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Program Evaluation: Funding, Oversight, and Coordination of Broadband Programs

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Presentation to the Science, Technology, and Telecommunications Committee

August 17, 2020



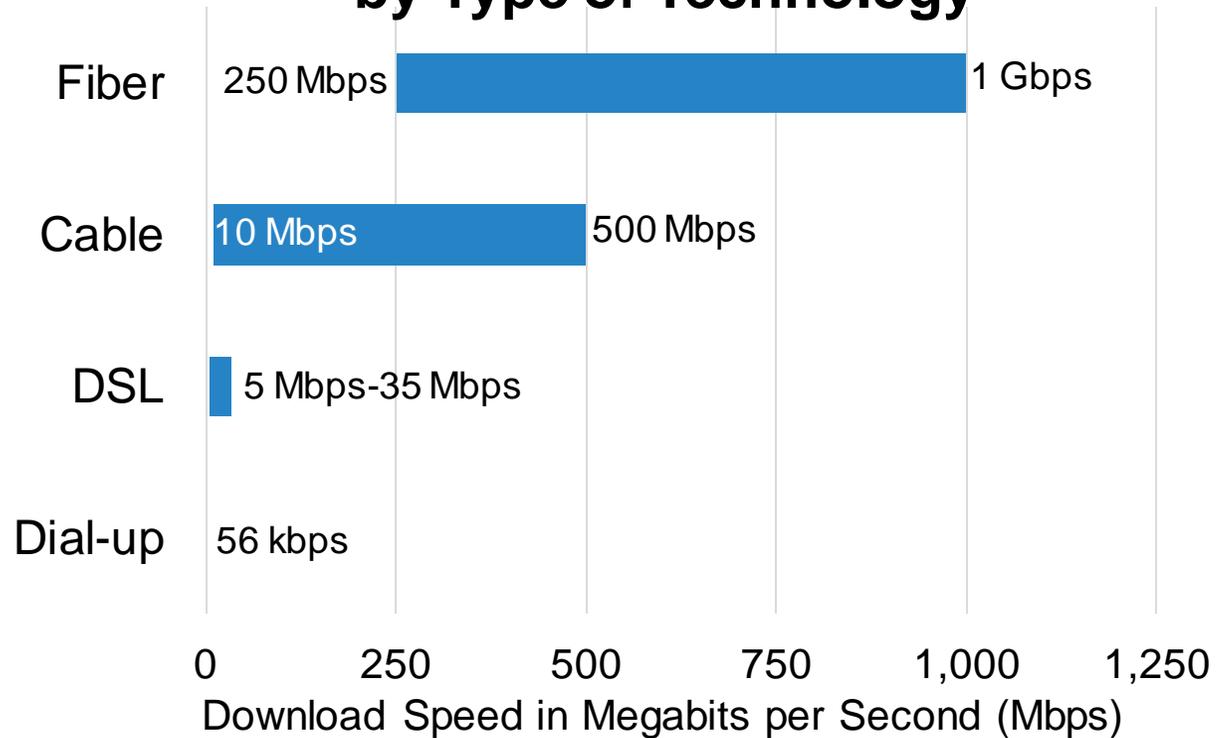
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Full report available online:

https://www.nmlegis.gov/entity/lfc/documents/program_evaluation_reports/program%20evaluation%20-%20funding,%20oversight,%20and%20coordination%20of%20broadband%20programs.pdf

