

Statement of C. Sam Walls, President, Connect Arkansas

**U.S. Department of Agriculture  
Before the Senate Committee on Agriculture, Nutrition and Forestry**

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Thank you Chairman Lincoln and Ranking Member Chambliss, and members of the Committee for the opportunity to discuss broadband as an *investment in Rural America*. I serve as the CEO of Arkansas Capital Corporation and President of Connect Arkansas and appreciate the opportunity to be here today.

In 2007, Governor Beebe signed into law Act 604, which called for the creation of two entities. One provision of the Act created the Arkansas Broadband Council and the other provision authorized Arkansas Capital Corporation – a 52 year old, private non-profit business development entity – to create what is now Connect Arkansas.

While the Broadband Council is tasked with advising the Governor and General Assembly on policies regarding broadband, Connect Arkansas is a non-profit that promotes broadband mapping, adoption, and access for Arkansas.

Although no funding was authorized for Connect during the legislative session in which it was created, through the help of the Governor and our partners, we raised funds to develop a strategic broadband adoption plan and to also deploy a pilot rollout of this initiative for Arkansas.

We became active in August 2007 and are a 501(c)(3) non-profit. We also have an expansive board that is representative of many interests – public, private, and education – and includes broadband providers representing the various types of broadband technologies. In 2009, we became the State designated entity for Broadband Mapping and the coordinating entity for broadband education and access programs throughout Arkansas.

As I mentioned a moment ago, Connect Arkansas's parent company *Arkansas Capital Corporation* has been in existence for over 50 years. During that time, we have assisted in providing almost \$900 million dollars in investment into Arkansas companies and have played not an insignificant role in the economic development of our state. As I have become more involved in the issue of broadband connectivity, however, I have come to believe that Connect Arkansas is the single most important endeavor our organization has ever been involved in.

Over the last few years, there have been numerous reports and studies that have stressed the economic impact that increased broadband usage will have on our nation. To note a few:

- A February 2008 report estimated that if broadband adoption were to increase an additional 7% in every state, the U.S. would experience aggregate economic benefits of approximately \$134 billion a year. The estimated Arkansas impact would be almost \$964 million and 20,577 jobs created/saved annually.

- A December 2003 report estimated that full-scale deployment of broadband in Arkansas had the potential to create 8,200 jobs and add more than \$2.6 billion to the Gross State Product.

While the estimates of the size of the impact vary, the common theme among these and other reports is that increased broadband usage will have a profound impact on our state's economy and the lives of our citizens.

In Arkansas, we rank 49<sup>th</sup> in deployment of broadband telecommunications. According to our survey and mapping data, we found that, although approximately 87% of our population has access to broadband services in the home, only 49% of households subscribe to it. Just as importantly, it was found that approximately 30% of households are not even interested in the internet. In essence, although people may have access, the usage of broadband in our state is very low.

To address the needs of our state, we are addressing three initial, principle endeavors.

- Mapping. Earlier on, to better focus our efforts and begin our work to bring internet to unserved and underserved areas, we worked with providers to develop a first generation broadband map that is vendor and technology neutral. This map depicts not just where coverage exists, but also where it does not exist, and at what speeds. To enhance our mapping efforts, this October, we were more recently awarded \$1.58 million through the American Recovery and Reinvestment Act broadband provisions which were

administered by the National Telecommunications and Information Association (NTIA). We are now working to develop an enhanced and substantially complete map by the first quarter of 2010.

- Public Education. I mentioned earlier that through our maps and survey data, we found that, in Arkansas, although people may have access, the usage of broadband in our state is very low.

When addressing internet connectivity, it is not enough to just “provide” access. You have to teach your communities how to use it. Of paramount importance is the need to increase the number of Arkansans that are getting online. It is safe to say that, as more Arkansans get online, the service providers will continue to expand and enhance their coverage. As part of the initiative, Connect Arkansas will work with each county to develop their IT Strategic Plan as it relates to broadband. We will work with each county to help them determine why broadband is relevant and important to them, and what they can do to get more of their population online.

We currently have initiated four pilot programs in Columbia, Desha, Faulkner, and Woodruff counties. This pilot rollout will be completed in the first Quarter of 2010. In addition to the NTIA funding that was awarded for mapping, we also received an award from the NTIA of \$500,000 to deploy a regional rollout of the IT Strategic Planning program for Arkansas.

- Implementation. Finally, Connect Arkansas's task does not stop with assisting communities to develop their broadband strategies. Connect will continue to work with each community to implement their vision. Further, there will inevitably be communities and individuals that, for various economic reasons are unable to get online. We will work with service providers, state leaders, and private foundations to resolve these problems.

Oftentimes, when discussion regarding broadband occurs, there is much emphasis on access. Although enabling access is important, one cannot underestimate the scale and complexity of an initiative such as this. In many ways, we are trying to change the way people think and that is rarely an easy task. As a state, we cannot afford to delay this undertaking. As the world continues to progress, it is of utmost importance that we address this education and access issue for, not just Arkansas, but our nation to ensure that broadband technology use is a part of every aspect of our communities. This initiative is about the immersion of our people in the internet.

In our rural state, the improvement in educational opportunities, improvement in the quality and access to healthcare, the ability to enable global opportunities for our businesses, and the cost savings are significant. In order for our people to be more efficient and competitive in this global economy, we must address the broadband use and connectivity needs in our rural areas.

If you see where Arkansas ranks nationally, according to the 2008 State New Economy Index, Arkansas was ranked the 47<sup>th</sup> digital economy in the nation, only ahead of Alabama, Mississippi,

and West Virginia. This ranking was a cumulative score based on seven aspects of the digital economy:

- **Percentage of population online** – rank 47<sup>th</sup>
- **Internet domain names** – rank 47<sup>th</sup>
- **Technology in schools** – rank 30<sup>th</sup>
- **e-government** – rank 21<sup>th</sup>
- **Online agriculture** – rank 38<sup>st</sup>
- **Broadband Telecommunications Deployment** – rank 49<sup>th</sup>
- **Healthcare Information Technology** – rank 38<sup>th</sup>

In many of our communities, our research further indicates that there are, likewise, low levels of broadband demand, especially in our rural areas. In the rural County of Desha, 38% of households subscribe to broadband internet. In the rural County of Columbia, broadband subscribership is at 39%. This is a significantly different from the more populated Faulkner County which touts broadband subscribership levels of 70%. Even for rural areas in our state that tout have robust broadband connectivity levels, we still find that broadband subscribership levels are as low as 15%. It is statistics such as these that further illustrate the need to not just provide access, but to also ensure that our people can use it.

In Arkansas, like every other state, we struggle with how to improve areas such as education, healthcare, economic development and a myriad of other “quality of life” issues. I can promise you, that in a majority of instances the internet is a fundamental component of any strategy to deal with these issues. We all believe in the potential of our rural State. Addressing broadband

internet usage is an opportunity for Arkansas to take a huge step forward to meet our potential. Addressing broadband nationally is an opportunity for our nation to ensure that our country, and especially our rural areas, can remain globally competitive.

Chairman Lincoln and Ranking Member Chambliss, I thank you for your time and now would like to answer any questions that you may have.