

1. Should the Commission entertain proposals to increase broadband adoption with NEBP grant support?

I. Increasing Broadband Adoption is Crucial - Lincoln's Situation

In evaluating the contributions a broadband pilot project can make, it is helpful to think in concrete terms. Let's examine what impact a broadband project could have on the City of Lincoln. Lincoln's current broadband access could best be described as close to the national average in a country that trails much of the developed world in terms of broadband speed and access. There are a number of competitors in Lincoln who provide broadband access. The cost per megabit of broadband service are high and the speed of average services offered are slower than many other communities in the region.

Lincoln has experienced strong and steady population growth over the last 20 years. It ranks very high in a number of recent surveys regarding quality of life, business climate, and economic strength. As a city containing both a state capital and major research university, Lincoln is well positioned to see growth in the information based "new economy." However, our city is not a leader in broadband access which is important not just for information based commerce, but perhaps more importantly as a public signal of Lincoln's commitment to be an educational and technological leader in the region.

A) Broadband Access

As the Commission suggested in its request for comments, an examination of the availability of broadband services cannot stop with the question of whether Lincoln's residents have broadband access available to them. A meaningful analysis must go

beyond this question and ask: Is a significant portion of Lincoln's population unable to afford broadband access at the current market price? Are the average broadband speeds that are available in Lincoln so slow as to be a burden on personal and commercial use of technology?

B) Lincoln's Poverty

A recent Lincoln Vital Signs study revealed that Lincoln's poverty rate has increased dramatically over the past 10 years and is now higher than state or national averages. The number of Lincoln residents living below the poverty line has increased 48% since 2005. By 2010, Lincoln had six neighborhoods in extreme poverty. The number of Lincoln public students who receive free school lunches has increased 133% since 2000.

The recent growth in Lincoln poverty is not a recent aberration caused by the national economic downturn that began in 2008. In fact, Lincoln weathered the downturn remarkably well when compared with most other American cities. Our unemployment rate remained low as Lincoln embarked on a number of exciting development projects including the Pinnacle Bank Arena, West Haymarket, and Innovation Campus.

Growing poverty during a time of strong economic activity indicates Lincoln's poverty is likely going to be a persistent challenge. When we consider the potential for wider broadband adoption in Lincoln, we cannot begin with the presumption Lincoln is a predominantly middle class city in which the ability to access high speed internet (20+ megabits/second) for \$65.00-\$75.00 per month is the equivalent of universal access.

When Lincoln has a large number of households living on \$12,000 to \$15,000

per year, an annual broadband service bill in excess of \$800.00 inhibits a large and growing part of Lincoln's population from participating in the digital highway. Lincoln, despite its relative size and prosperity, unquestionably has a large and growing population which is underserved by its current telecommunications marketplace. We have too many households who simply cannot afford broadband access in their homes, even if the current market price was reduced 50% or they received a direct service related subsidy of \$10 to \$15. Addressing the digital divide found in Lincoln's growing low to moderate income population represents an opportunity to bridge the technology gap by helping an underserved group of citizens in our community.

C) Educational Opportunity

Adding urgency to the need to increase broadband access is the recent announcement by the Lincoln Public Schools of their intent to move increasingly to e-education with the school distributing progressively more materials to its students through electronic means. Students who do not have broadband access at home are disadvantaged by growing up on the wrong side of the digital divide. Students who do not have quality and affordable broadband access at home, will be negatively impacted for their entire academic career. Lincoln schools made this decision to help prepare our students to compete in a digital world. The Commission would be wise to consider how this change will impact a city which has seen its students who qualify for free school lunches grow by 133% over 5 years.

The educational need for home broadband access will only continue to grow in the future as school systems move toward wired classrooms, internet literacy, and assignments completed on school issued tablets or laptops. Schools will continue to

adapt to a changing world, but, so far, they have neither the resources nor the vision of how to ensure that all of their students have a meaningful opportunity to access the internet.

We did not offer the preceding example about Lincoln for selfish or for parochial reasons, but because we believe many of the conditions that described in Lincoln, as well as the potential contributions that can be made by a creatively structured broadband pilot project would apply equally well in communities across Nebraska from Nebraska City to McCook to Hay Springs. Almost all communities in Nebraska share similar challenges of limited broadband access, growing poverty especially affecting its children, and school systems who are struggling to stay abreast with the increasingly rapid changes in technology.

II. Commission's Role is Key

It is not debatable that for Nebraska to reach its full economic potential as a leader, a number of players must be involved: the State Legislature, the University, political subdivisions, and private telecommunications companies must play important roles. However, the Commission's role is pivotal. The Commission does not have the resources to singlehandedly move Nebraska's telecommunications networks into the 21st Century. Instead, it can help to shape the telecommunications evolution by encouraging and funding a handful of pilot projects which will explore different approaches to encourage broadband access. Its role and knowledge of the current telecommunications environment gives it the ability to make vital and strategic investments that can have far-reaching impacts.

III. Lincoln's Recommendations

These are Lincoln's comments in response to the Broadband Adoption issues that you raised:

1. Lincoln strongly supports the idea that the Commission should designate funds in 2015 to go toward pilot broadband expansion projects. Given the scope of the challenge, \$500,000 would appear to be a minimal amount. However, if strategically invested, it can make a significant impact. The goal of this fund should not be to distort the existing market, but to encourage new approaches of delivering affordable broadband access and related services. We suggest that the priority be given to projects that propose new procedures or approaches for increasing broadband adoption, particularly in Low to Moderate income families.
2. If the Commission wants to encourage broadband adoption, it should not limit the eligibility of applicants. Non-profit groups and public agencies such as schools and libraries have unique insight into the needs, locations, and motivations of the low to middle income households who are the target demographic of this effort. If they want to be involved either alone or through cooperative relationships with other non-profits or with telecommunications providers, their involvement should be encouraged.
3. We question whether a rigid structure or caps on grant amounts are necessary. The focus should be on how to get the largest impact when analyzing how to apply a relatively small amount of money to a complicated challenge. The same logic applies to the question of whether there should

be a match requirement. It may not be necessary to require a funding match, but, generally speaking, a grant applicant who is willing and able to invest money or assets beyond the Commission grant is more likely to produce measurable positive results. Whether in one grant or several grants, five hundred thousand dollars is not enough to wire the entire state or even a sizeable community. However, projects completed under this program should be large enough to demonstrate the practical ability of the model to be scaled to the larger community. These requirements suggest the fund might best be invested in only two or three of the top ideas.

CONCLUSION

We appreciate the Commission considering funding pilot projects in this arena. We believe it has the potential to contribute exciting ideas for improving broadband development in communities throughout Nebraska.

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