Background: Types and Speeds of Broadband

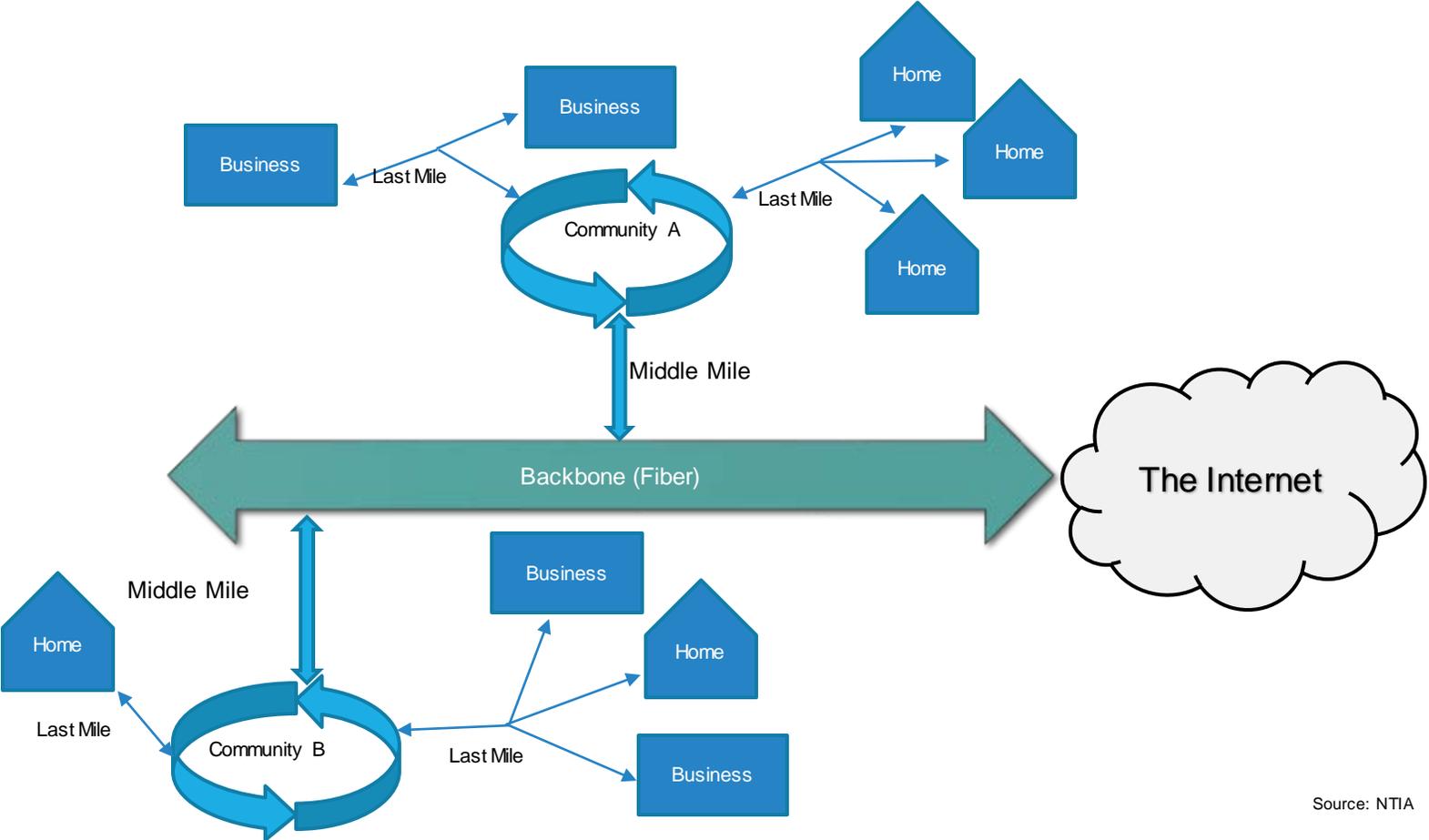
**Chart 1. Range of Download Speeds
by Type of Technology**



