

House Energy, Communications, and Technology Committee
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Good morning, Chair Scott and members of the Committee on Energy, Communications, and Technology and thank you for allowing me to be with you this morning. My name is Nathan Kark and as of a couple of months ago, I am the new Executive Director of the Michigan Cable Telecommunications Association—also known as the MCTA. Since joining the Association, there has been a lot going on within the broadband and telecommunications industry and we have a lot to look forward to. I'm proud to say that our membership has been at the forefront of leading Michigan into the future of building-out telecommunications equity and expansion throughout our state and it is my honor to be with you this morning to provide you with some background information on the efforts of our membership and the industry as a whole.

First and foremost, Michigan's cable industry continues to get the job done as a critical economic driver in our state and as a provider of connectivity that supports our daily lives. Our industry provides video, phone, internet, and security services to approximately 2 million customers, in all of Michigan's 83 counties, to support our community's needs in education, agriculture, commerce, communication, healthcare, and entertainment. Our membership in the MCTA provides these services to approximately 85% of Michigan's cable customer's, making us a necessary component in ensuring that everyone in Michigan has the ability to utilize technology and connectivity to improve quality of life and opportunities in every corner of Michigan.

The MCTA was formed back in 1981 to be the voice of Michigan's cable industry—which, as you can imagine, has evolved considerably since that time. We represent numerous companies—both big and small—and we work very closely with the Legislature as the resource on cable and telecommunications issues.

Over the past three years, MCTA members have invested approximately \$4 billion in Michigan's economy—which includes capital expenditures, wages and benefits, taxes, and charitable giving. MCTA members also pay franchise fees, which the industry pays more than \$80 million annually, and in some cases, PEG Fees—which are contributions to local units of government for public, educational, and government use. Think of Public access programming. In 2022, these PEG fees totaled more than \$70 million—which I will point out, is independent of the taxes that our industry pays and is also not paid to municipalities by satellite service providers—this is unique to cable.

On the employment side, our member companies collectively employ approximately 5,600 Michiganders with good paying jobs and vital training to ensure not just the success of the individual, but also the success of delivery of services statewide. The estimated total economic impact of our industry in Michigan exceeds \$9.2 billion annually—something that our industry is very proud of and we look forward to continually being a major player in shaping Michigan's economy for many, many years to come.

While our industry provides video, broadband, and phone service – including residential, business, and cell phone, home security, and streaming services, I wanted to take the limited time that I have today to mostly talk about broadband and high-speed internet, as it has been a hot topic of discussion in

communities and with policymakers on every level of government—especially in recent times—during, and now, following the COVID-19 Pandemic and the shifts of connectivity needs that we have faced.

As far as broadband in Michigan, according to the most recent statistics from Connect Michigan, almost 93% of the state has access to 100 megabytes per second speeds. The vast majority of cable customers in Michigan have access to speeds that can reach over 1 gigabyte per second residentially. Within the next few years, some of our members are expected to reach up to 10 gigabytes per second symmetrical speeds residentially, all of which occurs over our traditional hybrid fiber-coax network. Due to constant technology improvements, and huge investments by our member companies, our companies are pleased to provide customers with these speeds with only minimal service interruptions, while also ensuring that technology continues to be reliable and affordable.

While over 95% of the state has access to broadband services, it unfortunately doesn't mean that everyone who can use it does. In fact, only 64% of households in Michigan have adopted the use of broadband, meaning that there is a good portion of the state that doesn't use high-speed connectivity services, even though they have access to them. This is a staggering number for us because, according to a 2021 Pew Research Center Survey, people without broadband tend to have lower incomes and lower levels of educational attainment compared to those that have broadband access. In fact, individuals who have digital connectivity have greater access to education, employment, and health care services—which I think we can all agree are critical in our daily lives. Our members are constantly trying to understand the root causes for these adoption gaps so that we can better provide access to services that meet customer needs. Specifically, we are finding that adoption rates of broadband can be inhibited by:

- Lack of knowledge that broadband is available;
- Limitations in access to hardware such as modems, computers, etc.; and
- Perceived affordability issues

Fortunately, the cable industry is proactively addressing these adoption hurdles through major initiatives in order to maximize connectivity statewide. Michigan is extremely lucky to have both of our largest member companies who initiate some of the biggest low-income broadband adoption programs throughout our country. For example, Comcast's Internet Essentials Program and Charter's Spectrum Internet Assist Program have both assisted millions of low-income citizens in connecting to the internet nationwide. These programs, which function in concert with the Federal Affordable Connectivity Program (or ACP), function to provide eligible households with subsidized internet and assistance in acquiring hardware to access the internet as well. One of our members, Charter, through their Spectrum Internet Assist program, has more participants in their affordability program than any other provider nationally. In Michigan, while there are approximately 1.7 million households that are eligible for ACP assistance, only 636,672 are currently enrolled, which is a clear indicator that steps need to continually be taken to get the word out on affordability programs to ensure maximum adoption throughout our state.

Because of this need, our members have been extremely active in addressing the adoption gap through various different means—the first of which is education and outreach, which includes incredibly ambitious efforts to ensure that eligible households are not only aware of available programs, but that they also have easy access to them. These efforts not only take a boots-on-the-ground approach from our member companies to ensure a robust community engagement presence throughout Michigan, but also the spreading the word about available programs and resources through partnership with policy and community leaders like yourselves. As a result, the MCTA is always willing to make ourselves available so that we can work with you, our members, and your community to ensure that all available resources are

used to their fullest. I cannot say it enough, our membership strives to support communities and the future of our state.

