



OHIO  
CHILDREN'S  
BUDGET  
2022-2023



December  
2020

# ISSUE BRIEF

## Issue: Bridging Ohio's Digital Divide.

Broadband access impacts nearly every aspect of child wellbeing– from education, to health and wellness, food and housing security, and economic stability for families. The Covid-19 pandemic has exposed the critical necessity of broadband to our daily lives and simultaneously exposed the reality that over one million Ohioans lack access to high-speed affordable internet.

Broadband access overlaps so many areas of child wellbeing and family stability that it has been identified as a “Super-Determinant of Health.” Nearly one in eight families lack access to broadband. In Ohio's nine largest central cities, about one household in five lacks basic internet service. Among unserved rural households, 80% are in the hard-to-reach, rugged terrain of Appalachian Ohio. Even those with service often endure connectivity speeds too low and connectivity too unreliable to support distance learning, remote work, virtual doctor visits, and essential business operations. The problem is one of both availability – the inadequacy or absence of broadband infrastructure – and affordability – the inability of low-income households to pay for service.

Closing the digital divide in Ohio requires meaningful financial resources and collaboration among all levels of government working in partnership with providers and communities. HB13 is a helpful start, but to truly solve the problem, Ohio needs an ongoing, dedicated budget line item for broadband. We are recommending a unique, regionally driven approach that can leverage and administer an expanded and critically needed statewide effort.

Affordable internet and necessary devices to access it are essential for our children's education many of whom are attending school on a virtual or hybrid model during the pandemic. With the recent permanent expansion of Telehealth for certain services in our state, broadband is a critical component to ensuring many of our children and families have access to these services. For families seeking to ensure their children's basic needs by applying for SNAP, Medicaid, unemployment, and other public assistance programs during this challenging time, internet access is vital.

1 in 8 households statewide lack access to broadband

In urban areas, 1 in 5 households lack access

In rural areas, 80% of unserved areas are in Appalachia

## Policy

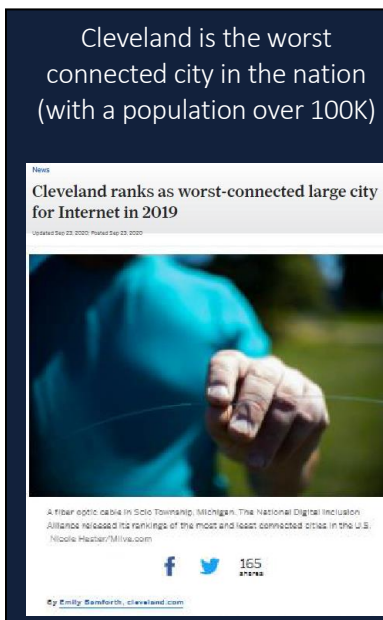
Ohio must improve the technological infrastructure in the state by making critical investments to expand broadband access and its affordability by recognizing broadband as an essential utility that all Ohioans must be able to access.

## Challenge

Lack of investments and policies have created sizable digital divides and in some places, digital deserts, where the lack of available and/or affordable internet has far-reaching consequences for children and families throughout Ohio and across the country.

Nearly 1 in 4 (435,368) school-age children in Ohio lacked full digital access in 2018 (meaning they had no broadband internet access and/or no devices capable of connecting to the internet at home), and this figure is likely higher now as families across the state endure financial hardship. Of the school children in Ohio who lacked full digital access, this includes 45% of all children in households below the federal poverty threshold and 28% of all Black, Indigenous, and other children of color.

Access to the internet in Ohio's rural and Appalachian areas remains a pervasive issue, especially in terms of internet infrastructure and availability, leaving many already isolated rural children and families unconnected and unable to access opportunities and services they need to thrive. Buckeye Hills Regional Council's research found that 80-90% of households in the rural expanse (areas with fewer than 20 households per square mile) also had no access to broadband internet of any type. In fact, a recent survey conducted by the Appalachian Children's Coalition found that one in four




school districts surveyed in southeastern Ohio have no internet access. Broadband inequities are similarly pervasive in our urban communities as well. In 2019, 30.7% of Cleveland households had no access to broadband internet of any type, including cellular data, and 45.96% had no wired connection, making it the worst-connected city with more than 100,000 households in the United States. In the list compiled by the National Digital Inclusion Alliance (NDIA), there were five Ohio cities with populations of 65,000 or more where more than 20% of households had no broadband access: Cleveland, Lorain, Canton, Youngstown, and Dayton.

Digital divides mirror racial and economic divides, and this has created a disparate impact in how communities of color and those that are low-income are experiencing digital poverty. According to data provided by NDIA, substantial majorities of the residents in households without broadband in their urban datasets were people of color. In fact, “[p]eople of color accounted for 75% of the unconnected in 95%+ urban counties, and 67% of the unconnected in cities with 200,000+ residents. Black residents alone accounted for 28% of the unconnected in 95%+ urban.” Therefore, a statewide policy which provides funding only for broadband infrastructure deployment, and only to areas which have no existing 25/3 Mbps residential

broadband service — with no accompanying investment in affordability, access to devices, and technological literacy — fails to equitably address the barriers preventing many of our Black children from accessing the internet.