Source: BroadbandNow



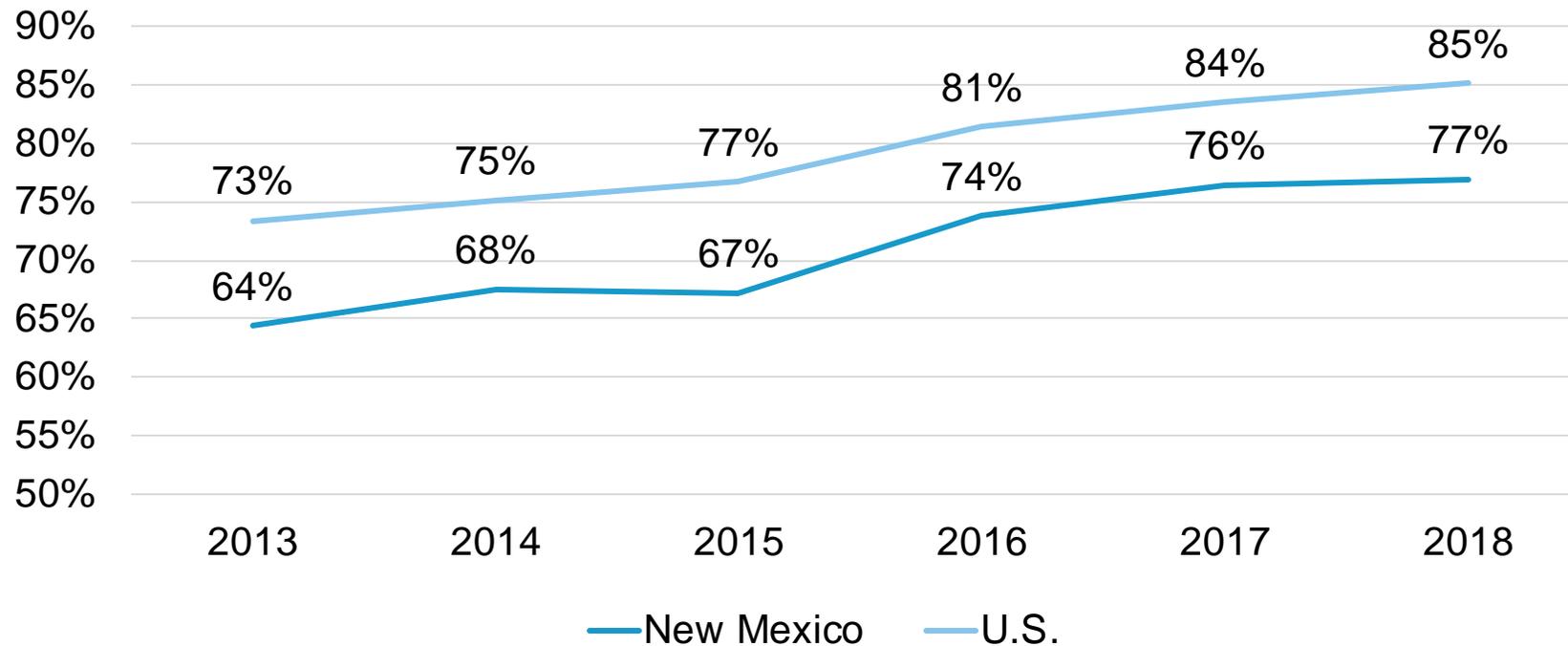
Background: Broadband Infrastructure



Source: NTIA

Background: New Mexico Lags the Nation in Broadband Access

Chart 3. Percentage of Households With a Broadband Subscription, 2013-2018



Source: ACS 2013-2018 1-Year Estimates

Background: Multiple State Agencies Handle Broadband Issues

Table 4. State Agency Roles in Broadband Infrastructure Development

Agency	Role in Broadband
Department of Information Technology (DoIT)	Planning, mapping, fiscal agent for library broadband infrastructure fund
Public School Facilities Authority (PSFA)	Administer Broadband Deficiencies Correction Program for schools; provide technical assistance with E-Rate
Public Education Department (PED)	Statewide E-Rate coordination, including addressing gaps in tribal schools
Department of Cultural Affairs (DCA)	Through the State Library, assist public libraries with accessing E-Rate funds and state broadband support
Public Regulation Commission (PRC)	Administer the state rural universal service fund (SRUSF) and its Rural Broadband Program
Department of Transportation (DOT)	Administer utility and broadband right-of-way alongside and intersecting with state roads and transportation infrastructure
Indian Affairs Department (IAD)	Coordinate relationships with tribal governments; administer certain funds for tribal broadband projects

