

# Three USDA Rural Broadband Programs: Areas and Populations Served

John Pender, Joshua Goldstein, Devika Mahoney-Nair, and Hanna Charankevich

## What Is the Issue?

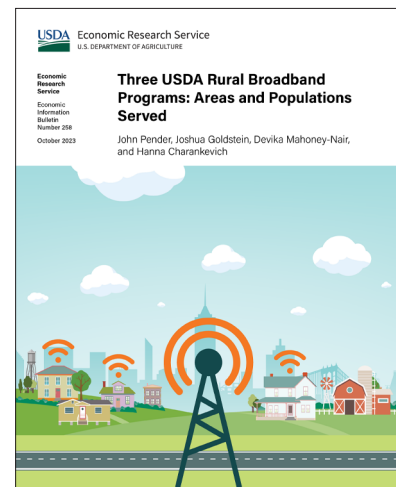
Addressing the uneven access to broadband—often called the digital divide—between rural and urban areas and across demographic and socioeconomic groups is a high priority for the U.S. Government. More than \$50 billion has been invested to date by Federal broadband programs, and more than \$85 billion of additional investment is planned under the Infrastructure Investment and Jobs Act of 2021 and the Rural Digital Opportunities Fund of the Federal Communication Commission (FCC). Despite the high priority of this issue, no published research has investigated who is benefitting from the programs. This study addresses this information gap, focusing on the areas and populations served by three USDA broadband programs—the Broadband Initiatives Program (BIP), the Community Connect Grant Program, and the ReConnect Program. Two questions are addressed:

- How were grants and loans provided by these programs during the study period (fiscal year (FY) 2009 to 2021) distributed geographically and across different populations?
- What distinguishes eligible communities that received these grants and loans from those that did not?

## What Did the Study Find?

Size of the programs:

- The Broadband Initiatives Program (BIP) was the largest of the three programs in terms of funds obligated during the study period, with about \$3.6 billion (in 2020 dollars) in grants and loans (net of recissions) in FY 2010. ReConnect obligated \$1.5 billion (in 2020 dollars) in grants and loans from FY 2019 to FY 2021, and Community Connect obligated \$253 million (in 2020 dollars) in grants from FY 2009 to FY 2021.



ERS is a primary source of economic research and analysis from the U.S. Department of Agriculture, providing timely information on economic and policy issues related to agriculture, food, the environment, and rural America.

- The BIP was also much larger than ReConnect and Community Connect in terms of the population living in approved project service areas (PSAs): 1.3 percent of the U.S. population lived in BIP PSAs in 2010, compared to 0.12 percent of the 2020 U.S. population in approved PSAs of the first two rounds of ReConnect funding and 0.013 percent of the 2020 U.S. population in approved PSAs of Community Connect projects approved during FY 2018 to FY 2021.
- The inflation-adjusted value of obligations per person living in program PSAs was substantially less for the BIP (\$875 per person in 2020 dollars) than for Community Connect (\$3,369 per person) or ReConnect (\$3,777 per person), reflecting a greater average population density in BIP PSAs than in Community Connect or ReConnect PSAs. The BIP also had lower obligations per square mile of PSA area.

Populations served by the programs:

- Through approved projects, all three programs reached a much larger share of the American Indian/Alaska Native (AIAN) population and a larger share of the White population than other racial groups, and a larger share of the non-Hispanic than the Hispanic population.
- All three programs reached larger shares of people in micropolitan, small town, and rural census tracts than in metro tracts, consistent with the rural focus of these programs. On average, the populations in approved PSAs of the programs were less educated, poorer, and older than populations not in approved PSAs (for the BIP) or areas not eligible for the programs (for Community Connect and ReConnect). However, among populations eligible for Community Connect and ReConnect, people in areas with approved projects tended to be less poor.
- For Community Connect, the shares of the eligible White and AIAN populations living in PSAs of projects approved in FY 2018 to 2021 was greater than the share for all other racial groups, and a larger share of eligible non-Hispanics than Hispanics lived in approved Community Connect PSAs.
- Only 10 percent of AIANs who lived in areas eligible for ReConnect in 2020 were in PSAs of approved projects, the lowest percentage for any racial group. This resulted from a low percentage of the eligible AIAN population in areas proposed to be served in ReConnect applications and not from a greater share of AIANs in areas that would have been served by rejected or withdrawn applications.
- Other racial or ethnic groups with a disproportionately small share of the eligible population living in ReConnect PSAs include Asians, Native Hawaiians/Other Pacific Islanders, people of multiple races, and Hispanics.

Outreach and technical assistance efforts may help address some of the observed differences across racial and ethnic groups in their tendency to be included in applications to broadband programs and in their likelihood of having applications approved.

## How Was the Study Conducted?

This study was based on an analysis of program administrative data on USDA rural broadband programs provided by the USDA, Rural Utilities Service (RUS) for FY 2009 through FY 2021 and Federal Communications Commission data to determine eligible areas for the Community Connect and ReConnect programs. These data were combined with Population Census data and American Community Survey data from the U.S. Department of Commerce, Bureau of the Census to identify demographic and socioeconomic characteristics of populations living in areas with approved projects for all three programs and in eligible and ineligible areas for Community Connect and ReConnect. The authors were unable to map the eligible BIP areas because of the nature of the eligibility criteria for that program. For ReConnect, RUS also provided data on project applications that were not approved, allowing for a more complete analysis of that program.