

**Broadband Investment for Economic Recovery:**  
Perspectives of an Ad-Hoc Group of State Broadband Entities

**February 9, 2009**

**Respectfully Submitted to:**

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**President Barack Obama**

**The Honorable Nancy Pelosi, Speaker  
United States House of Representatives**

**The Honorable Harry Reid, Majority Leader  
United States Senate**

February 9, 2009

Dear President Obama, Speaker Pelosi, and Senate Majority Leader Reid:

As broadband officials and experts from the states of Arizona, Georgia, Maine, Massachusetts, New York, North Carolina, and South Carolina we applaud Congress and the Obama Administration for swiftly addressing our nation's economic challenges and for considering investment in broadband infrastructure as a key component of the stimulus package for economic recovery. We represent a small sample of the many states that are well positioned to make quick use of federal monies to partner in the effort to build out much needed broadband infrastructure.

As the economic recovery legislation heads to conference, the coming days will require important decisions and swift actions regarding the role of broadband investments in the stimulus package for economic recovery. **We are strongly in support of: (1) the full \$7 billion amount agreed upon by the Senate, (2) ensuring that the bulk of broadband funding is made available via competitive grants rather than loans, (3) ensuring the broadest possible participation from state entities by building flexibility into any requirements for matching funds. In particular, any required match should be minimal, accommodate in-kind rather than cash contributions, and include a process that allows public entities to apply for waivers.**

We support the new administration in its work, and advocate for investment in national, ubiquitous broadband as an essential element of any plan to respond to our current economic challenges. Working with states to direct and implement new infrastructure projects will speed up the timeline for construction and enhance the effect of stimulus funds in the immediate term while yielding benefits for generations to come.

Sincerely,

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## **Broadband Investment for Economic Recovery: Perspectives of an Ad-Hoc Group of State Broadband Entities**

### **Introduction**

As broadband officials and experts from the states of Arizona, Maine, Massachusetts, New York, North Carolina, and South Carolina we applaud Congress and the Obama Administration for addressing our nation's economic challenges and for considering investment in broadband infrastructure as a key component of the stimulus package for economic recovery. Our ad-hoc group of states evolved after a fall meeting of the Rural Telecommunications Congress where a panel of state entities gathered to discuss broadband challenges, successes, policies and programs. **We represent a small sample of the many states that are well positioned to make quick use of federal monies to partner in the effort to build out much needed broadband infrastructure.**

Whether we have passed legislation to create a new broadband authority or given oversight of broadband to a new council or committee under an existing state agency, or are struggling to create such an entity—we work diligently with local communities to bridge the digital divide, bring broadband to unserved populations, and shape a positive and innovative economic development outcome for both the immediate and future term. We strive to stimulate investment in broadband expansion through public/private partnerships, grant programs, data-driven technology policy, and educational outreach. Regardless of the model we use, we have intimate knowledge of the unique circumstances of the digital divide within our states and can greatly enhance and hasten the positive economic development outcome of broadband infrastructure projects.

### **The United States is Falling Behind**

A variety of measures currently demonstrate that the United States is falling behind many developed nations in broadband deployment and adoption. Within the U.S., the digital divide is felt most acutely in less densely populated regions and distressed urban areas where market economics fail to address the public's need for Internet service and private sector firms have been unwilling to invest in new infrastructure. The time horizon for an individual firm to realize a return on investment (ROI) in areas of unattractive demographics simply takes too long. Similarly, **market economics and ROI formulas used by providers fail to take into account the many public benefits of high-speed broadband networks, including job creation, economic growth, lower-cost health care, higher quality education, and the ability to compete in 21<sup>st</sup> century global markets.** Citizens denied access to adequate broadband are increasingly disadvantaged as current and future applications evolve in video, telework, e-health, education, research, social networking, public safety, and energy efficiency, requiring higher and higher capacities of Internet bandwidth.