Source: LFC Files



Finding 1:

New Mexico Lacks
Coordination and
Oversight of Broadband
Development

No Single Entity is in Charge of Broadband in New Mexico

Table 5. New Mexico Broadband Responsibilities in Statute

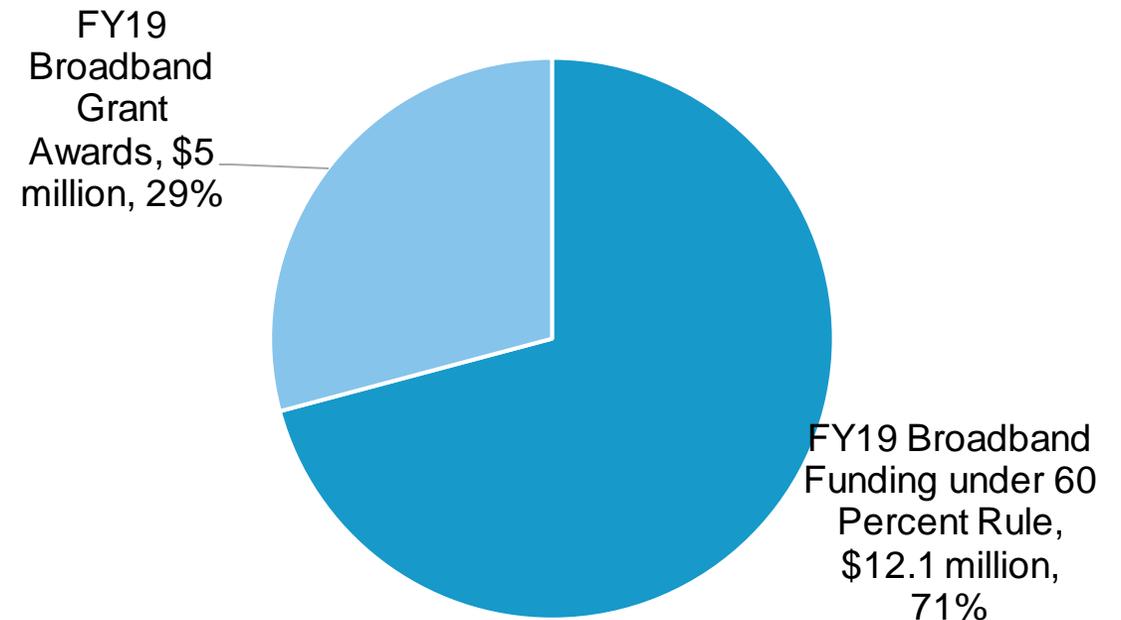
Section (NMSA 1978)	Agency	Purpose
9-27-6	DoIT	Requires the state information technology strategic plan to provide for the development of a state broadband network plan in conjunction with certain other state, local, and tribal agencies and institutions.
9-27-20	DoIT	Prohibits DoIT from providing broadband services to any entity other than statutorily authorized state government agencies and educational institutions except as is necessary to facilitate a state-mandated program.
9-27-26	DoIT	Permits Indian nations, tribes, and pueblos to connect to the statewide broadband network in exchange for a right-of-way agreement with the chief information officer, and requires the CIO to apply for federal universal service fund reimbursements on behalf of tribal entities that execute such an agreement.
9-27-27	DoIT	Creates the library broadband infrastructure fund to provide matching funds for grants to bring broadband infrastructure to public, tribal, and school libraries and requires DoIT to administer the fund.
22-24-4.5	PSCOC/PSFA	Establishes the Educational Technology Deficiency Corrections Program (also known as the Broadband Deficiency Corrections Program) to define and develop adequacy standards for educational technology infrastructure and methodologies for prioritizing projects and determining the share of costs borne by school districts, and provides for allocations from the Public School Capital Outlay Fund for the program.
63-9H-6	PRC	Establishes the state rural universal service fund, including a minimum \$5 million set-aside for broadband projects in rural areas, on a technology-neutral basis consistent with federal universal service programs.

