



Mississippi Cashes in on the Broadband Bonanza

Part I: The 2009 ARRA

Over the past 10 years, hundreds of millions of federal dollars have flooded into Mississippi with the stated aim of extending broadband Internet connectivity into underserved and unserved, mostly rural areas of the state. It is vital that the distribution and use of these monies be subject to close scrutiny. The federal funds themselves were drawn out of thin air via deficit spending, so it is doubly important that the real-world return on these massive investments (which are being replicated nationwide) be maximized and any potential for misuse, abuse, or waste minimized.

Federal dollars for rural broadband first flowed into Mississippi and around the nation via the 2009 American Restoration and Reinvestment Act (the Obama stimulus). The total was nearly \$110 million (\$133 million adjusted for inflation 2020). A decade later, the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 would bring another \$1.25 billion into Mississippi. State lawmakers earmarked \$275 million of that money to broadband and distance learning, with \$75 million going to rural electric cooperatives and privately owned rural Internet providers (via a dollar for dollar matching grant).

Of [the 2009 money](#), more than \$70 million was allocated to the Mississippi Education, Safety and Health Network (MESHNet) project to deploy a 700-megahertz interoperable public safety wireless broadband network to every public safety agency in the state.

Another \$32 million was administered by a contractor, Contact Network, Inc., for two projects. The South Central Mississippi Broadband Infrastructure Project intended to build 635 miles of fiber optic middle mile broadband infrastructure and lease another 223 miles of existing commercial fiber. These two efforts sought to expand high-speed Internet access in underserved areas of 16 counties in southern and central Mississippi.

The Mississippi Delta Broadband Infrastructure Project was approved to deploy a 550-mile broadband middle mile network throughout 12 Delta counties. This was to enable community anchor institutions to complete a fiber network with the capacity to upgrade with increased demand. A second objective was to connect 16 public school districts to facilitate distance learning, video conferencing, and improved school security.

The fourth project funded through the National Telecommunications and Information Administration allocated \$7.2 million to support creation and operation of the Mississippi Broadband Connect Coalition, a nonprofit public-private partnership focused on producing a comprehensive statewide strategic plan for improving digital literacy, increasing access to broadband, and enabling greater adoption of broadband in Mississippi.

The Quest for Universal Internet Access

Mississippi has been singled out as one of the worst states in the nation for Internet access and, especially, for failing to provide access to largely poor rural citizens. When you dig deeper, the picture is more complicated, especially in considering actual broadband adoption rates by households who already have access to broadband. (In fact, some people live happily without broadband and don't choose to purchase it even when it is available.)

BroadbandSearch.net says a startling 41 percent have no Internet connectivity – the highest rate in the nation. Yet the firm also states that nearly all (statistically 100 percent) of Mississippi [residents have access](#) to wireless Internet, 87.3 percent can get DSL service, 67.8 percent can get cable Internet, and 21.5 percent have fiber Internet as a choice. Over half of Mississippians have at least three Internet service providers to choose from.

[Broadband Now](#), which has been manually collecting plan and pricing data from all U.S. Internet service providers every month since 2015, reports that Mississippi is currently among the 10 worst states for broadband access due to the relatively low statewide average download speed of 84.5 Mbps (thousand bytes per second) and the fact that over 16 percent of people remain without access to a high-speed wired broadband connection of 25 Mbps or faster. Yet, they state that 40 percent now have access to fiber optic service, which is well above the national average. This contrast may be explained by [current federal practice](#), which prioritizes broadband *speed* over broadband *coverage*.

Broadband Now also states that some Mississippi counties have widespread broadband coverage while others have less than 50 percent coverage. The bottom line:

- Some 368,000 people in Mississippi out of an estimated 3 million residents do not have access to a wired Internet connection capable of 25 Mbps download speeds;
- 258,000 have NO available wired Internet provider;
- Another 236,000 have access to only a single provider.

These are significant numbers, but they do not tell the whole story.

[One in 10 Americans](#) do not use the Internet at all, with the elderly and high school dropouts most likely not to go online. The largest group of Internet nonusers are people who believe the Internet is not relevant to their lives or that it infringes on their privacy. Recently imposed restrictions by providers on Internet content, as well as questions about the extent to which schools are teaching various radical ideologies, may be signaling that a battle is coming about how government-funded Internet could be used to shape the hearts and minds of Internet users.

