Community Broadband Creates Public Savings

Schools, libraries, and other community anchor institutions have an acute need for high capacity telecommunications connections, but the cost of leasing these networks can break their budgets. And budgets are under pressure to shrink while their demand for networks increases.

Local governments that have built their own networks are seeing tremendous savings and better reliability. By owning the network, local governments have greater certainty over future costs because they determine the upgrade cycle.

We have highlighted cost savings for this fact sheet, but the benefits of public ownership go far beyond budgets. Owning the network allows the community to take advantage of technological innovations on its own time table, not one set by a distant corporation.

Martin County, Florida

When Comcast proposed increasing Martin County’s price for dark fiber by over 800% over five years, the County built its own network. Now it has a more reliable network at lower costs and no more fear of rate hikes. Projected savings are $30 million over 20 years for the whole county.

After its initial capital investment in the fiber asset is paid off in 2017, the Martin County School District will save over $340,000 a year. It will pay just over $6,000 per year for a gigabit connection to 26 locations, a rock bottom rate.

Case Study: www.ilsr.org/florida-fiber-gigabit/

Chanute, Kansas

Schools pay just $250/month per site for a gigabit wide area network, allowing them to collapse IT costs and share common expenses. These connections run thousands of dollars per location in other cities. Neosho County Community College also pays $250/month per site to connect its facilities with a gigabit wide area network. And by using the municipal network to access the Internet, it saves $19,200 each year compared to AT&T prices for a similar, but inferior connection.

Case Study: www.ilsr.org/chanute-rural-gigabit/

A 2012 report from the State Educational Technology Directors Association recommends 1 Gbps connections between school district facilities by 2014-15 and 10 Gbps by 2017-18. Many of the communities profiled below have found cost-effective ways to deliver these connections.
Bristol, Virginia
A study in 2008 found that the local government had saved $1 million from 2003-2008 simply by self-provisioning phone service. Bristol schools have had gigabit connections for 10 years already. Overall savings across the community approached $10 million.

Case Study: www.ilsr.org/broadband-speed-light/

Lafayette, Louisiana
Schools transitioned from 1.5 Mbps T1 lines to 100 Mbps from municipal network. Cost went from $340/month per site to $390/month per site – a modest price increase for a 70x increase in capacity. The network also connected the high schools with a gigabit.

Case Study: www.ilsr.org/broadband-speed-light/

Martinsville, Virginia
The city saves between $130,000 and $150,000 annually in telephone charges because they do not need to lease telephone lines. The City Telecommunications Director says, “It’s one of the best investments the city has made.”

Medina County, Ohio
Highland Public Schools used to pay Time Warner Cable $100,000 per year for its data needs. In 2012, it switched to the Medina County municipal network at a cost of about $18,000 per year for comparable services, saving at least $82,000 each year.

Portland, Oregon
In 2009, Qwest provided 10 Mbps connections to the public schools for $1,310 per month. The district switched to a publicly owned network, IRNE, spending only $616 per month for a 400 Mbps connection – less than half the price for 40 times the capacity.

Greenacres, Florida
The City was leasing a 1.5 Mbps connection for $33,360 a year. The Palm Beach County network now provides 10 Mbps connection for $8,400 per year. Greenacres will save $124,800 over five years for six times the speed.