and local levels. At the federal and state level, the approach to equitable access to broadband is encouraged through state regulations and private sector implementation. At the local level, some municipal governments seek to address inequities in broadband access through municipal-owned broadband. Further resources are offered.

POLICY LANDSCAPE

FEDERAL

Equitable access to broadband is encouraged through incentives that stimulate competition, like the decrease in regulations on communications companies and the administration of subsidies to private companies to expand access to underserved areas.

- In 2015, broadband internet was classified as a public utility under net neutrality regulations by the Federal Communications Commission (FCC), and, in 2018, this decision was withdrawn. The implication of this decision is that state governments and local municipalities face greater barriers in implementing publicly owned broadband services.
- Regarding municipal broadband regulations, the Federal Appeals Court ruled in 2016 that the FCC cannot prevent states from enacting laws that limit municipal broadband, maintaining a state-power to influence broadband access as a private good.⁵
- The FCC has also proposed limitations to the Lifeline program that provides low-income households with a small amount of funds towards broadband access.⁶
- Recently, a House and a Senate Bill have been proposed related to broadband access,

1 The Federal Communications Commission (FCC) defines high-speed broadband access as 25 mbps download/3 mbps upload speed. For more information, see Wireline Competition. 2018. "2018 Broadband Deployment Report." *Federal Communications Commission*. Retrieved from <https://www.fcc.gov/reports-research/reports/broadband-progress-reports/2018-broadband-deployment-report>

2 Ibid.

3 Ibid.

4 Horrigan, John B. 2015. "The numbers behind the broadband 'homework gap'." *Pew Research Center*. Retrieved from <http://www.pewresearch.org/fact-tank/2015/04/20/the-numbers-behind-the-broadband-homework-gap/>

5 State of Tennessee v. Federal Communications Commission. 832 F.3d 597. United States Court of Appeals, 6th Circuit. 2016. *United States Courts*. Retrieved from <http://www.opn.ca6.uscourts.gov/opinions.pdf/16a0189p-06.pdf>

6 Turner, Adie and Ranjitha Shivaram. 2017. "Rollback of the FCC's Lifeline program can hurt households that need broadband the most." *Brookings*. Retrieved from <https://www.brookings.edu/blog/the-avenue/2017/11/27/rollback-of-the-fccs-lifeline-program-can-hurt-households-that-need-broadband-the-most/>

Community Broadband Act of 2017 (S.B. 742) and Community Broadband Act of 2018 (H.R. 4814). Both bills seek to remove legislative barriers for public entities seeking to implement and provide publicly-owned broadband services.

STATE

Access to broadband is largely determined by Michigan's state government and regulations, and the private sector.

Policies that influence the access to broadband in Michigan are the Michigan Telecommunications Act and the Metro Act, and more recently, Executive Order 2018-2. Additionally, two Michigan House Bills were recently introduced to the Committee on Communications and Technology.

- The Michigan Telecommunications Act (PA 179 of 1991) states that a public entity may provide telecommunication services within its boundaries after issuing a request for competitive sealed bids to provide telecommunication services and receiving less than 3 qualified bids from private providers. Receiving less than 3 qualified bids from private providers is a mechanism to ensure that a public entity is providing a good that cannot otherwise be competitively provided by the private sector.
- In 2002, the METRO Act (PA 48 of 2002) added restrictions to municipal broadband and outlines further requirements for implementation, such as having at least one public hearing before the passage of any ordinance or resolution, preparing at least a 3-year cost-benefit analysis, preparation and maintenance of accounting records, among other requirements.
- Recently in January 2018, Michigan Governor, Rick Snyder, signed Executive Order, No. 2018-2, which established the Michigan Consortium for Advanced Networks to “establish a roadmap to help strengthen statewide broadband access and connectivity.” The Executive Order charges the Consortium to “identify gaps in broadband service coverage and capacity, current efforts underway to address connectivity issues, and key strategies and recommendations for the state and private sector to pursue to achieve enhanced connectivity.” The Executive Order

does not make mention municipal broadband.

- In addition to previously implemented legislation, two related bills have been presented to the House Committee on Communications and Technology that conflict with one another, HB 5099 and HB 4162. HB 5099 seeks to greatly limit governments from using federal, state, or local funding for broadband infrastructure development. HB 4162 seeks to allow townships to use special assessments to fund broadband and communications efforts for areas that lack service.

LOCAL

Many communities are seeking municipal-owned broadband as a solution to private-sector challenges in broadband provision.

