



**Department of Community & Economic Development
Technology Investment Office**

Act 183 Broadband Outreach and Aggregation Fund (BOAF) and E-Fund Implementation

Testimony of Pennsylvania Department of Community & Economic Development
Before Senate Communications & Technology Committee

Luc M. Miron
Director of Strategic Technology Initiatives
PA Department of Community & Economic Development (DCED)

March 28, 2007

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Chairman Wonderling, Senator Williams, and Members of the Senate Communications & Technology Committee:

Thank you for the opportunity to speak to you this morning on a new and exciting program being implemented by the Pennsylvania Department of Community & Economic Development (DCED). My name is Luc Miron, and I am the Director of Strategic Technology Initiatives at DCED. In that capacity, I am responsible for the development and implementation of the various aspects of Act 183 of 2004. One of the programmatic components of Act 183 administered by DCED is the Broadband Outreach & Aggregation Fund (BOAF). This is the inaugural year for the BOAF program, and the Department is pleased to report on progress achieved thus far.

The ultimate goal of the BOAF is to provide communities with resources to overcome the challenges that are typically associated with low population density and physical remoteness from larger urban centers. By creating a local recognition for the need and the benefits of telecommunications connectivity and by aggregating the demand for services, we aim to make broadband availability a nearer-term reality, and particularly for rural and underserved Pennsylvania.

Thus, the BOAF recognizes the need for awareness building and outreach to inform the public and particular constituency groups of the benefits of broadband access, so that they will demand and adopt it. The availability of planning grants is essential since it will enhance opportunities for the regions of Pennsylvania that are not intrinsically attractive to telecommunications providers - the less populous, more remote regions that are unlikely candidates for the operation of more robust market forces.

As the acronym suggests, the BOAF is a program that provides grant assistance to qualified applicants to permit the implementation of Outreach programs concerning the benefits, use and procurement of broadband services as well as providing seed grants to Aggregate customer demand in communities with little or no service so that the providers can respond to the new demand for services in a more timely fashion.

In accordance with the legislation, the BOAF is capped at \$5 million per year. For FY06-07, DCED will receive approximately \$2.2 million, remitted quarterly via assessments levied against the participating Incumbent Local Exchange Carriers (Verizon PA, Verizon North, Embarq Pennsylvania and Windstream). This amount will fluctuate annually. Preliminary estimates from the Public Utility Commission indicate that \$2.3 million will be assessed for the BOAF for FY07-08.

Contemporaneous with the start of the flow of BOAF monies, DCED released the guidelines for the program. These are available online at www.newpa.com/broadband

In completing the funding request, eligible applicants are asked to discuss how BOAF funds will be used to assist in the implementation of outreach and aggregation activities. Specifically, the funding request must address 6 factors, each commencing with the letter “C”:

- **Capability & Commitment** - Capacity of the applicant to lead the local effort and provide project management and delivery of outcomes;
- **Community Needs:** Identification of local broadband needs and anticipated demand, and identification and engagement of relevant local stakeholders (e.g. businesses, schools, health care providers, local government entities, etc) who will participate in the outreach and aggregation process
- **Catalyst for Change:** Discussion of anticipated economic, educational, cultural and social benefits to the community as a result of the implementation of activities funded by BOAF.
- **Coordination with Act 183 Programs:** Discussion of coordination with Act 183 programs, and likelihood that BOAF assistance will yield successful BFRR implementation, E-Fund application, or BARP implementation.
- **Current Connectivity Levels:** Discussion about the current telecommunications infrastructure in the community for the purpose of assessing the extent and cost of current connectivity.
- **Consideration of Other Related Issues** related to outreach and aggregation, such as formation of partnerships, outreach plans, needs analysis, data gathering, surveys, public meetings, and so forth.

The Department has considered a number of funding requests, and thus far in FY 06-07 DCED has awarded 12 grants totaling nearly \$1.8 million (see list in Appendix).

DCED has achieved a good balance and distribution of the grants in terms of:

- *geographic area* – every county is covered by a BOAF grant, either directly or as part of a statewide project (see map in Appendix);
- *type of applicants and constituency groups* – recipients have included Local Development Districts, economic development entities, community development organization, tech council, community college, and statewide associations; and
- *focus area* – the BOAF awards will serve as the catalyst primarily for economic development, but also for community development, workforce development, health care delivery, elder and chronic care, and distance learning.

An additional outcome of the BOAF projects is the emphasis placed by DCED on the delivery of Bona Fide Retail Request (BFRR) “communities”. Currently, some 58 Carrier Serving Areas (“communities”) have been able to meet the statutorily agreed-upon business case and will be connected within one year. If projected deliverables are met by the applicants funded by DCED thus far, we project that the FY 06-7 BOAF projects will contribute at least 35 additional BFRR deployed “communities”. In our opinion, the interaction of the BOAF and the BFRR programs offers real and tangible opportunity for rural Pennsylvania. And we expect that the total number of BFRR requests lodged with the participating ILECs will grow exponentially in the near future as outreach and aggregation activities are carried out by virtue of the BOAF awards.

Apart from BFRR deployments obtained as a result of the BOAF funding awards, some of the funded projects will yield some valuable data and benchmarking on the capacity and capability of targeted constituency groups (e.g Pennsylvania Medical Society). Other projects will implement projects using novel approaches or strategies (such as the Technology Council of Central Pennsylvania with a Major Users Aggregation project, or the Pennsylvania Association of Non-Profit Homes using a senior care facilities as an anchor aggregator in a community, with the added benefit of demonstrating improved delivery of service or quality-of-life at the anchor non-profit senior care facilities).