Our industry also uses and supports Digital Navigators to assist in addressing adoption gaps. This is a proven tool that harnesses the power of trained individuals, typically based in a community organization, who provide tailored support for a full spectrum of digital inclusion needs, from internet device access to digital skill building. Navigators can also be a valuable conduit when it comes to connecting the population with Affordable Connectivity Programs as an all-encompassing accessibility solution. According to the American Economic Journal on Economic Policy, in areas where these ACP programs were used, impacted communities were found to be 8.1 percent more likely to be employed and earn a household income of \$2,202 more than households that did not have digital access. So, you can see that these efforts are incredibly important to elevating lives throughout our state and our member companies have been, and will continue to be, involved in empowering navigators throughout our state and take a great deal of pride in their work and accomplishments.

In addition to supporting households throughout Michigan, member companies are also highly engaged in supporting the growth of small businesses through consultation, education, monetary grants, creative production, and media and technology makeovers. For Example, Comcast RISE, which stands for Representation, Investment, Strength and Empowerment, was created to help small businesses recover and thrive following the COVID-19 pandemic. Since the program was initiated in 2020, 13,000 small businesses were awarded with over \$110 million in monetary, marketing, and technology grants. For 2023 alone, approximately 100 small businesses were awarded grants. Ultimately, our member companies are working very hard to shrink the digital divide and build digital skills, so that internet is affordable, accessible, and available to connect more people than ever.

I'd like to shift gears a bit now to discuss funding for broadband expansion as there are several initiatives that are active on both state and federal levels:

Michigan has already been a leader nationally in broadband funding through its Connecting Michigan Communities grant program (also known as CMIC). This program has assisted MCTA member companies in expanding broadband in the last couple of years, with a combination of both private and public investment, with projects connecting tens of thousands of Michiganders in the counties of Emmet, Gladwin, Grand Traverse, Kent, Macomb, Ogemaw, Ottawa, Shiawassee. As you will notice, the areas benefited by these funds are more rural communities where costs to expand broadband can be up to \$60,000 per mile in areas that have significantly less population density, and therefore connect fewer people per mile, than an urban area.

In early 2022, Governor Whitmer and the Legislature passed the Building Michigan Together Plan, which included \$250.6 million to expand high-speed internet service to unserved locations within the state. Later that year, the United States Treasury approved Michigan's expansion plan for funding under its Realizing Opportunity with Broadband Infrastructure Networks Grant Program (or ROBIN), which is a competitive program designed to expand our state's broadband infrastructure to unserved areas through the award of competitive grant funding to service providers. This program is administered by Michigan's High-speed Internet Office and will be helpful in expanding internet access in our state. Applications for funding were due back in March of 2023 and preliminary recommendations for awards were just announced back in June by the Michigan High Speed Internet Office. Under the preliminary award recommendations, MCTA membership has an opportunity to receive funding to connect an additional 28,167 locations throughout

Michigan. We will know more on the official projects that will be funded over the course of the next few months.

Another major initiative currently in development is the Broadband Equity, Access, and Deployment Program (or BEAD), which has allocated \$42.45 billion in federal funding for state grants to deploy broadband infrastructure in unserved and underserved areas. Within this program, each state is eligible for at least \$100 million in broadband infrastructure funding, and I'm very pleased to announce that the National Telecommunications and Infrastructure Administration (NTIA), along with Governor Whitmer, announced that Michigan is set to receive over \$1.5 billion to assist in closing the digital divide through this program. With assistance from our legislative partners, this funding was just appropriated with the passage of the most recent budget. Since then, MIHI has been very active in publishing their Five-year Action Plan and Digital Equity Plan. Our membership has been highly engaged with MIHI as these plans came to fruition and we will continue to be engaged to ensure that the implementation of the BEAD program here in Michigan is effective and efficient to ensure optimal results for all Michiganders. Now, we are looking forward to continuing the BEAD conversation as MIHI turns to their rollout of their plans regarding the Challenge and Subgrant process, to ensure that BEAD has a massive positive impact in connecting those throughout our state.

With that quick overview of some recent funding initiatives on both a state and federal level, I wanted to take a second to note that, while the MCTA wholeheartedly supports initiatives to expand broadband and ensure equitable access, we must be mindful of the potential for funding sources to overlap through the creation of multiple different programs intended to address broadband infrastructure. It is our intention to continue to work with policy makers so that we can avoid funding overlap to ensure that tax dollars are used efficiently and effectively in strategizing solutions for developing critical broadband infrastructure projects. It is our desire, through partnerships with the Administration, the legislature, the High-Speed Internet Office, and other key stakeholders, that we have an open and ongoing dialogue to ensure that we are focusing funding appropriately and developing policies strategically to enhance our state's connectivity in the most effective way possible.

And now for some concluding thoughts: As you can imagine, connectivity and technology continue to evolve and our industry is a driving force in not just the discussion of what the future looks like, but also in the implementation of technological updates. MCTA members continue to spread reliable and affordable connectivity throughout our state and support communities and businesses in the process. As a part of these efforts, we at the MCTA look forward to engaging with you all, and serving as a resource in a partnership that continues to elevate connectivity throughout our state. I greatly appreciate you allowing me to be with you to provide some background information today and I look forward to working with you all. With that, I'm happy to answer any questions that you may have—and please keep in mind that I am new to the Association, but that I will do my best to either answer today or follow-up with you as needed if I don't have the answer to your question at the tip of my tongue.