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# VERMONT COMMUNITY BROADBAND BOARD

## Termination of Digital Equity Capacity Grant
## House Energy and Digital Infrastructure

**May 22, 2025**

Christine Hallquist, Executive Director

HTTPS://PUBLICSERVICE.VERMONT.GOV/VCBB

# Outline

Status of Digital Equity Act Capacity Grant – Terminated

VCBB Response to Date

Grant History, Background, Scope

VCBB Impacts

Vermont Impacts

- Business Impact on Grant-Funded Fiber Networks
- People can't participate in the economy at all
- Or they have computers but don't know how to use them – for banking, healthcare, get a/have a job
- Information wars
- Empowering people to gain knowledge

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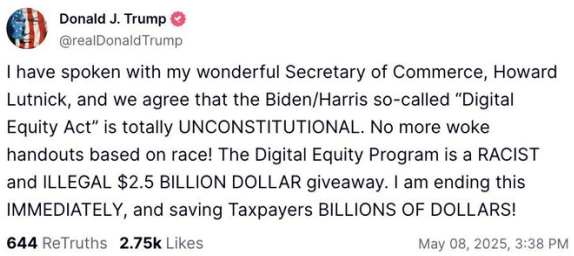
# Digital Equity (DE) Capacity Grant Status

- Terminated at 6pm on May 9, 2025
- Immediate Loss of $5.3M in funding – potential loss of a minimum additional $5.3M
- VCBB is in contact with the Vermont Attorney General's Office and is exploring legal options.
- VCBB remains committed to the goal of ensuring that all Vermonters have access to high-quality, accessible, affordable technology resources and the skills to use the internet effectively and safely.
- Currently in crisis mode, trying to find a way to continue the work

This letter from the NIST states that "as the President determined and as Secretary Lutnick agreed, the Digital Equity Capacity Program, 47 U.S.C. § 1723, is unconstitutional and grants issued pursuant to it were created with, and administered using, impermissible and unconstitutional racial preferences."



Donald J. Trump
@realDonaldTrump

I have spoken with my wonderful Secretary of Commerce, Howard Lutnick, and we agree that the Biden/Harris so-called "Digital Equity Act" is totally UNCONSTITUTIONAL. No more woke handouts based on race! The Digital Equity Program is a RACIST and ILLEGAL $2.5 BILLION DOLLAR giveaway. I am ending this IMMEDIATELY, and saving Taxpayers BILLIONS OF DOLLARS!

**644** ReTruths **2.75k** Likes May 08, 2025, 3:38 PM

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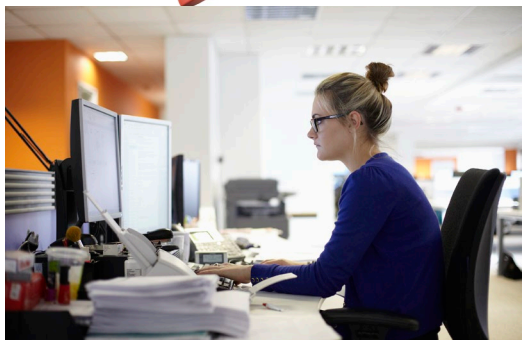
# VCBB's Response

- Emergency VCBB Board meeting
- Coordination with other states and VT Delegation
- Exploration of legal options
- Crisis Management Mode - Development of a plan to be presented to Board on June 2
- Media work
  - Public outreach
  - Education about importance of bridging the digital divide and how this benefits all Vermonters



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# Vermont's Covered Populations

- The Digital Equity Act's *covered populations* - as codified by Congress – rural, aging (60+), low-income, veterans, people with disabilities, those with language barriers, members of racial and ethnic minorities, incarcerated people

- This is **95%** of Vermonters.

