

CAF II in Rural Minnesota | A quick look at impact of federal broadband funding

What is the Connect America Fund (CAF II)?

The Federal Communications Commission's (FCC) Connect America Fund (CAF II) is designed to spur broadband expansion in hard-to-reach rural areas by large telephone companies. More than \$2 billion has been invested in rural American communities where there is not internet access to at least 3 megabits per second (mbps) upload speed and where build costs do not exceed FCC limits of \$198.60 per location. CAF II is intended to subsidize network builds that offer service of at least 10 mbps download/1 mbps upload.

How has CAF II impacted Minnesota?

Four telecom companies serving Minnesota have received \$85 million to bring internet access to 170,355 locations. The CAF II program required that 40 percent of the build be complete by 2017, with the full network complete by 2020.

Company	# of Households	Funds Awarded Annually
CenturyLink	114,739	\$54,035,149
Consolidated Communications	4,266	\$2,516,502
Frontier Communications	46,910	\$27,551,367
Windstream Communications	4,440	\$1,519,856
Total	170,355	\$85,622,874

The research paper, "Impact of CAF II-funded Networks: Lessons Learned from Two Rural Minnesota Exchanges Left Underserved," found that, without additional state or community investment, CAF II builds in Minnesota are not meeting state speed goals of 25 mbps download/3 mbps upload by 2020. While the minimum federal required speed of 10/1 mbps improves a community's ability to compete, it is often not enough for community and economic development efforts.

How might the CAF II program impact my community?

If you live in a CAF-eligible area¹, your local provider may accept federal funding to build a network that will serve your residence, local businesses, and community anchor institutions (schools, library, government).

What should my community do if a provider intends to use CAF II funds to build Internet infrastructure?

The first step is knowing what broadband speeds your community needs and wants for the future. If 10 mbps/1 mbps isn't going to get you there, it's vital that you work with your provider at the beginning stages of planning to leverage additional sources of funding to build a stronger network. Funding sources may include: Border-to-Border Broadband Development Grant funding from the Minnesota Office of Broadband Development, community bonding, additional provider investment based on documented customer demand, and others.

See *Community Broadband Development Process*² for how to get started identifying your community's broadband needs. See *Working with a Broadband Provider*³ to prepare for an initial conversation about CAF II builds with a local provider.

1 <http://map.connectmn.org/>

2 https://blandinfoundation.org/content/uploads/vy/Community_Decision_Tree_03-06-15.pdf

3 <https://blandinfoundation.org/content/uploads/Working-with-a-Broadband-Provider.pdf>