

Senate Finance Committee

Senator Oelslager

Chair

Proponent SB225 Testimony

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Senate Bill 225: Ohio Broadband Development Grant Program

On behalf of a group of public and private organizations from SE Ohio who have come together to try and address the digital divide that exists in our corner of the state, I urge the passage of SB225 and companion HB378 in creating the Ohio Broadband Expansion Grant Program. Nationally, there are organizations that are equating the importance of broadband development in the 21st century to one of the 20th century's greatest endeavors – the construction of this nation's interstate highway system. Broadband is a public good, and by my testimony herein for the Ohio Broadband Development Grant Program, communities across SE Ohio want to offer their support for what collectively we believe will be good statewide public policy.

This legislation, if passed, will provide last dollar support to encourage vital broadband investment and infrastructure expansion in the vast areas of Ohio that remain unserved. By support for this bill, it will be evident members of the legislature understand the importance of the internet as a statewide public utility that can influence Ohioans daily lives every day: commercial activity, education, healthcare, public safety, and communications in general being just a few immediate examples.

Based on an Ohio State University Report: *Connecting the Dots of Ohio's Broadband Policy*, the good news is 92 percent of Ohioans already have access to internet services that meet the Federal Communications Commission's (FCC) minimum broadband standards, but that still leaves one million citizens or roughly one-quarter of the state's population without broadband services in their homes and businesses. This digital divide has significant long-term implications for state public policy makers, as many of these individuals live in rural regions of the state that continue to lag the state's more urban regions. As recent studies by Connect Ohio have shown, this disparity between advanced telecommunications capabilities available in S.E. Ohio compared to the State's urban areas persists as evidenced by the lack of availability to:

- Fiber Broadband
- Cable Broadband
- DSL Broadband
- Fixed Wireless Broadband
- Regional Providers in Unserved Areas

This lack of availability to advanced telecommunications capabilities has significant implications for the S.E. Ohio region as more and more citizens require access to both fixed and mobile services during the course of their daily lives. Fixed broadband services are essential for home use including telecommuting for jobs, streaming high definition (HD) video, uploading large files and the ability to access essential web services. Mobile services support activities such as navigation, communications with family and friends, and receiving timely news and emergency updates when away from home. In addition to personal and residential deficiencies, the quality of K-12 school programming, health care delivery and the ability of small businesses to compete in today's global markets are also negatively impacted.

The lack of broadband access also leads to lost economic value. As the authors of the Ohio State study: *Connecting the Dots of Ohio's Broadband Policy* note, economists have estimated the average consumer benefits of broadband access to be between \$1,500 and \$2,000. Based on that estimate, the economic value of expanding access to all Ohioans under the most conservative adoption scenario is \$1 billion over the next 15 years. And while today's global economy underscores the importance of

broadband connectivity to promoting economic growth, I think the conclusion drawn by The National Rural Economic Developers Association are even more persuasive, In their recently released report ***Rural Economic Development: Building a Sustainable Community*** they note:

Economic growth suggests an increase in numbers – population, enrollment in schools, and number of households in a community. ***Economic development***, on the other hand, is qualitative. It is the result of planning by community leaders for the long-term livability of the community. Communities with sustainable economic development plans create goals related to retaining and expanding existing business, and maintaining a “sense of place” that allows residents the feel of a rural setting and the convenience of urban connectivity. A well-developed infrastructure that provides the proper level of support for businesses to thrive and for residents to live well is also critical to any sustainable economic development plan. Sustainable economic development reduces outmigration and ensures a healthy, well-balanced community for present citizens and future generations.

There has been much written about the challenge to rural revitalization in the new global economy. For SE Ohio this begins with our remoteness, the lack of a highly trained workforce, limited infrastructure support, and a past reliance on natural resource-based industries that have eroded the region’s economic resources. As the region looks to the future, without making substantive change, it is clear that smaller communities in SE Ohio will continue to lose the battle as their economic base shrinks; school districts compete for fewer resources; municipalities lack funding to address their decaying infrastructure; and existing business close up or move to more stable markets.

We in SE Ohio understand that to achieve our goal of having sustainable economic development and vibrant communities where people want to work and raise a family is a shared responsibility. That is why we have begun to have conversations with political and community leaders from throughout the region and across the state to develop an organization that can work collaboratively to create a “smart” and sustainable economic development plan for the region. From our perspective, this begins with the development of the region’s broadband infrastructure. Broadband is no longer a luxury; it is a necessity. The people of SE Ohio use the Internet for everything from applying for jobs to making appointments with a doctor’s office. Ohio’s children also need broadband to complete their schoolwork and advance their education. SE Ohio’s businesses need it to grow and compete in a global digital market.

We also understand that we if we are to be successful we must commit our own resources to this task and we must develop public-private partnerships with network providers to generate the capital necessary to build and operate the infrastructure so essential to achieving our sustainable economic development goals. We are committed to doing this, but SB225 is and must be an essential element of our strategy. It is for this reason a growing number of SE Ohio public and private organizations enthusiastically support passage of SB225 to ensure that residents and businesses – across all of Ohio – can not only survive, but also prosper in the Digital Economy.

In closing let me again thank you for the privilege of submitting proponent testimony about this very important issue not only for SE Ohio, but also for the state more broadly and those lacking access to this very important resource.