



Vermont Community Broadband Board (VCBB)

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<https://publicservice.vermont.gov/vcbb>

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VERMONT COMMUNITY BROADBAND BOARD JOINS COALITION URGING BIDEN ADMINISTRATION TO FIX SIGNATURE BROADBAND INVESTMENT PROGRAM

Letter of Credit requirement risks blocking smaller operators and municipal networks from \$42 billion Broadband Equity, Access, and Deployment (BEAD) program

Montpelier, Vermont – Vermont Community Broadband Board (VCBB) has joined a [coalition](#) of almost 300 broadband experts, internet service providers (ISPs), community leaders, nonprofits, consumer advocates, and business groups that have joined forces to highlight concerns about the National Telecommunications and Information Administration's (NTIA) Broadband Equity, Access, and Deployment (BEAD) program.

[In a letter today to NTIA](#) head Alan Davidson and Secretary of Commerce Gina Raimondo, the group warns that the program's letter of credit requirement could block the vast majority of smaller operators, community-centered ISPs, and publicly owned networks, such as Vermont's Communications Union Districts (CUDs), from securing grants. The result is that these ISPs, which are willing to serve small and rural communities, will be largely unable to secure funds.

By requiring awardees post an irrevocable letter of credit equal to 25% of their grant award — which banks typically insist be collateralized with cash — recipients will “have to lock away vast sums of capital for the full duration of the build, likely several years,” reads the letter. In addition to a separate minimum 25% match requirement, the letter of credit “establishes capital barriers too steep for all but the best-funded ISPs.” This would result in more expensive access for Vermont's rural residents.

Christine Hallquist, VCBB Executive Director and signatory to the letter, said, “We want this to be a fair process that allows Vermont's Communications Union Districts and other community-based providers, as well as private ISPs, to take part in this historic federal investment to serve the unserved and underserved, ensure affordability, and bridge the digital divide.”

The Communications Workers of America, American Association for Public Broadband, the American Library Association, Consumer Reports, Public Knowledge, the SHLB

Coalition, and Connect Humanity have signed the letter, alongside a [broad coalition](#) of ISPs, local government officials, state broadband offices, rural associations, funders, and digital equity advocates.

Together, they argue that “rather than demonstrating a provider’s ability to construct a broadband network and provide high-speed broadband services,” the letter of credit is a “measure of whether they can lock up valuable working capital”.

Moreover, they explain that the banking sector does not have the appetite to issue the \$10+ billion in letters of credit that the scale of the program demands. Even if it did, “the capital needed to collateralize them means billions of dollars are sitting idle and not being used to buy equipment, lay fiber, and train the next generation of broadband engineers.”

The group urges the NTIA to drop the letter of credit entirely. Short of that, the letter suggests alternatives that provide additional protection for taxpayer dollars while ensuring BEAD funding can go to the providers best able to deliver for American families. Alternatives include performance bonds — a tool regularly used in infrastructure construction projects — and delayed reimbursements to “ensure proposals are viable and that applicants have the capacity to perform.”

Unlike letters of credit, issuers of performance bonds perform additional due diligence on applicants, providing another layer of qualification. Bond issuers have a financial incentive to ensure performance and project completion.

John Windhausen, Executive Director of the Schools, Health & Libraries Broadband (SHLB) Coalition added: “by effectively excluding thousands of small, non-profit, and minority-owned broadband providers, the policy contradicts the statutory language in the Bipartisan Infrastructure Law that specifically calls for municipalities and other non-profit entities to be eligible. Insisting on the letter of credit will reduce competition and jeopardizes the ability of anchor institutions to receive high-quality broadband.”

With [42 million Americans](#) still without broadband access, BEAD’s success is critical to ensure the entire nation can participate in an increasingly digital society. The group argues, however, that without change “the program will not achieve its objective of delivering Internet for all.”

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