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**Testimony of Peggy Schaffer
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**Committee on Small Business
Subcommittee on Underserved, Agricultural, and Rural Development
Hearing on
Supporting Small Entities through Investments in the National Infrastructure: Broadband
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Good Morning, I am Peggy Schaffer, Executive Director of the ConnectMaine Authority, and I wish to thank you for this invitation to testify in front of the Committee on Small Business Subcommittee on Underserved, Agricultural, and Rural Development, to talk about supporting Small Entities through investments in Broadband infrastructure. Congressional support for bringing high quality broadband to everyone in the country, rural and urban is central to solving this problem.

I am the executive director of ConnectMaine, Maine's quasi-independent authority charged with bringing broadband to everyone in the State of Maine and making sure they can use it effectively. ConnectMaine was created in 2007 with a budget of about \$1.5M a year from an assessment on essentially land lines. We have two grant programs, one for community planning and one for infrastructure.

Over the past 12 years we have provided about \$12M in infrastructure grants to ISPs, attracting about \$15M in match from companies and communities. Just this past month we awarded \$8.6 million provided by a state infrastructure bond to over 20 projects, that will serve over 8500 households, matching \$16M in company and community funds.

In 2016 we started our Community Planning Grants. These are small grants that help communities plan how to expand broadband service in their area. Over 160 communities have engaged in this process so far.

Maine is the most rural state east of the Mississippi, and one of the least dense in terms of population. Distance and density are two key factors in availability of broadband, the longer the distance with the lesser amount of population, the more difficult it is to bring service to an area.

In Maine, and nationally, broadband infrastructure is also a road by road battle. Where you live really matters. A neighbor a half mile from you might have good service but bringing that same service to your end of the road might cost \$30,000 or more. Identifying these gaps is an essential part of the community planning process. It is also one reason very granular data on who is served is essential for states, towns and providers to figure out solutions.



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Because of the well know problems with the accuracy of the FCC data, many states have undertaken their own effort to get better data. Georgia, Pennsylvania, Alabama, Washington, Minnesota, Maine are just a few of the states frustrated with the in ability to really understand who has service and who does not, have developed their own mapping and data layers. National Telecommunications and Information Administration (NTIA) is a key partner in this effort. NTIA and States lead the effort to mapping infrastructure before it was turned over officially to the FCC. NTIA has continued this leadership wi the National Broadband Availability Map (NBAM) which 36 states are now participants.

In addition to 230 layers of federal and private data, the NBAM allows states to upload their own data into the system. In NTIA's recent Notice of Funding Opportunity, they have noted they will be looking at a variety of sources to determine eligibility, including the NBAM and state data. Given the known deficiencies in the FCC data this is key to helping target funding to areas that are actually unserved.

NTIA is also a key partner in state broadband efforts, hosting the State Broadband Leaders Network. NTIA hosts monthly online meetings as well as twice a year in person (pre-pandemic) sessions that are invaluable for state broadband leaders to learn from each other and about new trends in digital inclusion, grant strategies, working with communities and providers.

Over the past several years, the Pew Charitable Trust has begun to research, and document state led efforts. In surveying the landscape, they recognized the significant and important work that State broadband programs are doing and the impact those programs are having in communities across the country. Pew tracks state legislation and last year put out a report on How States are Expanding Broadband Access. Just this past week the project director, Kathrine de Wit, published an article on the landmark support of state broadband efforts in the American Rescue Plan, and the critical shift in federal policy to directly support state and community lead efforts.

One of the key strategies that Pew and NTIA highlights is the importance of community planning efforts for broadband. Maine is one of many states that depends on community engagement to expand broadband. Communities that are not connected to quality high speed broadband will not get connected if they don't take on this challenge themselves. States, community organizations and economic development organizations have recognized this challenge and have stepped in to help.

In Maine this has led to fabulous partnerships to support these communities' efforts. Maine provides grants to communities, mapping assistance through speed testing, technical assistance, strategies on financial modeling for building and operating a network. Most other states do this important work also. Broadband is the central infrastructure of economic and community development of this century. The critical element of community voices is central to take rate, partnerships, funding, and digital inclusion. For this infrastructure to reach everyone and fulfill its transformational potential, communities must be engaged in the why, the who and the what of



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bringing service to their homes. They must have a say in what happens in their communities. That includes determining what kind of broadband service they need and how (and who) is going to deliver that service.

Broadband is a very personal service. It's how you connect with your family, health care, education, grocery shopping, and work. Planning helps communities talk to their neighbors about how transformational this infrastructure can be. Maine communities, in fact communities across the country, realize that a high-quality broadband connection is central to the future of their town. Without it, young people will not move back or stay. The elderly often cannot remain in their homes; small businesses don't have access to markets; citizens don't have equal access to their government; and new residents will not move in. Broadband is the lifeline for every community in this country—large or small.

