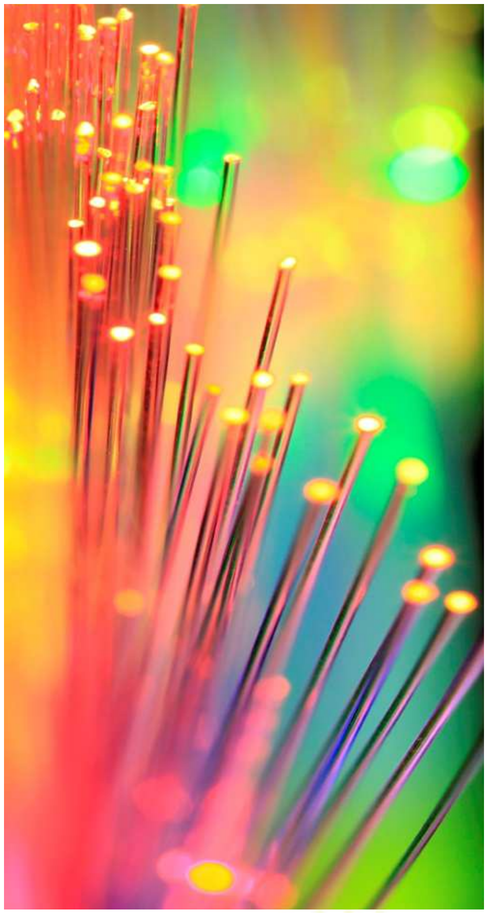

# ConnectME Planning Project

## Baseline Update 2013—Review

## Future Leading Practices

### USF Assessment—Preview

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# Baseline Update

- Updates the 2011 Needs Assessment on Maine broadband availability and adoption
- Identifies changes in broadband use, attitudes and barriers
- Identifies factors driving recent broadband growth
- Provides recommendations for use in strengthening State broadband strategies, as outlined in the Broadband Strategic Plan (2012)

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# Survey Response Rate

| Survey Group | Surveys Distributed | Responses | Response Rate |
|---|---|---|---|
| Broadband Service Providers | 26 | 16 | **62%** |
| Households | 10,000 | 2,466 | **23%** |
| Businesses | 3,500 | 368 | **10%** |
| Community Anchor Institutions | 1,762 | 290 | **16.5%** |
| Schools & Libraries | 907 | 907 | **100%** |
| Healthcare Organizations | 3,135 | 513 | **16.4%** |
| Native Indian Tribes | 318 | 19 | **5.9%** |
| State Agencies | 1 | 1 | **100%** |

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# Survey Results & Influencing Factors

## Broadband Availability

- Maine Locations

  *Results*:

  - 93.1% have access to broadband at speeds of 768 kbps or above—increase of 2 percentage pts
    - Increase in fixed wireless from 15.7% to 19.8%
  - 84.9% have access to broadband at speeds of 3 Mbps or above—increase of 71.6 percentage pts
    - Increase in cable from 6.3% to 82.8%
  - 43% of geographic coverage has access to mobile broadband (4G)—increase of 43 percentage pts

  *Factors*:

  - Authority grants/additional provider buildout
  - Fixed wireless lower-cost technology /cable technology upgrades
  - Growth of market for mobile technology

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# Survey Results & Influencing Factors

## Broadband Adoption

- Maine Households

*Results*:

- 89.8% have some form of internet connection—increase of 0.2 percentage pts
- 75.3% subscribe at broadband levels—increase of 2.6 percentage pts
- 47.6% use mobile devices—increase of 23.4 percentage pts

*Factors*:

- Growth of market for mobile technology
- Households upgrading service from dialup to DSL, cable and fixed wireless
- Propagation of WiFi locations

# Survey Results & Influencing Factors

## Broadband Adoption

- Maine Businesses

  *Results*:

  - 93.7% have some form of internet connection—
    increase of 3.6 percentage pts
  - 93.1% subscribe at broadband levels—
    increase of 7.4 percentage pts
  - 46.3% use mobile devices—
    increase of 14 percentage pts

  *Factors*:

  - Growth of market for mobile technology
  - A shift toward less expensive internet balanced against business growth
  - An increase in the demand for applications requiring higher speed and bandwidth

# Survey Results & Influencing Factors

## Consumer Identified Barriers to Broadband Use

- Barriers for surveyed households

  *Results*:

  - Lack of perceived need or value in owning a computer
  - Cost

  *Factors*:

  - 2013 sample an older demographic with less interest in computers

- Barriers for surveyed businesses

  *Results*:

  - Lack of perceived need or value in owning a computer
  - Cost

  *Factors*:

