

**TESTIMONY of Richard Thompson
Chair, ConnectME Authority**

Before the Joint Standing Committee on Appropriations and Financial Affairs and
the Joint Standing Committee on Energy, Utilities and Technology

Hearing Date: March 6, 2017

***“An Act Making Unified Appropriations and Allocations for the Expenditures of
State Government, General Fund and Other Funds, and Changing Certain
Provisions of the Law Necessary to the Proper Operations of State Government
for the Fiscal Years Ending June 30, 2018 and June 30, 2019”***

Senators Hamper and Woodsome, Representatives Gattine and Berry, and Members of the Joint Standing Committees on Appropriations and Financial Affairs and Energy, Utilities and Technology, my name is Richard Thompson and I am offering testimony today in support of Part W (page A-181), language in the Budget bill designed to make changes to and move the ConnectME Authority under the auspices of the Department of Economic and Community Development (DECD). I serve as the Chief Information Officer of the University of Maine System and as the current chairperson of the ConnectME Authority. I am here to speak to you today as Chair of the Authority.

In general, the Authority is unanimously in support of these changes. The alignment between the work of the DECD and that of the Authority can synchronize and compliment the work of the Authority in ways not accomplished to date.

The first initiative transfers the Municipal Gigabit Broadband Network Access Fund program to DECD with a placeholder allocation of \$500 in both FY18 and FY19. This function has yet to be funded and no federal funds have yet been identified. This is however, a significant structure available to the State of Maine, not only to invest in unserved areas, but to provide a coordination and conduit to strategically invest in local goals for broadband service level and economic development locally or regionally.

The changes proposed in the second initiative (Part W, begins on page 97 of the General Fund Language section) maintains the Authority’s strategic and policy responsibility as it exists today. Having a state office play a leadership role in broadband development in Maine is an appropriate next step, signaling strong public policy interest in the expansion of broadband services to those areas of the State most in need and highlighting the economic value of strategic investments.

The Authority members do recommend consideration be given to keeping the name (ConnectME) which has been active for over ten years and is a known entity internal to Maine and across the country.

The budget of the Authority as it exists today is meager compared to today’s need. Anticipated revenues in FY 17 are \$1,182,575. This is fully from revenue assessed to customers of defined service providers as a percentage of certain service fees. This will continue unchanged under the Part W

modifications. The current budget is managed by staff using a third party entity contracted for this service in partnership with Maine PUC who manages the RFP process. This will change to a state managed special revenue account within the DECD's responsibility.

The Authority regularly reviews a balance sheet, monitors revenue and expenditures, and calculates the most opportune times to issue a grant round for infrastructure and/or community planning grants. You will see in the budget attached, that our cost of services and overhead is relatively high. There were three people working at the Authority, at least until very recently when the Executive Director retired. The Authority has chosen not to fill this position at this time.

The special revenue budget proposed for the Office of Broadband Development establishes funding of two positions whose salaries are less than those of the current IT staff furnished to the Authority through the State Office of Information Technology through fiscal year 2017. These changes are reasonable given the synergies anticipated through leadership and support at DECD. The savings by the elimination of the vacant position and the lower cost of new positions at DECD will add \$100,000 or more to the fund for direct funding of broadband grants.

Finally, this change will support and signal to constituents that broadband is important. The EUT has a number of bills that would provide funding to support expansion and investment by those who provide services to those who do not have what they need to be successful today. The bill proposed by Co-Chair Berry is an example of the possibilities. This change will support any new funding through an effective team, managed by the DECD with the Authority as the responsible, strategy and policy body.

The Authority is committed to continue conversation and to participate at any work session to that end. I thank you for your time and I am happy to answer any questions.

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