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# Vermont's (Terminated) Program

- Targeted approach of filling the gaps so Vermonters can fully participate in the economy and society - for those who wouldn't otherwise be able to and who are not now.
  - Enable all Vermonters to participate in the online workforce, education opportunities, telehealth, civic, and social engagement.
- Ensures Vermont maximizes the return on the unprecedented investment in broadband infrastructure.
- Rural Economic Development - CORI Study - rural counties with broadband adoption rates of over 80% have significant advantages over those with low usage including:
  - 213% higher business growth, as well as higher self-employment growth, GDP growth, and per capita income growth
  - Basic digital skills increased income by approximately 23%, advanced digital skills increased income an average of 45% and AI related skills boosted salaries up to 47%.

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# Wraparound Efforts

- Programs to support access and leveraging of grant funded networks
  - Digital Devices for people who can't afford them
  - Digital Skills – get online effectively and stay safe from scams
  - Workforce Training – enable people to leverage the transformative benefits of the broadband build-out
- Subgrants to build the capacity of supporting community organizations

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# VCBB Internal Impacts

- Broadband offices, including the VCBB, are funded by interconnected federal grants and limited state funding and run by a team of staff working on many connected programs.
- The reduction in capacity and shifting of priorities will impact other programs.
  - 2 DEA-funded positions are now at immediate risk (approximately 20% of the entire staff).
  - $1.486M in staffing costs over 5 years impacting 5 positions

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# Impact on Sustainability

- The State of Vermont issued grants to private and public ISPs based on various take rate assumptions.

- Adoption drives the operating viability of networks. More subscribers strengthens business plans and drives rural economic growth. Digital literacy, devices, and affordability programs provided by the DE Capacity Grant will need to be funded by the ISPs. This increase in costs may result in increased subscription cost for consumers, which also further decreases take rate and hurts the sustainability of these networks.

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# Vermont Impacts

- Direct impact extends beyond the VCBB
- $3.256M was to flow to Vermont communities
  - Support to implementing organizations, such as libraries
- This was the first of three grants – there was more to come.

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# Broadband is a Solution

- Economic Development

- Environment/Climate Change

- Telehealth

- Wastewater

- Agriculture

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# Ensures All Vermonters Benefit from Broadband Expansion

- Public Safety/National Defense – Cyber Security
- **Energy/Climate**
- **Health**
- **Workforce**
- **Infrastructure**
- Education
- **Farming**
- Social Connections and More…

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# Rural Economic Development

Broadband promotes economic growth in parts of the state that need growth

+

These areas tend to be more affordable

→

More people want to/can afford to move here, especially young people just starting out

→

A bigger workforce

→

Available workforce + lower costs = new businesses (high and low tech)

→

Higher enrollment in schools/stronger tax base for more rural areas

# Economic Development

Center on Rural Innovation (CORI) study finds that rural counties with high broadband adoption rates (over 80%) have significant advantages over those with low usage, including:

- **213% higher business growth.** Rural counties with high broadband use see more businesses opening.
- **10% higher self-employment growth.** Broadband access significantly lowers barriers to starting a business for rural residents by connecting them to global markets and essential resources, like banks, small business loans, and venture capital.
- **44% higher GDP growth.** Access to more broadband services delivered by local broadband service providers improves the economic dynamism of rural communities.
- **18% higher per capita income growth.** Counties in the high broadband treatment group (with broadband adoption rates greater than 80% and broadband coverage predominantly from a small broadband service provider) saw per capita income grow 18% from 2020-2022.