Our planning grants act like sticky tape, it gives the community something to grab on to, and helps ISPs see a viable business case to bring broadband to that area. It drives the conversation around level of service, affordability, digital literacy and universal access. Once people begin talking with their neighbors about this critical communication infrastructure, they realize that everyone in their community not only needs access to the service, but understand the service has to be affordable, and scalable for future needs.

This deep granular dive into what a community wants for its future, and how they are going to get it is central to Maine, and many other states, activities. It is what drives state plans and data that states are gathering. It's also why in Maine so many small locally based ISPs are aggressively expanding their footprint with fiber. These are Maine based companies that want to bring the best service at good prices to their fellow Mainers. They understand what broadband can bring and are generally open to new business models and partnerships that can make these projects work. Providers and communities seek solutions that will outlive the costs incurred. No longer are we investing in infrastructure that will need to be rebuilt in the next 20 years.

We have found Federal programs are ill suited to meet these community needs or interest. In Maine, both the USDA programs and the FCC auctions have failed to bring service to communities in a timely manner. Combined with the fact that areas that have been awarded federal funds, even if the network is not built, are no longer eligible for any federal funding spells disaster for many communities. When the award goes to provide a service that is expensive, not what the communities want, or is satellite based, those communities lose out on building broadband that meets their current and future needs.

Two examples of this are Maine's USDA grants through the ReConnect and the Community Connect Program, and the recent FCC Rural Digital Opportunity Fund, and the previous 603 Auction.



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Four projects were awarded ReConnect Grants in early 2020. These are small projects. Three of them are municipally owned and cost just about \$1M. They should be a 6-8-month build. None of these projects have started yet because of the bureaucracy within the USDA. These projects, if they had been funded with state dollars, would be lit, serving the people and businesses in these rural communities right now. Instead, they are looking at a build in at best 2022, two full years after the award. Maine is not the only state where USDA ReConnect Projects have not been built. Projects across the country are having similar unneeded delays.

Maine had one community get awarded USDA Community Connect Grant. This small island community had applied and was rejected, but at the end of the funding cycle, USDA found extra funds and awarded the grant. On a beautiful Maine summer day in 2019, the Assistant Secretary came to the island for a grant ribbon cutting. The entire community turned out for the presentation, including the press. The Cranberry Isles would have better broadband than most of mainland communities, funded in part by a federal grant. It was a big day. Only, because of the bureaucracy in the USDA, the Cranberries never saw a dime of federal funds, and ended up paying for the network themselves. It was easier to tax its own citizens than fight with the USDA in Washington. My understanding is Senator Collins has just gotten the USDA to attempt to hopefully create a pathway forward for this project to receive its promised funding.

The FCC programs also make no effort to meet or understand an area's needs or demographics. Over half of Maine's Rural Digital Opportunity Funds were awarded to Starlink, a low earth orbit satellite system. In the FCC "603 Auction" all of Maine's areas were awarded to ViaStat, a high earth orbit satellite service. These satellite services have a role to play, especially in very hard to reach areas. But they are expensive at over \$100 a month. That is simply not affordable for many Maine people. Unfortunately, since the FCC auctioned off their locations, these communities in Maine have only state funding as a possible pathway. That is just wrong.

There is one small, rural, poor town in Lincoln County that was denied a USDA grant because of the FCC 603 and RDOF auction and is not eligible for any other federal funding. This town has been working for three years to figure out how to bring affordable universal service to town. They decided to develop a municipal network because only one provider was willing to work with them. They want to own their own destiny. Federal funding should not block that type of effort. We also cannot ignore the importance of digital inclusion. Broadband infrastructure is the what, digital inclusion is the why.

There are four key elements to bringing service to an area. First, the wire must run by your house. Second you must be able to afford that connection. Third, you need a device to access the internet. And fourth, you need to know how to use that device and the internet. Community plans are centered on these four key elements. Understanding the dynamics of the area is a central element to not only bringing the wire but making sure the cost is affordable and there is a strategy for digital literacy. This all drives take rate, which can help pay for the cost of the infrastructure. People using this resource to improve their lives is central to the purpose of this entire activity.



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If broadband infrastructure is going to achieve its promise, we need to make sure federal funds flow to the solutions these communities want, including making it much easier to fund a community owned network. This is why the [Capital Fund Projects in the American Rescue Plan](#) is so exciting to states. It puts the funds closest to those community efforts, through state grants.