Source: New Mexico Statutes

State and Federal Broadband Funding Totaled \$325 Million Across Multiple Programs Between 2015 and 2018

- New Mexico appropriated \$21 million between FY15 and FY19.
 - \$12.5 million general fund
 - \$8.5 million general obligation bonds
 - \$50 thousand severance tax bonds
- PRC administers \$17 million in nonappropriated broadband funding for the state rural universal service fund.
 - \$5 million broadband grant program
 - \$12 million pursuant to a statutory set-aside

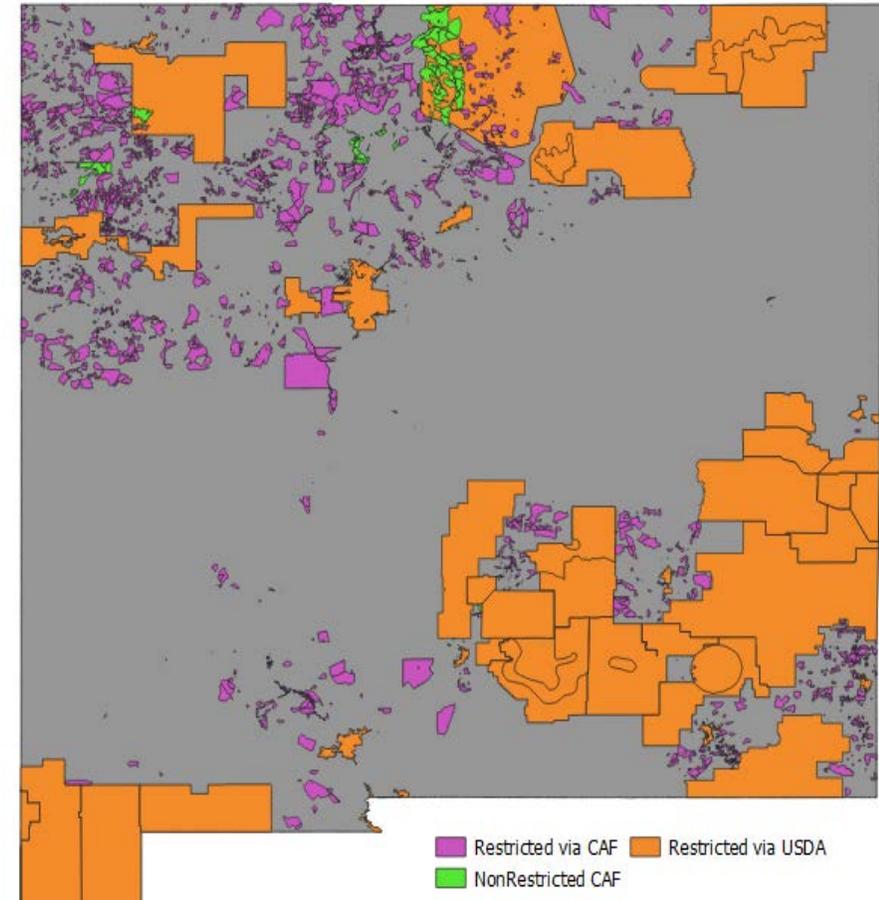
Chart 6. FY19 SRUSF Funding Allocated to Broadband (Total: \$17.1 million)



Source: LFC analysis of PRC data

The Substantial Investment in Broadband Requires Concerted State-Level Efforts to Maximize Funding and Fill Gaps Where Needed

- Federal regulations limit deployment of broadband in certain areas that have already received funding.
 - Connect America Fund (purple)
 - USDA ReConnect (orange)
- This leaves gaps the state could step in to fill.
- Understanding gap zones can help drive strategy and coordination of future deployment efforts.



