



State Representative Rick Carfagna
Joint-Sponsor Testimony - House Bill 13
July 21, 2020

Good Morning Chairman Wilson, Vice-Chairman McColley, and Ranking Member Williams. Thank you very much for the opportunity to provide sponsor testimony on House Bill 13. I am also here on behalf of my joint-sponsor, Representative Michael O'Brien, who hoped to be here but unfortunately could not attend. I believe he has provided written testimony for the committee's consideration.

House Bill 13 is a labor of love that stems from the 14 years I formerly served in the cable industry, working with local governments throughout the state to expand and upgrade broadband infrastructure. I also spent 7 years as a Genoa Township Trustee, advocating for constituents in my own community lacking this critical resource. I've bridged these two perspectives to bring before you today Ohio's first residential broadband expansion program, designed to combine efforts by government and private enterprise to bring connectivity to unserved households across Ohio. And make no mistake, this is a matter that impacts all 33 Senate districts.

High-speed internet is the great social equalizer of our time. It has yielded a wide variety of economic, cultural, educational, and social resources to our communities. The Internet instantaneously brings knowledge, marketplaces, and people together across oceans. So many in our state, however, continue to be deprived of access to these opportunities. Recent surveys indicate that at least 300,000 households in Ohio lack access to reliable high-speed internet.

Throughout my time working on this important issue, I've heard so many stories from around the state that illustrate the broadband access problem that exists in Ohio. We've all heard of the children having to utilize the free WiFi at McDonald's in order to do their homework. Here in Central Ohio of all places, the Columbus Dispatch reports that 17% of schoolkids lack access to broadband.

The Ohio Library Council has spoken of the public library down in Athens County, where 50% of their WiFi usage occurs when the library is closed. Just think about that for a moment. These are people literally sitting in their cars in the parking lot, after hours, with kids doing school work, or people doing job searches, applying for work, or doing basic online banking. I recently learned an amazing statistic with regards to telemedicine: in 2019, Nationwide Children's Hospital performed 19 telehealth consults. In 2020, it's been over 50,000 thus far. Consider

the amazing proliferation of telehealth offerings over the past few years. And then realize what a wasted resource this is in the areas lacking access to high-speed internet. These are the very places where healthcare offerings are already scarce, and telehealth options so desperately needed.

Please also consider the merit of simply having broadband available, even if it's not purchased: research shows that access to broadband increases home values in the range of 1.8% to 3.1%. In Ohio, this equates to roughly \$3,600 to \$6,200 of instantaneous improvement to one's property value.

Add these anecdotes to the stories I'm sure you hear from your districts every single day, of families struggling to work and learn remotely during the COVID-19 pandemic, and I'm sure we can all agree that this is a problem in need of a solution in our state. We owe it to our constituents to address this in a timely manner.

So let's talk about the program established in House Bill 13. Broadband providers will be making a direct application to the Ohio Department of Commerce, who will be coordinating this process. Providers will lay out their proposed buildout plan, list the residential addresses that will have availability to broadband speeds of at least 25 M down/3 M up after completion of the project, and quantify the broadband funding gap that is preventing them from otherwise building out to these listed homes on their own.

To be clear, we're not proposing that the state pay the total project costs under this bill. The providers all have their own construction formulas, with a number of variables, which they use to justify the economics of whether or not to build to a given area. The intent of the bill is to isolate and fund ONLY the cost hurdle – the dollar amount by which a proposed project fails a provider's buildout model. The provider is expected to fully fund the portion of the project that falls within its construction formula.

While the Department of Commerce will administer the program, the actual award decisions will be made by a five-member Authority established under Commerce and consisting of the Director of Commerce, the President of JobsOhio, one Governor appointee, one House appointee and one Senate appointee.

There will be up to two application windows per year, with all of the applications and the addresses they propose to serve will be published on Commerce's website. In making that information publicly accessible, we also have a robust challenge process established where another provider can contest an application on the grounds of service to an ineligible or already-served area.

While the Authority will have the discretion to evaluate and award these grants, we believe it's crucial to create a weighted scoring system to prioritize these applications. We want to make sure we are getting service first and foremost to unserved areas, followed by focusing on distressed areas of the state with high levels of unemployment and poverty, encouraging the pooling of funds and resources to drive down the financial ask by the provider, and a number of other scoring weights.

The award recipients will be required to submit an annual project progress report for a period of four years following the build. We want to track not just the number of households having access, but also the speeds available, the price of the service, and how many homes are actually subscribing to the service. Those are going to be important variables to monitor going forward.

We are also charging this Authority with a number of additional responsibilities, as we need to have a continual discussion about the broadband landscape in Ohio. This includes identifying the ongoing barriers to deployment, and also items like the promotion of Digital Literacy and the availability of low-income programs.

HB 13 also gives our local governments an outlet to have a voice. We realize in some jurisdictions, there may be a number of homes lacking access and willing to become paying customers, yet no providers are making applications to serve these folks. Under the bill, a Board of County Commissioners can ask the Department of Commerce to solicit applications from providers to serve unserved or underserved jurisdictions in their county. Commerce will publicize the request on its website for two years. The hope is that by giving those requests a public audience, you'll see either incumbent providers in the area step up their buildout efforts, or you may have an enterprising new entrant in the market see an opportunity for customers.

Finally, HB 13 implements a number of regulatory and industry reforms. These are designed to help mitigate the risks associated with making these capital investments into unserved areas, with or without this program. They include the following:

- Nondiscriminatory Access to pole attachments in terms of rates, terms and conditions.
- Improved access to utility easements for broadband providers.
- Creation of a pilot project for electric utilities to construct middle mile infrastructure specifically to unserved areas within hard-to-reach Appalachian counties.

Ladies and gentlemen, HB 13 incentivizes true public/private partnerships and rewards cooperation to bring this infrastructure to those without this critical resource. The time has come for providers to sharpen their pencils and put forth their best effort and best technologies to buildout their networks. I am confident that the deployment of broadband infrastructure to any of the numerous Ohioans left behind will be deeply meaningful and enhance quality of life.

I would be remiss if I went any further without recognizing that both Governor DeWine and Lt. Governor Husted understand this problem, going as far as to make this a key point of their campaign platform. The Governor, on multiple occasions during this pandemic, has made reference to the nearly one million Ohioans who lack reliable service because of where they live. And aside from understanding the issue, our Governor has gone the extra mile to ensure funding of this endeavor – having committed \$20 million for the remainder of this biennium from an existing Development Services Agency line-item.

Chairman Wilson, Vice-Chairman McColley, Ranking Member Williams, thank you again for the opportunity to present House Bill 13. I thank you for recognizing the importance of this legislation, and would be happy to answer any questions.