### **One Size Does Not Fit All**

The U.S. has many regions that vary widely in topography, population density, and income. In order to best stimulate the economy for both the immediate and long-term future, federal broadband programs should be designed with flexibility to allow states to prioritize goals and target federal dollars to areas of greatest need. Different technologies may be required for

different locations, with no one solution working in every place. The best approaches for building out broadband infrastructure will occur when federal, state, and local governments work with each other *and* the private sector to achieve common goals. Funding programs should encourage states to allocate resources based upon criteria that are created in each state and could include measures to encourage private industry to build broadband networks with funding from a public partner.

### **State Approaches to Broadband**

States have utilized a wide variety of approaches to encourage the development of broadband infrastructure. Many have created broadband authorities and councils that serve as useful intermediaries between federal funding agencies and local projects, both adding value and improving outcomes. By leveraging existing state assets and projects (for example, roadways, land, buildings, and fire towers) for the placement of telecommunications infrastructure, and relying on existing relationships and synergies to streamline rights-of way, **states have been able to greatly speed up the telecommunications construction process**. Strategies used by the states in our ad-hoc group include:

- Creating a new and specific body to focus on broadband—either within state government or within a quasi-public
- Fostering and enhancing public-private cooperation and co-investment
- Funding access with grants or low-interest loans
- Streamlining rights-of-way (both state and municipal)
- Mapping broadband facilities
- Educating communities about the importance and/or availability of broadband to increase adoption
- Encouraging the inclusion of commercially available telecommunications infrastructure in capital improvement projects for roads, railways, bike paths, water, and sewer
- Setting goals for broadband adoption/availability

### **Why Competitive Grants for States?**

Regardless of their unique circumstances, states can make quick use of Federal monies because:

- States have intimate knowledge of local conditions. Efforts to develop and utilize broadband, particularly in locales with limited demand and/or supply, will be most effective if they are tailored to unique local need and opportunity.
- States have pre-existing relationships that will help them quickly coordinate the deployment of broadband infrastructure as well as education programs aimed at increasing broadband adoption and demand.
- State policy-makers are best able to proactively link broadband expansion to economic development. Indeed, state agencies typically play a lead role in economic development projects, partnering with private firms and working hand-in-hand with local stakeholders. Broadband should be an integrated part of these efforts.

- States can leverage complementary assets or projects – such as encouraging the placement of telecommunications conduit in capital improvement projects that require road openings.
- States can utilize federal stimulus funding and matching funds to stimulate the private sector and catalyze private investment in broadband through public/private partnerships.
- State policy makers will take into account the needs of the entire state. They will encourage the building of robust networks that are interconnected, redundant, and capable of being utilized by multiple constituents such as residents, businesses, public safety, public health, and education and will not represent isolated or stranded investments.
- States are publicly accountable.

## Conclusion

The coming days will require important decisions and swift actions regarding the role of broadband investments in the stimulus package for economic recovery. We support the new administration in its work, and advocate for investment in national, ubiquitous broadband as an essential element of any plan to respond to our current economic challenges. Innovation is a true force that sustains our country's competitive advantage and ubiquitous high-speed Internet is a platform capable of enabling technology-based innovation across all sectors. Ubiquitous, high-speed Internet has the capability to vastly improve healthcare, education, public safety, energy efficiency, and countless other aspects of modern life. **Working with states to direct and implement new infrastructure projects will speed up the timeline for construction enhancing the effect of stimulus funds in the immediate term while yielding benefits for generations to come.**

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## **Contributor Profiles**

### ***Arizona***

Arizona's Government Information Technology Agency (GITA), as the strategic planning and coordination agency for information technology for the state government, has particular insight, statutory authority, and relations with other state agencies and political subdivisions. By assignment, GITA has responsibility for telecom and broadband policy development within the state's Executive Branch, and shares responsibility for resulting broadband initiatives and outreach with the Arizona Department of Commerce. GITA's efforts are augmented by the Arizona Telecommunications and Information Council (ATIC) and other stakeholder groups. Recent joint strategic broadband planning includes the formation of an Arizona Broadband Development Authority (within GITA), which will provide the necessary focus and coordination for both Arizona based and federal based broadband initiatives.