Michigan's state government and the private sector seek one approach to addressing equitable broadband access; however, some municipalities seek to offer an alternative — publicly owned broadband. Municipalities point to research and case studies conducted by foundations and non-profits, as there is little empirical evidence that is peer-reviewed and published by academics. Based on the available literature, research suggests that municipal broadband can have promising results for communities through more equitable access to high-speed internet, lower market prices for broadband⁷, a high return on investment⁸, and increased home value⁹, among others. For opponents of the repeal of net neutrality, municipal broadband is also a means to create greater competition and net neutrality on a local level, as it would allow local governments to have control of the internet speed and prices of their services. On the other hand, some literature presents mixed results based on different economic, geographic,

7 Talbot, David, Kira Hessehiel, and Danielle Kehl. 2018. “Community-Owned Fiber Networks: Value Leaders in America.” *Responsive Communities*. Retrieved from https://cyber.harvard.edu/sites/cyber.harvard.edu/files/2018-01-10-Pricing.Study_.pdf

8 Strategic Networks Group, Inc. 2014. “The Return from Investment in Broadband Infrastructure and Utilization Initiatives.” *Blandin Foundation*. Retrieved from https://blandin-foundation.org/content/uploads/vy/SNG--ROI_from_Broadband_Infrastructure_and_Utilization--01-31-14.pdf

9 Molnar, Gabor, Scott J. Savage, and Douglas C. Sicker. 2015. “Reevaluating the Broadband Bonus: Evidence from Neighborhood Access to Fiber and United States Housing Prices.” Retrieved from https://www.lightwaveonline.com/content/dam/lw/documents/FTTH_Report_06_26_2015.pdf

and infrastructure characteristics of communities. As such, greater research and empirical evidence about the effects of municipal-owned broadband needs to be conducted to develop a more holistic understanding of the service.

Many communities in Michigan have already been actively engaged in implementing community owned broadband networks, including Coldwater, Crystal Falls, Holland, Marshall, Negaunee, Norway, Sebewaing, Traverse City, and Wyandotte.¹⁰ Most recently, in August 2017, Lyndon Township successfully received approval from residents for the funding and implementation of a community owned fiber optic broadband network.¹¹ Throughout the implementation process, Lyndon Township residents and local leaders have been involved through an implementation committee and sub-committees.

10 Community Networks. 2018. "Community Network Map". Retrieved from <https://muninetworks.org/communitymap>

11 Lyndon Township Broadband. 2018. Retrieved from <http://www.lyndonbroadband.org/>

CONCLUSION

For Michigan residents, a lack of broadband access falls disproportionately on individuals with a low-income and in rural areas. Federal and state policy restrictions limit broadband expansion to private sector companies, however, more local communities are seeking to increase access through municipal-owned broadband. From case studies across the country, research suggests that municipal broadband can have promising results for communities through more equitable access to high-speed internet, lower market prices for broadband, a high return on investment, and increased home value, among other benefits. However, foundations and non-profits conduct much of this research and there is a need for greater evidence that is peer-reviewed and published by academic institutions. Prominent examples of publicly owned broadband in Michigan can be found in several communities, including Coldwater, Crystal Falls, Holland, Marshall, Negaunee, Norway, Sebewaing, Traverse City, Wyandotte, and Lyndon Township.

RESOURCES

2018 Broadband Progress Report

Federal Communications Commission (2018)

<https://www.fcc.gov/reports-research/reports/broadband-progress-reports/2018-broadband-deployment-report>

American Mobility

The Atlantic (2017)

<https://www.theatlantic.com/sponsored/comcast-2017/limits-of-mobile-only-internet-access/1491/>

Digital Gap Between Rural and Nonrural America Persists

Pew Research Center (2017)

<http://www.pewresearch.org/fact-tank/2017/05/19/digital-gap-between-rural-and-nonrural-america-persists/>

Internet/Broadband Fact Sheet

Pew Research Center (2018)

<http://www.pewinternet.org/fact-sheet/internet-broadband/>

Community-Owned Fiber Networks: Value Leaders in America

David Talbot, Kira Hessekiel, Danielle Kehl, Berkman Klein Center for Internet and Society, Harvard University (2018)

https://cyber.harvard.edu/sites/cyber.harvard.edu/files/2018-01-10-Pricing.Study_.pdf

Public Investment in Broadband Infrastructure: Lessons from the U.S. and Abroad

Scott Wallsten, Lucia Gamboa, Technology Policy Institute (2017)

<https://techpolicyinstitute.org/wp-content/uploads/2017/06/Public-Investment-in-Broadband-Infrastructure.pdf>

Development of High Speed Networks and the Role of Municipal Networks

Organization for Economic Cooperation and Development (2015)

<http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DSTI/ICCP/CISP%282015%291/FINAL&docLanguage=En>

Communities Can't Afford to Wait for the Federal Government to Obtain Next Gen Broadband

Blair Levin, Metropolitan Policy Program, Brookings Institute (2018)

<https://www.brookings.edu/blog/the-avenue/2018/02/16/communities-cant-afford-to-wait-for-the-federal-government-to-obtain-next-gen-broadband/>

Municipal Fiber in the United States: An Empirical Assessment of Financial Performance

Christopher S. Yoo, Timothy Pfenninger, Center for Technology, Innovation and Competition, Penn Law School (2017)

<https://www.law.upenn.edu/live/files/6611-report-municipal-fiber-in-the-united-states-an>