## Opportunity

An investment in affordable access to broadband across the state in both our rural and urban populations will help Ohio's children thrive and succeed. A statewide strategy for increasing the percentage of Ohioans with broadband access and narrowing the digital divide should be devoting significant attention and resources to ensuring that Black and Latino households have access to affordable broadband. Inequitable access means that our children will be deprived of opportunities critical to their wellbeing—education, health, economic stability. This is an opportunity to provide essential infrastructure that we know can deliver on health and equity benefits to our communities.



Ohio needs committed investment in rural broadband deployment, where existing networks don't provide high-speed access for rural and tribal communities. But as a state, we must also fund digital inclusion initiatives, including affordable access strategies, affordable devices, and community-based training and support to narrow the digital divide in both our rural and urban communities.

## Support Child Well-Being: Budget Recommendation

Ohio must prioritize children and that means addressing this Super Determinant of Health that touches on so many aspects of a child's wellbeing. Ohio policymakers must provide the building blocks to improve Ohio's technological infrastructure and ensure Ohio children and families do not fall behind.

### **Support Ohio's HB 13 or as introduced SB 8/similar legislation.**

HB 13 is a step in the right direction providing for \$20 million to support expanded access through the establishment of a residential broadband expansion program in Ohio. While an estimated \$2 billion (or more) is needed to fully address the broadband gaps in rural and urban areas throughout Ohio, this legislation will start to help to address these gaps. However more must be done beyond connectivity, in terms of devices, service and affordability, and digital literacy. Invest in Broadband Infrastructure.

The best way to address the inequitable access gaps in our broadband infrastructure – its affordability – is by making it accessible to everyone as an essential utility. A robust broadband network would boost our economy and ensure everyone had access to quality internet service at an adequate mbps (megabits per second) upload and download speed.

### **Support a comprehensive and regional approach to creating a statewide Broadband infrastructure.**

The key to creating a robust strategy is ensuring that they are locally driven and address local needs while advancing a statewide effort. This can be accomplished by working with regional councils in a public/private partnership. This approach will also allow for a level of coordination and planning in accessing federal funds through the Federal Communications Commission (FCC) and the Appalachian Regional Commission (ARC). The biggest barrier facing communities in accessing these grants is the ability to raise a local match, which is set anywhere between 15-30%.

The actual statewide cost for building out a Broadband network that provides accessibility to all Ohioans will be in the billions of dollars. An assessment of rural needs pegged the estimated costs at just north of \$2 billion with development over ten years.

- According to the Regional Councils, local matches of \$30M (regardless of source) have the potential to leverage over \$200M in each fiscal year.
- Funding can be leveraged through a combination of carrier fees, state general revenue funds, or capital funds. There are issues to consider with each of these approaches.
  - Carrier Fees
  - General Revenue Funds: The upcoming biennial budget will be challenging given the projected revenue picture as a result of the pandemic and contracting tax revenues.
  - Capital Funds: At this moment in time, debt is inexpensive and may be a promising option given the useful life of infrastructure. It may make sense to finance infrastructure build out over a longer period of time, especially given the tight revenue picture in the operating budget. There is precedence in that the Third Frontier Network was financed through state bonds twenty years ago and the middle and last mile development, where gaps exist, can be the next step in building out this infrastructure.

- Revolving Loan Fund: Though this approach could ensure that local governments have some level of “skin in the game” it does little to remove the larger issue that some areas of the state have very little capacity to invest in infrastructure – whether it be over the short or long term.
- JobsOhio: The jobs creation agency, JobsOhio, operates various programs focused on economic development in Ohio. According to a study, investments in Ohio’s broadband’s infrastructure could potentially yield over \$1 billion in increased gross domestic product for the state annually. An investment in the state’s broadband infrastructure will no doubt yield many benefits for Ohioans – both tangible and intangible in terms of economic opportunity, workforce upskilling, training, and development, higher education, education, etc.
- Social Impact Bond (SIB): SIBs are a fairly innovative type of financing tool that is built on the assumption that a new innovation to be financed will yield cost-savings and improved quality of life for individuals. Implementation partners are rewarded for meeting key performance indicators and other agreed upon benchmarks.
- Creation of “Communications Districts”: Allow for small rural areas to establish districts, through incorporation, that would allow themselves to be recognized as planning/improvement areas. This designation would allow broadband improvements to be financed by grants, loans, bonds and user fees, but not taxation. These incorporated districts would not be internet service providers but would be able to contract with others to operate networks.

#### **Create internet utility programs to address affordability issues.**

On average, internet service costs \$60/month, however the state of Ohio has negotiated low cost service at price points of \$10-\$20/month. Policy recommendations include state funding to support these services, similar to LHEAP.

- An appropriation of \$3.6 million would fund internet subscription costs for thousands of households.
- Additionally, the DeWine administration is actively pursue alternative sources to support services. For example, in Ohio’s Managed Care RFA, there is a provision for using “Z codes” to help enrollees address social determinants of health, such as Internet subscriptions, to better access health services.

#### **Continue Investments to Provide Short-term Broadband Connectivity and Device Grants Program**

The state of Ohio released \$50 million in CARES Act funding for school districts, private schools, ESCs, and JVSs, and DDs to provide hot spots, internet-enabled devices, and public and mobile Wi-Fi spaces. Related to these efforts, local municipal governments and philanthropic partners have also partnered to supplement these efforts to ensure accessible for educational purposes. Ongoing support is needed until a statewide network addressing these issues is developed.

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Published: December, 2020