



COMMONWEALTH of VIRGINIA

Office of the Governor

Caren DeWitt Merrick
Secretary of Commerce and Trade

January 2, 2024

Please find below the report of the Secretary of Commerce and Trade made pursuant to § 2.2-206.3(9) of the Code of Virginia of 1950 (as amended), which provides in pertinent part:

9. Monitor the trends in the availability and deployment of and access to broadband communications services, which include but are not limited to competitively priced, high-speed data services and Internet access services of general application, throughout the Commonwealth and advancements in communications technology for deployment potential. The Secretary shall report annually by December 1 to the Governor and General Assembly on those trends.

Through both state and federally funded broadband expansion programs, the Commonwealth of Virginia continues to close the digital divide between those who do and those who do not have access to high-speed internet. Virginia funds broadband deployment within the Commonwealth through several programs. The largest and main state-funded program is the Virginia Telecommunication Initiative (VATI).

Administered by the Virginia Department of Housing and Community Development (DHCD), VATI enhances the sustainability and growth of communities throughout the Commonwealth by preparing those communities to build, utilize, and capitalize on broadband infrastructure. The primary objective of VATI is to provide financial assistance to supplement construction costs by private sector broadband service providers to extend service to areas that presently are unserved by any broadband provider.

VATI provides grants to localities partnered with internet service providers to finance the deployment of high-speed broadband to locations (called a “passing”) within the Commonwealth that are determined to be “unserved.” Passings are places where the internet can be accessed – thus it could be a business, community anchor, a home, or an apartment complex. A passing is unserved¹ if it lacks access to internet speeds of 100 Megabits per second (Mbps) download and 20 Megabits (Mbps) upload (“100/20”).

¹ In the FY22 VATI process, the definition of unserved was set at 25/3. This definition of unserved has been upgraded to those passings lacking access to broadband at speeds of 100/20 for the FY23 VATI process.

In a separate reporting process to the General Assembly, Item 115 L.6. of the 2022 Acts of Assembly Special Session I requires that DHCD deliver an annual performance report on funds awarded through the 2021 Acts of Assembly Special Session I (also known as the budget bill) of allocated ARPA funds and Item 114, Paragraph L. of Chapter 552, 2021 Acts of Assembly, Special Session I (General funds allocated to VATI through the budget bill). This report, as submitted for the 2023 reporting year, can be found [at this link](#)². Below are the key takeaways from the report, which was submitted in November 2023:

- *Total passings*: VATI FY22 and FY23 projects will provide access to broadband infrastructure to 310,074 passings across Virginia.
- *Leveraged local and private funding*: In addition to \$778.7 million in state and federal funding awarded, FY22 and FY23 projects leverage a total of \$1.136 billion in private and local match funding, of which over \$138.2 million has been expended to-date.
- *Locations Built-To*: To date, FY22 projects have provided broadband access to 50,305 locations, which is within 90% of the projected connections for this time period. The 14 FY23 projects are recently getting under contract and will begin final engineering and design, as well as construction in 2024.
- *Maximum Speeds Available*: Over 92% of projects funded in FY22 and FY23 offer gigabit (1,000 Mbps) download speeds, and over 67% offer gigabit upload speeds.

In addition to these state funded expansion activities, as well as other directly federally funded programs, broadband providers in the Commonwealth continue to privately fund expansion of their networks to both unserved areas, as well as to currently served areas as an additional option for service. The exact number of locations built out under these categories is unknown because of inconsistencies in data sources and underlying maps that would permit tracking these trends. Anecdotally, broadband providers have built out thousands of previously unserved locations in areas where population density has become dense enough to justify network expansion. Thousands of more locations over the last year have been provided a second, or third option for broadband services through broadband providers in privately funded expansion efforts. These trends are expected to grow as historically cellular providers as well as low earth orbit satellite providers continue to advertise home broadband service offerings.

Both government-funded as well as private expansion activities across the Commonwealth will continue to close the digital divide across the Commonwealth. Both innovative solutions, as well as best practices to streamline construction of these networks to the unserved will be paramount to accomplishing the Commonwealth's goals of universal connectivity. With the upcoming opportunities under the federal Broadband Equity, Access, and Deployment (BEAD) Program, Virginia will achieve universal broadband access across the Commonwealth to the estimated 162,107 locations that lack broadband access and are outside of a state or federally funded project area. The BEAD program also presents the opportunity for the Commonwealth to address gaps in broadband affordability and adoption. By designing programs that advance broadband adoption through digital literacy, smart farming, telehealth, online entrepreneurship, and digital

² <https://rga.lis.virginia.gov/Published/2023/RD626>

skills the Commonwealth will be able to holistically address the digital divide through the BEAD program.

Sincerely,

A handwritten signature in black ink that reads "Caren Merrick". The signature is written in a cursive style with a small dot above the letter 'i' in "Merrick".

Caren Merrick