

Massachusetts Broadband Institute (MBI)

Meeting the broadband access needs of the unserved citizens of Massachusetts

Established by an act of the Massachusetts Legislature and signed into law by Governor Deval Patrick on August 4th, 2008 in Goshen, MA, the Massachusetts Broadband Institute (MBI) is tasked with meeting the broadband access needs of un-served citizens throughout the Commonwealth. Organized as a division of the Massachusetts Technology Collaborative, the MBI manages a statewide **Massachusetts Broadband Incentive Fund**, with up to \$40 million to incentivize public/private partnerships which result in new broadband deployment solutions.

- ***What problems does the Massachusetts broadband initiative (and enabling legislation) address?***
 - High-speed Internet, or broadband, access is essential infrastructure that has been proven to stimulate economic development, create jobs, and increase property values and tax receipts. However, at the time the legislation was signed into law by Governor Deval Patrick in August 2008, 32 towns in Massachusetts were completely unserved: they had no broadband availability whatsoever. An additional 63 were underserved, with broadband access available in only some areas of the community.
 - All but one of the unserved communities, as well as many of the partially served ones, are located in the four western Massachusetts counties (Berkshire, Hampshire, Franklin and Hampden).
 - Governor Patrick has identified ubiquitous broadband as a key element of the Commonwealth's economic development strategy. The goals of this legislation are to bring service to unserved areas and ultimately ensure equitable access to broadband infrastructure throughout the Commonwealth.
 - This legislation is the necessary next step to pave the way for the economic development and job creation opportunities that go hand-in-hand with being wired for the 21st century.

- ***What are the key elements of the Massachusetts Broadband Act?***
 - The Massachusetts Broadband Institute (MBI) was created within the Massachusetts Technology Collaborative (MTC) to leverage existing resources and expertise and to achieve the Governor's aggressive timelines for broadband deployment.
 - The MBI is making strategic and targeted public investments, analogous to government support for rural electrification in the early 20th century, with the objective of serving all unserved communities by August 2011. The MBI will employ the following strategic resources and initiatives in pursuing its deployment goals:
 - a Massachusetts Broadband Incentive Fund, capitalized by the issuance of up to \$40 million, general-obligation broadband bond;
 - seeding public-private partnerships to develop broadband infrastructure; and
 - targeting the citizens and businesses in unserved areas who currently have no broadband access.

- The MBI is led by a nine person Board of Directors, composed of state policymakers and pending gubernatorial-appointees encompassing a diversity of backgrounds and expertise central to the mission of the MBI.
 - The MBI is responsible for measuring existing broadband access conditions in the Commonwealth, creating a central plan (subject to approval by the Secretary of Administration and Finance and the Secretary of Housing and Economic Development) to address broadband access deficiencies, and managing the \$40 million Broadband Incentive Fund to achieve the maximum benefit to the citizens of the Commonwealth.
 - Having a clear picture of the landscape of service availability is a key component to success. The MBI is charged with collecting detailed information to ensure that the investments made leverage the highest possible return. This legislation empowers the board to work with state agencies, municipalities, and private entities to create detailed reports of actual service conditions, location of existing assets, and assessment of needs, all of which will be integral to formulating an efficient and effective operating plan.
 - The MBI is investing public funds into essential, long-lived broadband infrastructure assets, such as fiber, conduits, and wireless towers, thereby lowering overall cost of deployment for private providers.
 - We believe \$40 million provides sufficient incentive to attract private partners to make complementary investments and provide complete broadband solutions to customers in unserved areas. The fund will facilitate deployments by private operators, leveraging limited, but strategic, public investment.
 - Partners will be selected via a competitive procurement process that will be open to all firms, including incumbents.
 - As a quasi-public organization, the MBI has the necessary flexibility to make the most efficient use of public investment dollars by creating partnerships with private providers. The MBI has the ability to work closely with both incumbent providers of telecommunications and broadband services and new market entrants to foster competitive and innovative solutions.
- ***Why does this approach make sense?***
 - Alternative approaches have failed to solve rural broadband deficits. Government loan programs, such as the U.S. Rural Utilities Service and Michigan’s Broadband Development Authority, have not turned up enough private companies willing to shoulder the full costs of building infrastructure in low-density areas. Similarly, the non-profit “Connect” model of demand stimulation and aggregation, pioneered a decade ago in western Massachusetts, succeeded in raising customer awareness but did not have the necessary resources to invest in developing infrastructure where it is lacking.
 - Investing in long-lived elements of broadband infrastructure, such as conduits, fiber, and towers, does not subject the Commonwealth to risk of technology obsolescence. Considered on a lifecycle cost basis, broadband assets are very inexpensive compared to more traditional publicly funded infrastructures. Fiber costs much less than highways but provides similar economic benefits.
 - Massachusetts is not the only state recognizing this need. In 2007 Vermont passed an ‘e-state’ bill that authorizes \$40 million in bond backing using a similar approach of partnering with the private sector to invest in critical infrastructure. California has access to a \$60 million fund designed to leverage \$250 million in private investment and has also added

broadband to its state Universal Service Fund. At least six states, led by New York and South Carolina, have established broadband task forces to develop local solutions to broadband deficits.

- The Massachusetts broadband initiative is consistent with the national broadband policies advocated by President-elect Barack Obama and his technology and communications advisors. Moreover, the efforts of the MBI will position Massachusetts well to maximize opportunities for leveraging additional funding sources at the federal level should they become available under the Obama-Biden administration.