In summary, we anticipate that the BOAF program will provide much-needed resources in rural and underserved communities to foster and grow the knowledge and capacity of local leadership to define and shepherd broadband solutions forward. BOAF

funding will help communities overcome the traditional obstacles to deployment by providing seed funds and planning grants that will support the formation and sustain the activities of local organizations, coalitions and committees that will focus on developing deployment plans, demand aggregation strategies, awareness and outreach, technology literacy, training programs, and other initiatives appropriate to their local context.

Thank you for your attention to this testimony. I would be happy to answer any questions you may have.

Appendix

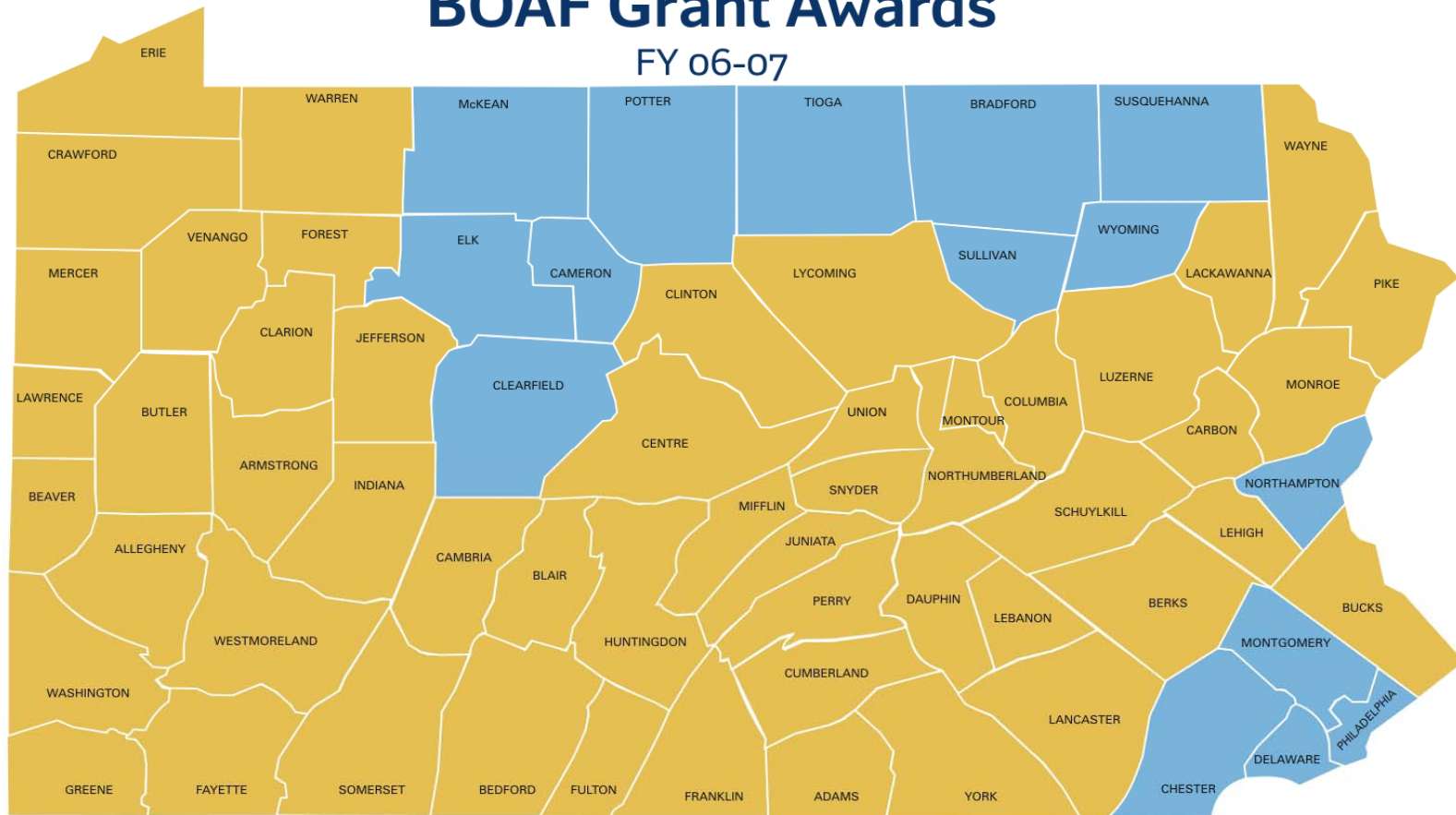
BOAF FY07-07 Funded Projects

As at March 22, 2007

SEDA-COG	Local Development District	Economic Development
Southern Alleghenies Planning & Development Commission	Local Development District	Economic Development
Northwest PA Planning Comn	Local Development District	Economic Development
Southwestern PA Corporation	Local Development District	Economic Development
NEPA-Alliance	Local Development District	Economic Development
Pennsylvania eCommerce Assn	Statewide Association	Economic Development
Pocono Mountains EDC	Economic Development Org	Economic Development
Technology Council of Central PA (TCCP)	Technology Council	Economic Development
Claysville Area Preservation & Revitalization Initiative (CAPRI)	Community Organization	Community Dvelopment
Pennsylvania Medical Society	Statewide Association	Health Care
PANPHA – PA Association of Non-Profit Homes	Statewide Association	Health care/elder care
Lehigh Carbon Community College (LCCC)	Community College	Workforce Development Instructional learning

BOAF Grant Awards

FY 06-07



■ Funded

■ Statewide Project