# Telehealth – Increasing Access

- More people will make appointments because it's cheaper, more convenient, no time off work/school
- People with mobility challenges can get to appointments
- Reduce expensive interventions by continuous patient monitoring/quick detection of health changes
- Eliminate geographic, economic, and social boundaries to health care
- Less spread of disease by keeping sick people at home and not around other patients, especially important for people who are chronically ill, pregnant, elderly, or immunocompromised
- Increased access to specialists
- Safer – less transportation
- Have family members or other caregivers at your appt. even if they live in another country or state
- Aging in place

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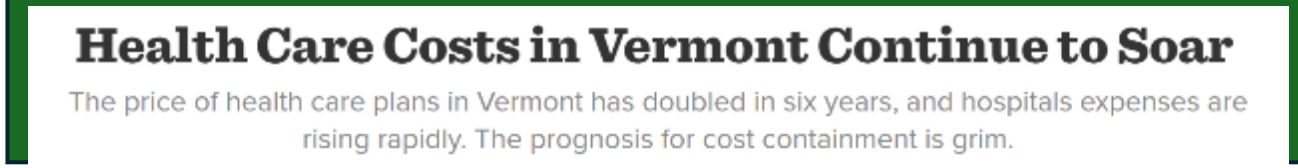
# Telehealth Benefits Providers – Reduced Costs; Better Care

- Less office space/physical facilities means less cost for leasing/buying, taxes, insurance, maintenance
- Maximizes productivity of healthcare workforce
- Reduce expensive/unnecessary ER visits because people get more preventative care
- Easier for doctors to stay engaged with patients and identify/diagnose problems earlier
- Reduce expensive interventions by using continuous patient monitoring and quick detection
- Enable use of patient portals
- Get a more complete picture of your patients by seeing them in their home setting – see the patient's needs and provide more personalized and equitable care
- Fewer cancellations
- Easily and more cost effectively integrate interpreters
- More data means better tracking and the opportunity to identify disparities in treatment to enable more equitable healthcare for all Vermonters

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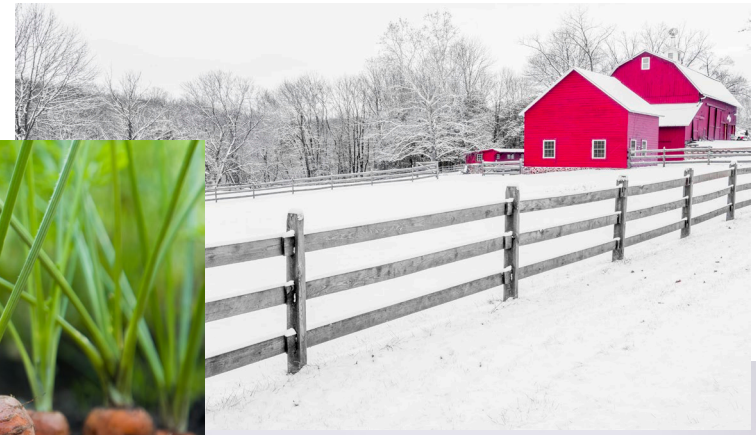
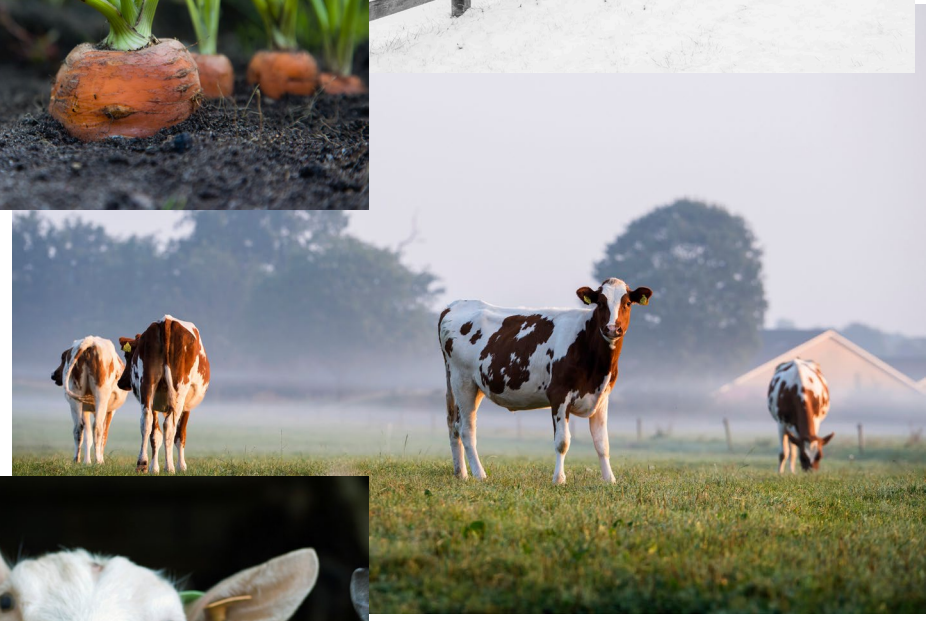
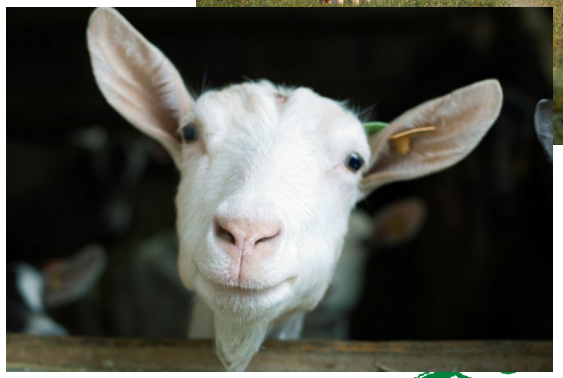
# Agriculture