### ***Massachusetts***

The Massachusetts Broadband Institute (MBI) is tasked with meeting the broadband access needs of unserved citizens throughout the Commonwealth. Established by an act of the Massachusetts Legislature and signed into law by Governor Deval Patrick on August 4th, 2008, MBI is organized as a division of the quasi-public, Massachusetts Technology Collaborative. MBI manages a statewide Broadband Incentive Fund, with up to \$40 million from general obligation bonds. MBI will make strategic investments in essential, long-lived broadband infrastructure assets, such as fiber, conduits, and wireless towers to incentivize public/private partnerships which result in new broadband deployment solutions. MBI seeks to retain the Commonwealth's competitive edge by ensuring that affordable, robust and ubiquitous broadband is available statewide. The initiative will enhance Massachusetts' competitive position in vital sectors of the economy and improve the health, safety, education, and quality of life for the citizens of the Commonwealth.

### ***New York***

The New York State Universal Broadband Initiative seeks to ensure every New Yorker has access to affordable, high-speed broadband. This includes a comprehensive and holistic broadband strategy that focuses not only on infrastructure build-out, but also on digital literacy, economic development, and expanded use of online government services. This strategy also includes an increased focus on expanding e-government service and e-commerce which in turn requires creating more "e-citizens" who are digitally literate, connected to affordable internet access, and full participants in the information age.

Strategic oversight for the broadband program is performed by the NYS Council for Universal Broadband. The Council includes 27 council members and 70 action team representatives, which include members from state and local government, libraries, municipal associations, economic development, as well as secondary and higher education institutions who have come together out of a shared interest in improving the economic vitality of New York's communities.

### ***North Carolina***

The e-NC Authority was created to ensure that all North Carolinians – especially those in rural areas – have high-speed Internet access at competitive prices and the ability to use it. Charged to be technology neutral and pioneering, the e-NC Authority works with communities and companies to forge the public-private partnerships and grass-roots driven programmatic efforts that are extending the Internet and improving broadband availability in the state’s unserved and underserved rural and urban distressed communities. Gaps still remain. The e-NC Authority provides rigorous, data-driven technology policy advice to the state legislature and citizens and tracks at a granular level the status of high-speed access in each county. Capacity building efforts include: e-community and regional planning; public access; digital literacy training; and targeted efforts focused on increasing awareness and uptake of value-adding web-based applications in education, commerce, health and government. Innovative regional e-NC business and technology telecenters bring direct Internet-based economic development and job creation to especially hard-hit areas of the state. Collectively, these efforts form a comprehensive approach, ensuring that the full potential of the Internet is harnessed to improve the quality of life throughout North Carolina.

### ***Maine***

In 2006, the Legislature created the ConnectME Authority to identify unserved areas of the State; develop proposals for broadband expansion projects, demonstration projects and other initiatives; administer the process for selecting specific broadband projects; and provide funding, resources, and incentives. The Maine Legislature established the Authority “to stimulate investment in advanced communications technology infrastructure in unserved or underserved areas.” The Authority believes that the goal of expanding broadband access in the most rural, unserved areas which have little prospect of broadband service from a traditional or existing provider, is its highest priority. The Authority accomplishes this goal primarily by awarding broadband expansion grants for projects dedicated to serving unserved areas.

### ***South Carolina***

South Carolina exemplifies a state in the process of developing an appropriate state broadband authority. State legislature created two entities to deal with broadband, Educational Broadband Services spectrum, and related issues: the South Carolina Broadband Technology and Communications Study Committee and the South Carolina Educational Broadband Services Commission. The first entity recommends developing an authority after e-NC of North Carolina and commissioned Connected Nation for mapping purposes; the second focuses specifically on the EBS spectrum auction details.

State government would likely nominate an agency like the Department of Commerce to administer pass-through funds, but the opportunity to create a specific council for this express purpose is present. South Carolina would benefit from the types of funding discussed in this document and could create a new public-private collaborative body that would serve multiple purposes such as information clearinghouse, convener of public and private interests, and developer and promoter of e-literacy educational initiatives.