



State Representative Rick Carfagna
State Representative Brian Stewart
Joint-Sponsor Testimony - House Bill 2
February 9, 2021

State Representative Rick Carfagna

Good Morning Chairman Oelslager, Vice-Chairman Plummer, and Ranking Member Crawley. Thank you very much for the opportunity to provide sponsor testimony on House Bill 2.

House Bill 2 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. Rep. Stewart is well-versed in these disparities given his tenure as a Pickaway County Commissioner. We have bridged these perspectives to present 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 99 Ohio House 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 one million Ohioans lack access to reliable high-speed internet, with 300,000 households having no options whatsoever.

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 schoolwork, or people doing job searches, applying for work, or doing basic online banking. Nationwide Children's Hospital has some incredible statistics regarding telemedicine: in 2019, their telehealth visits amounted to 332. In 2020, that number soared to 316,568 - a growth rate of nearly 1,000x - and these numbers are strictly for NCH. Consider this 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.

State Representative Brian Stewart

I'll add my own "good morning" and "thank-you" to Chairman Oelslager, Vice-Chairman Plummer, and Ranking Member Crawley. This is my first time providing testimony on *any* bill as a member of the House, but I am especially grateful that I get to do so in support of this House Bill 2 and in the cause of connecting more Ohioans to the internet. Internet is not luxury, it is a necessity, and I want to thank Representative Carfagna for allowing me to join him in sponsoring this bill which will literally change the lives of countless families in my rural district and across our state.

I want to focus my remarks on the mechanics of the program contained in House Bill 2. Broadband providers will be making a direct application to the Ohio Development Services Agency (DSA), who will be coordinating this process. Providers will lay out their proposed buildout plan, list the residential addresses that will have access to broadband speeds of at least 25 M download/3 M upload 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 are not proposing that the state pay the total project cost of a project 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. In other words, this funding will be targeted to projects where a provider would otherwise struggle to justify the expense from a business standpoint, which is what currently leaves those "hard to reach" homes unserved.

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

There will be up to two application windows per year, and all of the applications and the addresses they propose to serve will be published on DSA's website. In making that information publicly accessible, we also create a robust challenge process in which another provider can contest an application on the grounds that the proposed project would provide service to an area that is ineligible for funding or to an area that is already adequately served.

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, as well as promoting Digital Literacy and the availability of low-income programs.

As a former County Commissioner, I'm very pleased that HB 2 also gives our local governments a voice and a potential role to play. We realize that in some jurisdictions, there may be a number of homes lacking access who are willing to become paying customers, and yet no providers are making applications to serve these folks. Under the bill, a Board of County Commissioners can ask DSA to solicit applications from providers to serve unserved or underserved jurisdictions in their county. DSA will publicize the request on its website for two years. The hope is that by giving those requests a public audience, you will see either existing providers in the area step up their buildout efforts, or you may motivate an enterprising new entrant in the market to see an opportunity for additional customers.

Finally, HB 2 implements a number of regulatory and industry reforms. These are designed to help mitigate the risks associated with making private capital investments into unserved areas, with or without this grant 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.

Ladies and gentlemen, HB 2 incentivizes the best form of 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 build out their networks. From speaking to my constituents, small businesses, large business, schools, and community organizations, and even to unserved members of my own family, I am confident that the deployment of broadband infrastructure to any of the numerous Ohioans left behind will be deeply meaningful and enhance their quality of life.

We also want to recognize the importance of both Governor DeWine and Lt. Governor Husted and their deep understanding of this problem. They crafted and released the Ohio Broadband Strategy in December 2019, they created the Office of BroadbandOhio in March 2020 to improve access to high speed internet across Ohio, and they have made broadband expansion a key component of their economic stimulus plan.

The Administration has also made clear its commitment to funding this endeavor. Our bill, being a redraft of House Bill 13 from the last General Assembly, reflects the Administration's then-commitment of \$20 million for the remainder of this biennium from an existing Development Services Agency line-item.

However, last week, as this committee will recall, we learned that the Governor's Executive Budget proposal calls for a **\$290 million** investment towards the significant accessibility and affordability

barriers to high speed internet and digital resources. At minimum, for House Bill 2, the Administration is proposing another \$20 million per year in both FY22 and FY23 in addition to the previous \$20 million commitment for FY21, effectively tripling the funding that was discussed in the prior General Assembly. As a result of these announcements, we are continuing discussions with the Administration, and expect to return at a future date with revisions to the funding mechanism in House Bill 2.

Chairman Oelslager, Vice-Chairman Plummer, Ranking Member Crawley, thank you again for the opportunity to present House Bill 2. We thank you for recognizing the importance of this legislation, and would be happy to answer any questions.