  - 2013 sample doing less business out of state

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# Survey Results & Influencing Factors

- Maine's Broadband Infrastructure – How do we compare?
  - Average broadband download capacity

    *Results*:

    - Maine: 4.8 Mbps (increase from 768 kbps)
    - National: 6.4 Mbps (increase from 3.9 Mbps)

    *Factors*:

    - Advances from plant improvements and cable upgrades
    - 2013 data more inclusive than 2011 due to more comprehensive provider reporting
  - Percent of households having at least 10 Mbps (download)

    *Results*: 11.1% (increase from 6.0%)
  - Maine's ranking in deployment of broadband

    *Results*: 37th (up from 45th)

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# Five Key Findings

1. Need and demand for higher levels of broadband service are increasing.
2. Maine's broadband coverage is growing, but service levels are still too low to realize broadband benefits.
3. Lack of perceived value in computer use and internet connection has solidified as most significant factor for nonsubscribers of broadband services.
4. Maine's demographics continue to challenge.
5. Mobile wireless is widely available and used as a complement to other internet technologies.

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# Demographic Drivers

| Factors that increase use/subscribership | Maine's ranking relative to all US States |
|---|---|
| Households with one or more children under the age of 18 | 48th out of 50 in % of households with one or more children under 18. |
| Households with more than 3 people | 48th out of 50 in % of households with more than 3 people |
| Small businesses in the finance and insurance industry | 48th out of 50 in % of small businesses in the finance and insurance sector |
| **Factors that decrease use/subscribership** | **Maine's ranking relative to all US States** |
| Households with annual incomes of less than $15,000 | 18th out of 50 in % of households with annual incomes of less than $15,000 |
| Households comprised of people over the age of 64 | 5th out of 50 in % of households with one or more people over the age of 64 |
| Small businesses with fewer than 5 workers | 9th out of 50 in terms of % of establishments with 1 to 4 employees |

## Recommendations

- Consider redefining broadband at a speed level 3 to 6 Mbps, formalizing the definition of underserved as provisioned in the Advanced Technology Infrastructure Act.
- Encourage public-private partnerships to fund a complete buildout of existing infrastructure, leveraging initiatives of healthcare, schools and libraries, business, and the public safety broadband network.
- Provide educational outreach on broadband's value proposition (the benefits for the cost), targeted to specific audiences within each stakeholder group including older citizens and small businesses.
- Embrace mobile technology as broadband and leverage its power as a demand generator to drive broadband adoption.

# USF Assessment—A Preview

- Why do the assessment?
  - Maine receives significant amount of USF support from 4 legacy programs—$40 to 50 million annually last 5 years
  - FCC reforms are changing focus from telephony to broadband, traditional funding streams, and amount of funding
- Objectives
  - Identify potential impacts of reforms on Maine—challenges and opportunities
  - Create knowledge base  for use (with other tools—mapping, assessments, plans) in aligning Maine strategy, policy and programs with future federal funding

# Project Approach

- Research on background and current status of
  - USF legacy programs and reforms
  - Maine's status and differentiation among New England states
- Analysis of
  - Impact of reforms on Maine
  - Maine SWOT—Emphasis on opportunities and anticipating risks
  - Gap in Maine resources (in both funding and positioning to receive funding from USF and other sources)
- Recommendations

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# USF Legacy Programs → Reforms

- High Cost Program—$28 million to Maine annually (2012)
  - → Connect America Fund (CAF)
  - → Mobility Fund
  - → Remote Areas Fund
- Low Income Program (Lifeline & Linkup)—$12 million
  - → Linkup phase out
  - → Broadband Adoption Pilot Program
- Schools & Libraries Program (E-rate)—$8 million
  - → ConnectED (public-private initiative)
- Rural Health Care Program (Telecommunications & Internet Access)—$847,000
  - → Rural Health Care Pilot Program
  - → Healthcare Connect (IAS phase out)
  - → Skilled Nursing Facilities Pilot

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## Selected Preliminary Findings

- Maine's status as USF recipient is relatively high among NE states, with only Massachusetts receiving higher average of total funds.
- Maine benefits more from High Cost program than other NE states, less from Low Income, E-rate and Rural Health Care. Vermont has received almost 2x Maine support for CAF.
- Maine eligibility for new funding is high (rural, low income, areas underserved). Tribes fare better in Maine than in many states.
- Rural incumbent providers dependent on High Cost program funds are potentially at risk—may not be able to meet new funding obligations.
- Carriers may need to focus on economic clusters of population for ROI.
- CAF Phase II funding that price cap carriers do not accept may be available to other entities.
- USF reforms are moving target. Tracking and timely response to new opportunities will critical.