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**Absent Oversight, the Broadband Funding Faucet Likely Will Overflow**

by

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There is an emerging consensus that, at least for the foreseeable future, sufficient subsidies have been committed to the construction of broadband infrastructure in high-cost areas not yet served by privately funded Internet service providers. But in the absence of adequate oversight and coordination by the Biden Administration and Congress of the many federal programs charged with doling out these massive subsidies, there is a substantial risk that the money will continue to flow – and the potential for waste, fraud, and abuse, along with duplicative "overbuilding" on top of existing broadband networks, will continue to grow. Both taxpayers and consumers will be harmed if this occurs.

As Free State Foundation President Randolph May pointed out in a [\*Perspectives from FSF Scholars\*](#) published in October, "[r]ecent assessments bear out the validity of the view that more than adequate federal subsidies ... have been allocated to deploy broadband infrastructure to every location in America." Mr. May made that observation while discussing the appropriate future role of the Universal Service Fund – in particular, the High Cost Fund, a longstanding source of broadband infrastructure funding whose [ongoing relevance has been cast in doubt](#) by numerous recent congressional appropriations with the same objective.

In "[Overlapping Broadband Appropriations Demand Agency Coordination: New FCC Maps Can Track Grants, Avert Waste](#)," a March 2022 *Perspectives from FSF Scholars*, I drew attention to the fact that NTIA's \$42.45 billion Broadband Equity, Access, and Deployment (BEAD) Program established by the [Infrastructure Investment and Jobs Act](#), while certainly the central focus, is by no means the only federal source of subsidies for high-speed Internet network construction.

In particular, the [American Rescue Plan Act](#) charged the Department of Treasury with distributing to the states \$360 billion: \$350 billion through the [State and Local Fiscal Recovery Funds \(SLFRF\) Program](#) and \$10 billion via the [Coronavirus Capital Projects Fund](#) (CCPF). An unknown portion of that total ultimately will be used to expand broadband coverage – but even at this early stage, it appears likely that the federal funds disbursed will equal, and perhaps exceed, what is required, on top of the BEAD Program, to achieve the goal of universal access.

In "[A True Assessment of the USF's Future Relevance Demands a Full Accounting of Broadband Subsidies](#)," an August 30, 2022, post to the *FSF Blog*, I highlighted nearly \$9 billion in Treasury grants that the FCC failed to account for in its [Report on the Future of the Universal Service Fund](#) – which, perhaps not coincidentally, concluded that "the Commission should not abandon its universal service programs."

Additional Treasury disbursements in the interim include the following:

- [\\$90 million](#) for broadband projects in Vermont
- [More than \\$435 million](#) targeting Massachusetts, Michigan, and Wisconsin
- [\\$66 million](#) for New Hampshire
- [\\$408 million](#) for Connecticut, Indiana, Nebraska, North Dakota, and Arkansas

And on October 27, 2022, the Department of Agriculture [announced](#) an additional \$759 million in ReConnect Program funding targeting 24 states, Puerto Rico, Guam, and Palau. All told, ReConnect grants and loans this year add up to \$1.6 billion.

Combined, the above distributions equal \$2.6 billion. Along with the \$9 billion noted above, since July, non-BEAD Program funding has reached roughly one-fourth of the BEAD Program's \$42.45 billion total.

But as I highlighted in a [June 2022 blog post](#), a Government Accountability Office (GAO) report found that there are at least 133 federal programs housed at 15 different agencies distributing broadband infrastructure construction subsidies. As such, this sum, while certainly large, underrepresents the overall total.

Accordingly, at least based on what is known now, there is a substantial risk that more money than is required will be dedicated to the task and disbursed from the U.S. Treasury. While it may be too early in the process for reports of waste, fraud, and abuse to emerge in connection with the programs helmed by Treasury, Agriculture, and NTIA, two FCC programs providing discounts on monthly Internet service bills – the Affordable Connectivity Program and its predecessor, the

Emergency Broadband Benefit Program – already have led to [instances](#) where taxpayer dollars have been [misused](#).

The GAO report referenced above, "[Broadband: National Strategy Needed to Guide Federal Efforts to Reduce Digital Divide](#)," warned of "wasteful duplication of funding and effort" and recommended that the Biden Administration "develop and implement a national broadband strategy with clear roles, goals, objectives, and performance measures to support better management of fragmented, overlapping federal broadband programs and synchronize coordination efforts."

And as Free State Foundation Director of Policy Studies and Senior Fellow Seth Cooper described in a [contemporaneous blog post](#), the [Proper Leadership to Align Networks \(PLAN\) for Broadband Act](#), [bipartisan and bicameral legislation introduced in August](#), would achieve similar results by requiring the White House to "develop a 'National Strategy to Close the Digital Divide' as well as an 'Implementation Plan.'"

No matter how it comes to pass, far greater administration and congressional oversight and coordination than currently exists is essential to achieving the efficient and responsible use of taxpayer dollars. [As we have witnessed in previous attempts to close digital divides](#), the appropriation of more money than the objective requires invites waste, fraud, and abuse, along with private investment-suppressing overbuilds of existing broadband infrastructure. This result not only is not good for America's taxpayers, it's also not good for America's consumers.

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### **Further Readings**

Randolph J. May, "[Congress Should Extend and Revise the Affordable Connectivity Program](#)," *Perspectives from FSF Scholars*, Vol. 17, No. 53 (October 25, 2022).

Andrew Long, "[A True Assessment of the USF's Future Relevance Demands a Full Accounting of Broadband Subsidies](#)," *FSF Blog* (August 30, 2022).

Randolph J. May, "[The FCC's USF Report: Unprecedented Broadband Funding Requires Fundamental Universal Service Reforms](#)," *Perspectives from FSF Scholars*, Vol. 17, No. 42 (August 26, 2022).

Seth L. Cooper, "[PLAN for Broadband Act Addresses Funding Coordination Concerns](#)," *FSF Blog* (August 15, 2022).

Andrew Long, "[Commissioner Carr Praises National Broadband Strategy Bill](#)," *FSF Blog* (August 4, 2022).

Andrew Long, "[GAO, FCC's Carr Echo Broadband Funding Coordination Concerns](#)," *FSF Blog* (June 14, 2022).

Andrew Long, "[Overlapping Broadband Appropriations Demand Agency Coordination: New FCC Maps Can Track Grants, Avert Waste](#)," *Perspectives from FSF Scholars*, Vol. 17, No. 12 (March 2, 2022).

Randolph J. May and Andrew Long, "[Self-Defeating Treasury Subsidy Rule Wrongly Champions Broadband Overbuilds](#)," *Perspectives from FSF Scholars*, Vol. 17, No. 4 (January 19, 2022).

Andrew Long, "[Treasury Department Resurrects the Scary Biden Broadband Plan](#)," *Perspectives from FSF Scholars*, Vol. 16, No. 56 (October 20, 2021).