Connecticut General Assembly- Commerce Committee

Public Hearing, March 15, 2016

Raised S.B. No. 445

An Act Establishing a Bioscience and Health Data Network Collaborative Task Force

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Thank you for the opportunity to appear before you today in support of Raised SB No. 445 which proposes a task force focused on developing the engagement and commitment of diverse groups of stakeholders at both the local and state level, across both government and the private sector, in order to assure that Connecticut will have the plans and tools needed for it to lead the nation in the deployment of state-of-the-art digital infrastructure. I believe, as the public advocate for telecommunications and head of the State Broadband Office, that this is our moment to demonstrate the rest of the country that the State of Connecticut is going to be New England's leader in the digital economy. The time is ripe for developing high-speed internet access for all citizens (residential, business, and community anchor institutions) across the state.

The time is also ripe for the mandate offered in SB 445 because, while Connecticut is on the leading edge of a digital revolution that is growing across the country, the practical infrastructure necessary to affect that digital revolution has unfortunately not yet reached New England. In order to expedite the creation of fiber networks in Connecticut, the two agencies I lead - the Office of Consumer Counsel (OCC) and the State Broadband Office (SBO) - have teamed with many state officials and legislators since 2014 to create the CT Gig Project, an effort to identify public-private partnerships (P3) models to develop fiber networks across the state. With support from the Connecticut General Assembly, which created and funded the State Broadband Office in 2015, we have been working with consultants to develop competitive public-private market alternatives to the status quo in order to promote economic development by constructing reasonably-priced high bandwidth for the demand expressed by all business sectors in the state. This effort also addresses the high-speed internet access demands of community anchor institutions, while working to ensure the continued success of the Connecticut Education Network.

The focus of SB 445 on the digital infrastructure needs of the bioscience, health care and insurance industries has the potential to create a team of experts that can also promote the municipal efforts of the CT Gig Project. Thus, we are honored to be named in SB 445 to the Bioscience and Health Data Network Collaborative Task Force and indeed we have, for instance, served as one of ten voting board members in the statutory Broadband Internet Coordinating Council (C.G.S. § 4d-100, repealed 2012), and presently serve as a board member on the

Commission on Educational Technology (C.G.S. § 4d-80-81), which is the governing body of the CT Education Network (aka Nutmeg Network). We have long been a voting member of the board of the Connecticut Economic Resource Center (CERC), a nonprofit corporation and public-private partnership that provides economic development services consistent with state strategies, leveraging Connecticut's unique advantages as a business location.

Demand for affordable high bandwidth has grown and continues to grow exponentially in many business sectors, not the least of which are the bioscience, health care, and insurance industries targeted by SB 445. It is equally obvious, however, that current supply of the affordable high-speed internet access is lacking, especially for the small business firms in the high-tech market, each an essential economic contributor to this high-tech state, but which also serve as the primary drivers of job creation in all markets. These are the firms that cannot afford the prices charged for high bandwidth, an expense that only the largest of Connecticut businesses can afford. It has been made abundantly clear that high-speed internet access can be a factor in very large firms relocating to states and cities with reasonably priced, ultra-high speed internet access. This Task Force can serve as the "opening bell" to Connecticut's effort to position itself as a heavyweight among the states that will lead the digital economy, particularly in New England.

We have also conducted research and compiled reports amply demonstrating the desperate need of high-tech firms, including firms engaged in the bioscience, health care and insurance industries, to attract and keep young talented people to live and work in Connecticut. There is extraordinary demand for highly-educated workers in these high-tech sectors, many of whom are coming straight out of engineering, medical, and computer science programs. The State must consider ways to attract and retain this Millennial Generation, comprised of extremely mobile, highly-connected internet-natives who demand great broadband high-speed connectivity in every aspect of their private lives as well as in their professional lives. If Connecticut doesn't provide it, our research demonstrates that these prize employees and citizens will pick up their multiple internet access devices and move on.

Since issuing a Request for Qualifications to the fiber network investment and construction industries in September 2014, the SBO has helped lead the efforts of the state's 169 municipalities to develop and deploy fiber networks based on P3 models, efforts that have mobilized both the state's municipalities (over 100 consider themselves involved in this effort) as well as attracting the interest of numerous investment and fiber construction companies from around the world, many of them incumbents already operating in this state.

Based on the evidence gathered, and the public and private entity collaboration created by the CT Gig Project over the last few years, we support the idea of a targeted task force to develop a strategic plan over the course of this year focused on firms engaged in the bioscience, health care and insurance industries. We also testified last week in favor of SB 331 which proposed modest

state investment to create matching funds to support grants to be awarded to successful pilot project proposals through which only the most innovative and well-planned fiber network projects would be financed through the collaboration of private partners on projects with municipalities. From our experience in this field, we fully expect that the state will receive many creative, innovative financing and construction models, each with a detailed business plan to leverage the state's limited public investment by an exponentially-greater investment from the private sector to develop fiber infrastructure projects in these targeted Connecticut markets. Incumbent internet service providers are of course encouraged to participate in the program envisioned by SB-331, and many have signaled great interest in having this process commence as soon as possible.

To be clear, we are not talking about state or local government running an internet company. Based on years of discussions with market actors, including many working in the bioscience, health care and insurance industries, we have ample evidence that the existing private market has not met all of the existing needs of high-tech businesses for Gig service at affordable prices in Connecticut and that those business entities cannot afford to wait any longer for those needs to be met. We believe that that the private sector has the resources, human capital, and equipment to supply and market telecommunications services and that small investments made today by the state will jump start successful public-private sector pilot program proposals to deliver cheaper, faster broadband services where it is most needed. That is a valid, timely, and crucial government function in the absence of real competition in the internet capacity market in this state. Only fully vetted and detailed proposals that combine bioscience, health care, municipal, and insurance industries demand with private sector funding and expertise will qualify for this initial state grant funding.

It is clear to us that the state should act immediately in order to remain competitive in the US and world, and perhaps most particularly with our neighboring states of New York and Massachusetts, both of which have very active state broadband offices and many millions of dollars earmarked for pilot project seed money investments. We will continue to produce research and econometric models on an ongoing basis to support the municipalities and to attract the public and private entities that are seeking to work together in the effort to boost broadband speeds and lower the cost of that service in this state. CTC, a national leader in developing municipal fiber infrastructure models, has stated that in every state they visit, one of the first questions they are asked is about the CT Gig initiative and how that effort can be duplicated by state and local governments.