Our state infrastructure grants are the best match for a community driven process that includes digital literacy and digital inclusion. Ensuring community engagement in the project boosts subscription rates which makes infrastructure investments sustainable for communities and providers. Even when an ISP is looking to expand their own footprint, engagement from the expansion area is critical to drive up take rate. Build it and they will come is not a strategy for success in broadband. Just as it isn't a cost-effective strategy to build 3-6 years from now for service that may not meet needs in 10 or 20 years, which is often what current federal programs pay for.

States have proven they are up to the task of efficient and effective use of this funding to build out infrastructure. Sixteen States used \$664M of funding from the Corona Virus Relief fund (CARES) to bring connectivity to unserved areas. I have included a chart identifying the states and the funding used to expand access during the pandemic. **The networks States funded with these funds were funded AND built in under 6 months.** They are serving people right now, unlike most of the federal funding in the past 4 years. The pandemic taught us how important a high-speed connection is. Waiting 4 or 6 years to get connected with federal funding just does not work any longer if it ever did.

The American Jobs Plan also offers great promise to close this connectivity and affordability gap. BUT, it really, really matters how those funds for infrastructure are distributed and who owns the infrastructure.

There are over 800 successful models of public ownership of this infrastructure. Electrical Co-ops, municipal utility districts, municipal ownership, traditional co-ops, counties, not for profit LLC's. There is no one model because there is no one solution. Funding partnerships of town, co-ops, ISP, and other public instrumentalities needs to be a flexible strategy. And flexible funding strategies are just not what the federal government does well. It is what States do well.

States have been proving their worth for several years now. Our understanding of the problems, locations, and our ability to craft programs that fit our communities is central to our efficiencies and most important our effectiveness. Funding for broadband infrastructure in the American Jobs Plan should flow through to State and State programs to provide the most efficient program with the greatest benefit, and the fastest, affordable connectivity to the American people.

Thank you for your time, and I would be pleased to answer any questions.



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Infrastructure Grant Programs

State	CRF Appropriations
Arkansas	\$100 million appropriated to the Arkansas Rural Connect Program
Delaware	\$20 million appropriated for broadband infrastructure
Idaho	\$48.9 million appropriated to broadband infrastructure projects , equipment, and services.
Kansas	\$50 million appropriated to the Connectivity Emergency Response Grant
Maine	\$6.4 million appropriated to Connect the Kids Now!
Mississippi	\$75 million appropriated to the Mississippi Electric Cooperatives Broadband COVID-19 Grant Program Fund
Missouri	\$5 million appropriated to the Emergency Broadband Investment Program
Missouri	\$20 million appropriated to broadband infrastructure funding
New Hampshire	\$50 million appropriated to The Connecting New Hampshire – Emergency Broadband Expansion Program
North Carolina	\$39 million appropriated to the GREAT grant program
Oregon	\$10 million appropriated to the Rural Broadband Capacity Program
South Carolina	\$50 million appropriated to the South Carolina Broadband Infrastructure Program
South Dakota	\$6.5 million appropriated to broadband project funding
Tennessee	\$61 million appropriated to the Tennessee Emergency Broadband Fund
Virginia	\$30 million appropriated to the CARES Act Fast-Track Broadband Program
Wyoming	\$86 million appropriated to broadband infrastructure funding
Total	\$667.8 million in Coronavirus Relief Funds appropriated to infrastructure grant programs



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Examples

- With a \$30 million allocation of Coronavirus Relief Funds, [Virginia](#) funded 71 projects in 50 localities. These projects connected 30,822 households and businesses – 24,026 with improved access to broadband and 6,796 with more affordable broadband.
- [Idaho](#) awarded \$48.9 million to 102 projects, connecting more than 43,000 households.
- [Kansas](#) awarded nearly \$50 million in Connectivity Emergency Response Grants to 67 projects across the state.
- [North Carolina](#) allocated nearly \$30 million to fund 18 broadband infrastructure projects that will connect 15,965 households and 703 businesses.
- [South Dakota](#) awarded \$25 million in CARES Act funds together with state funds (for a total investment of \$30.5 million) to bring service to 6,263 locations – 5,886 households and 377 businesses.
- [Maine](#) granted out \$6.4 million connecting over 700 students to a 50/10 service.
- [New Hampshire](#) granted out \$16 million of its initial \$50 million allocation, connecting 5,500 locations.
- [Arkansas](#) awarded over \$118 million in CARES Act and state funds to 76 projects across the state.
- [Mississippi](#) awarded \$73.6 million to 19 projects across the state.
- [South Carolina](#) awarded \$26.4 million of its \$50 million allocation to 78 projects in 27 counties across the state.
- [Oregon](#) awarded \$9.9 million to 28 projects across the state.

This funding does not include funds that states used for wifi hotspots, wifi devices and tablet in schools and other services.