- New farming technology can leverage broadband to increase production and reduce costs through better feeding and care for animals.
- More efficient field fertilization informed by AI and machine learning – leads to a minimum 30% reduction in nutrient application, reducing phosphate run-off into our waterways.
- Enables access for direct sales of higher margin farm specialties.
- New technology automates maple syrup production to increase labor productivity, yields, and profits.







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# Environment and Climate Change

- Need a 7X increase in carbon free generation, most of which will be intermittent wind and solar. This requires smart grid management – low latency, high reliability.
- Electrification of the transportation sector will put large strains on the electric grid. For example, a Tesla Tractor Trailer will be the equivalent of 500 homes plugging in all at once.
- The grid requires fast (millisecond) (low latency response). **Only fiber is capable.**
- [Christine Hallquist and Tee Thomas: Broadband's role in solving climate change - VTDigger]

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# Wastewater Infrastructure

- Smart sewer technologies - real-time monitoring, modeling, data processing and analytics, and AI/machine learning
- Increases the amount of data available and improve ability to leverage analytics and make decisions.
- Maximize infrastructure performance, maximize resources, reduce costs, comply with regulatory requirements, and meet public and environmental health goals.
- Show where climate change impacts are most noticeable and potentially damaging and help utilities prepare and become more resilient.

https://www.epa.gov/npdes/combined-sewer-overflow-smart-sewers-layout

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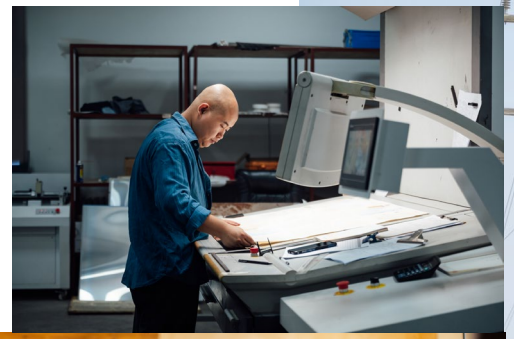
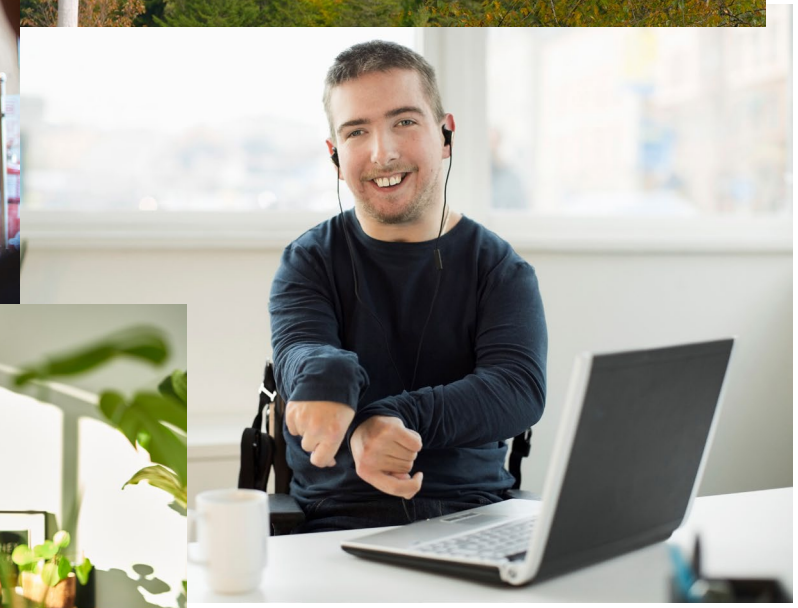
# Workforce Development

- Empower Vermonters to participate in the new digital economy
  - Gov't. services
  - Healthcare
  - Job application
  - Remote work
  - Banking
  - AI, and whatever comes next..

- Making the workplace accessible to more Vermonters
  - ➢ Without access to transportation
  - ➢ Immunocompromised people
  - ➢ People who are Neurodivergent – includes ADHD, Autism, etc. - up to 20% of people
  - ➢ People with physical disabilities
  - ➢ Don't have access to childcare

- Available broadband attracts more workers to Vermont
- Increase state's tax base





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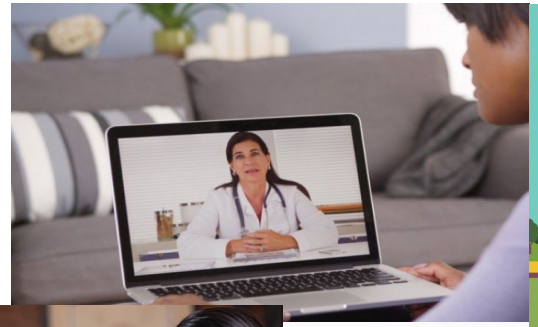
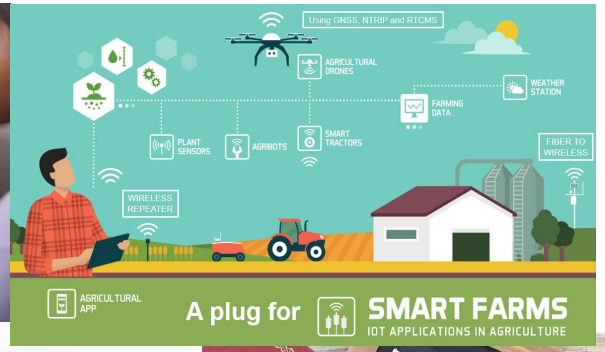
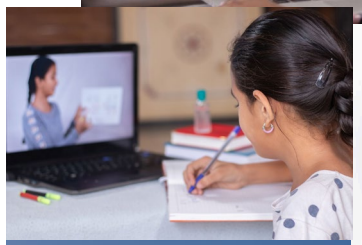
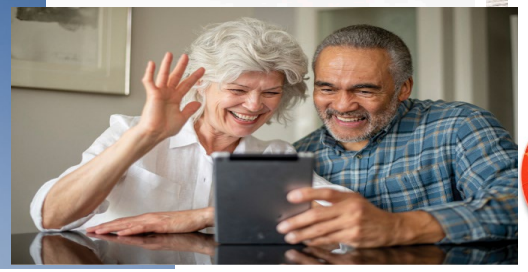
# Let's Make Sure ALL Vermonters Can Benefit from Broadband







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