Model States Highlight Emerging Best Practices in Robust and Accountable Broadband Programs

Table 8. Selected Model State Broadband Authorities vs. New Mexico

	Maine	Minnesota	Virginia	Washington	New Mexico
2018 Percentage of Households with Broadband	84.0%	86.8%	85.6%	90.0%	76.9%
Goals Codified in Statute	Yes	Yes	No	Yes	No
Lead Agency Established in Statute	Yes	Yes	Yes	Yes	No
Lead Agency Director Appointed by Governor	See Note	Yes	Yes	Yes	No
Lead Agency's Statutory Duties Include:					
Planning and Data Collection	Yes	Yes	Yes	Yes	Yes
Interagency/Intergovernmental Coordination	Yes	Yes	Yes	Yes	No
Administer Funding	Yes	Yes	No	Yes	Limited – See Note
Reporting to Governor and/or Legislature	Yes	Yes	Yes	Yes	No

Notes: Maine's Governor appoints four out of seven members to the ConnectME Authority Board and names one of those four as the chair. New Mexico's Office of Broadband within DoIT administers the Library Broadband Infrastructure Fund per statute, and a \$10 million capital appropriation for rural broadband development per Laws 2019, Chapter 277. Source: Individual state statutes; Pew Charitable Trusts



Finding 2:

New Mexico's Broadband Efforts Have Yielded Successes, but Piecemeal Implementation Has Led to Inconsistent Outcomes and Persistent Obstacles

New Mexico Allocated \$1 Million for Broadband Plans and Studies Between FY13 and FY19, but Made Only Modest Progress to Achieving Stated Goals

- Of 9 “actionable goals” in New Mexico’s 2014 broadband strategic plan:
 - 2 education goals were substantially achieved
 - 2 healthcare goals and 3 economic development goals were partially achieved or progressing
 - 1 education goal and 1 healthcare goal were not achieved or not progressing
- Newest strategic plan completed in June 2020 is consistent with several LFC recommendations

Mixed Outcomes in Targeted Sectors Offer Opportunities to Appropriately Tailor Future Initiatives

Sector	Successes	Needs/Opportunities
Education	<ul style="list-style-type: none">• All school districts in New Mexico now have broadband connections• New Mexico is a leader in leveraging federal E-Rate funds.	Not enough qualified systems administrators for schools and libraries to support improved broadband networks.
Healthcare	Growing access to telehealth, primarily due to federal funding sources.	Identify rural healthcare facilities lacking bandwidth; improve rural household access to facilitate telehealth from homes.
Economic Development	Business speeds over fiber and fixed wireless only increased modestly.	Federal funding can be leveraged to lower the high cost of broadband development in rural areas.

Middle- and Last-Mile Networks Using Mixed Technologies are Likely the Most Cost-Effective Use of State Resources

- Fiber-to-the-premise (FTTP) is expensive
 - \$32 thousand per household for one recent federal award, compared to \$1,600 per household for a similarly funded fixed wireless project
 - Target projects based on infrastructure need
- Right-of-way remains an obstacle
 - NMDOT exploring resource sharing agreements
- Demand aggregation
 - E.g., leveraging higher education fiber backbones and hubs for other ISPs to build out middle- and last-mile networks

Key Recommendations

The Legislature should consider:

- Designating a single entity in statute as the state's broadband lead and central point of contact, including requirements to:
 - (1) coordinate all statewide and intergovernmental broadband efforts;
 - (2) define unserved and underserved areas;
 - (3) assist with identifying and coordinating sources of funding;
 - (4) assist with navigating regulatory and permitting issues; and
 - (5) set goals and targets for broadband deployment and performance, collect data on progress, and report outcomes regularly to the Governor and Legislature.

Key Recommendations

The Department of Information Technology should:

- Develop a plan to elevate the Office of Broadband to full program status if it is the legislatively designated lead agency;
- Work with LFC and DFA to develop performance measures around statewide broadband goals; and
- Work with higher education institutions and other community anchor institutions to identify opportunities for demand aggregation using existing infrastructure.



For More Information

LFC Program Evaluation Unit

- <http://www.nmlegis.gov/lcs/lfc/lfcdefault.aspx>
 - Program Evaluations
 - Progress Reports