

STATE AUDITOR DOUG HOFFER

Press Release

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Auditor Doug Hoffer Releases Report Identifying Risks to Vermont's Universal Broadband Efforts

MONTPELIER, VT – State Auditor Doug Hoffer released a new report today highlighting potential risks to Vermont's unique strategy to achieve universal broadband access.

The Vermont Community Broadband Board is overseeing the distribution of approximately \$350 million to extend high speed internet to every unserved address in the state. At the local level, ten communications union districts (CUDs), which have been formed by groups of Vermont towns, are receiving the funds and partnering with private telecommunications companies to extend fiber to residential and business addresses and to provide service.

“This effort represents one of the largest infrastructure projects in Vermont history,” said Hoffer. “Without the massive infusion of federal funds Vermont has received, we'd be looking at incremental progress, not a universal plan. It is precisely because of the once-in-a-lifetime nature of the level of funding that we can't afford to make mistakes.”

The report identifies ten risks the VCBB needs to mitigate to increase the likelihood that every Vermonter will have access to 100/100 Mbps service. The risks range from supply chain issues, to federal spending restrictions, to contract and governance oversight concerns.

The ten risks are:

- Some CUDs face a potential construction funding gap in calendar year 2024 which could halt construction mid-stride if additional funds are not identified
- CUDs may struggle to access needed construction materials
- Construction may be slowed by a lack of qualified construction workers
- The tension between the VCBB supporting the CUDs and ensuring they are viable risks allowing any weaknesses in CUD business plans to persist and
- Reliance upon CUDs with varying levels of expertise and capacity may delay broadband service to some Vermonter, lead to increased spending, and establish inequitable policies and access
- With the exception of an early VCBB fiber purchase, CUDs have not been partnering for procurement of goods and services, risking higher costs and inferior outcomes
- Statutory confidentiality provisions shield some CUD decision-making from the VCBB, policymakers and residents of the member municipalities despite receiving tens of millions in public funds

- Lack of affordability definitions and requirements threaten to reduce service connections, undermine CUD business plans, and create regional inequities
- The firm the VCBB employs to evaluate CUD business plans has also consulted for a CUD and does not appear to be prohibited from consulting for others, raising conflict of interest risks
- A major federal funding program's irrevocable letter of credit requirement is not designed for new and small telecommunications entities like CUDs

Hoffer added: "I know that many people, including hundreds of unpaid local volunteers, have been working extremely hard to fill in the broadband gaps left by the large corporate telecom companies. They've had to create new organizations, develop business plans, and hire contractors in short order. Our report is meant to support their work by flagging for them and state officials the things that could impede success. Far better to address these concerns *before* the next \$250 million is spent than to regret unforced errors after the fact."

The full report can be found [here](#).