Another [Pew Research report](#) indicates that, “Only 36% of rural adults say the government should provide subsidies to help low-income Americans purchase high-speed home internet service, compared with 50% of urban residents and 43% of suburbanites.”

That said, in some rural areas, wireless Internet is both costly and interruptible. The lockdowns, lockouts, and home-based work and education brought about in the wake of the COVID-19 pandemic has provided a new sense of urgency to get the entire state “wired.”

The ARRA Brings Federal Dollars to the Broadband Buildout in Mississippi

Back in 2008, [a Pew Research study](#) found that “broadband adoption in the United States continues to exhibit steady growth,” with 55 percent of Americans having a high-speed Internet connection at home, up from 45 percent a year earlier. Another 10 percent had dial-up connections. The study also found stagnant growth in usage for low-income and African-American households, but rapid growth among Americans ages 50-64 and among suburban and rural Americans. Still, only 38 percent of rural Americans had broadband at home in 2008.

It is thus not surprising that, [during his campaign](#) to win the White House, then-Senator Barack Obama listed broadband rollout to rural areas as one of his top priorities. At the time, Congress was approving the [Broadband Data Improvement Act](#), which directed the Federal Communications Commission to compile a list of geographical areas in the U.S. lacking any “advanced telecommunications” provider and to include population and per capita income data for each area.

Shortly after his election, President Obama included **\$7.2 billion** for [rural broadband](#) in the American Recovery and Reinvestment Act of 2009, the giant stimulus bill intended to jumpstart the nation out of the doldrums of the “Great Recession.” Distribution of the funds was split between the U.S. Department of Agriculture’s Rural Utility Service (\$2.5 billion) and the National Telecommunications and Information Administration (\$4.7 billion). Nearly \$110 million in ARRA funding came through NTIA to various projects in Mississippi. (The specific distributions to Mississippi entities from the Rural Utilities Service out of its ARRA allocation are still being researched.)

Obama’s commitment to public funding for rural broadband expansion was met with optimism in many quarters. Verizon official Link Hoewing encouraged grants to states to map out areas where broadband was not available, adding that “relatively small investments in broadband can encourage substantial returns in economic growth, new jobs, and innovation.”

But [a 2011 paper](#) by Jeffrey Eisenach and Kevin Caves confirmed prior research that had indicated that RUS broadband subsidy programs funded by the ARRA “were not cost effective and often funded duplicative coverage in areas already served by existing providers.” As [Nick Schulz reported](#) in *Forbes*, Eisenach and Caves looked at three areas that received stimulus funds, in the form of loans and direct grants, to expand broadband access in southwestern Montana, northwestern Kansas, and northeastern Minnesota.

In these three areas, where the median household income at the time was no higher than \$51,000 and the median home price no higher than \$189,000, the RUS-subsidized projects spent a whopping **\$394,234 per household**, over twice the high-end median home price and nearly eight times the high-end median household income. A \$49 million project in the state of Montana, in

an area with only seven households lacking at least 3G Internet wireless, was the biggest boondoggle.

In the years following, broadband penetration in the United States continued its rapid expansion across the country. By [2018](#), roughly three-fourths of American adults had broadband Internet service at home and 90 percent were Internet users.

Even so, Pew Research found again that racial minorities, older adults, rural residents, and those with lower levels of education and income were less likely to have broadband service at home. These statistics, however, did not take into account that about 20 percent of American adults, largely younger adults, non-whites, and lower-income Americans, had become “smartphone-only” Internet users.

As the Mississippi Broadband Connect Coalition was winding down its federally funded activities in 2013, Jason Dean, then its managing director [he is now President of the State Board of Education], said regarding broadband availability in Mississippi: “There’s a lot of coverage if you take in cable and cell phones, but we’re trying to get more people to use it. Education, health care, government services, and workforce training have to create demand drivers.”

A 2015 order from the Obama Federal Communications Commission overturned laws in 19 states that had prevented local governments from attempting to build out and compete with privately held broadband networks. In the aftermath of that action, the Mississippi legislature enacted the Mississippi Broadband Enabling Act of 2019, overturning a 1942 state regulation that prevented electric cooperatives from offering anything other than electricity to their members.

Part II of this report will discuss the Mississippi Broadband Enabling Act and the politics behind that. Stay tuned.