



# Federal and State Efforts to Close the Digital Divide

 LINCOLN POLICY

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## IN BRIEF

- Federal and state governments have worked for decades to close the digital divide—the gap between those who have Internet connections and those who do not. **The divide is a twofold problem—one of access and adoption.** The access problem occurs primarily in rural and remote regions where Internet connections are unavailable because of a lack of infrastructure. The solution involves deploying broadband infrastructure to serve them. The adoption problem affects those who have access but do not subscribe to available services, and the solutions may include enhancing digital literacy.
- With an increased focus on distance education, telework, and telehealth since the pandemic, the federal government has massively increased funding for efforts to close the divide. **Since 2020, Congress has earmarked roughly \$77 billion to close the divide** through four spending measures, including the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act (IIJA). Most of the funds—over \$42 billion—will be distributed to states through the National Telecommunications and Information Administration’s (NTIA) Broadband, Equity, Access and Deployment (BEAD) program. Congress required NTIA to distribute funds based on a state’s unserved population, but the agency has tried to impose its own conditions for the receipt of funds, including encouraging states to require fiber to the home and preferring government-owned networks. **There are now 133 federal programs, spread across 15 agencies, to close the divide,** resulting in overlap, fragmentation, and duplicative efforts.



- **Closing the divide will require policymakers to employ an all-of-the-above approach with innovative technological solutions**, which offer the best opportunity to close the divide in the short and long term. New technologies can bring broadband to unserved areas immediately, at the same time that other providers build the infrastructure for more permanent solutions.
- States will lead the way in closing the divide. **Between the 2021 and 2022 legislative sessions, lawmakers introduced over 900 bills in nearly every state. Beyond the proposals, 44 states have grant programs to close the divide.** Most programs focus on deployment, and they tend to go to service providers. Some states, including Indiana and Nebraska, have created new, innovative approaches to taxpayer-funded programs, including mechanisms to reclaim taxpayer funds if providers miss key metrics or deadlines, and prioritizing grants based on how much of their own money providers are willing to contribute to deployment.

## RECOMMENDATIONS

While there is no easy solution for closing the divide, the federal and state governments can set the stage for the efficient use of taxpayer funds. Solutions include:

- Coordinating, consolidating, and streamlining existing federal funds. Congress or the president should ensure that federal efforts to close the divide are coordinated by a single entity.
- Recognizing that national, one-size-fits-all programs will not work, since each state has its own unique needs and challenges, including geographic differences.
- Understanding that technology can offer both short- and long-term solutions— connecting those without access quickly while building infrastructure to serve longer-term connectivity needs.
- Prioritizing unserved areas first, followed by underserved areas—those that have access today but at insufficient speeds.
- Creating innovative grant programs, as states receive billions of dollars in federal assistance. Grant programs should ensure accountability and transparency for both the state and the entities receiving the grants.

