

MINUTES**JOINT INTERIM COMMITTEE ON ADVANCED COMMUNICATIONS AND INFORMATION TECHNOLOGY****Thursday, September 27, 2012****11:00 a.m.****Arlington Hotel – 239 Central Avenue
Hot Springs, Arkansas**

The Joint Interim Committee on Advanced Communications and Information Technology met on Thursday, September 27, 2012 at 11:00 a.m., at the Arlington Hotel in Hot Springs, Arkansas. The following committee members attended:

Senators Linda Chesterfield, Chair; Mike Fletcher and Representatives Mike Patterson, Chair; Buddy Lovell and Fredrick Love.

Also attending: Senators Joyce Elliott, Jack Crumbly, Gene Jeffress, and Jimmy Jeffress. Representatives Denny Altes, Tommy Baker, Bruce Cozart, David Fielding, Reginald Murdock, Fred Allen, Darrin Williams and John Walker.

Senator Chesterfield called the meeting to order. She recognized Representative Patterson for comments.

GED test changes related to Common Core

Ms. Janice Hanlon, Arkansas GED Administrator, Arkansas Department of Career Education (ADCE), was recognized and stated that adult education in Arkansas is a crucial issue. Due to the changes with education and our workforce, the GED Testing Service is developing a new GED test that will be rolled out in January 2014. It will focus on the Common Core curriculum introduced by the Arkansas Department of Education. Presently, the test is given by pencil and paper, but by 2014, it will be given on the computer and will measure career and college readiness. It currently measures high school equivalency. Ms. Hanlon stated that the cost of the new test is \$120, which concerns the ADCE. This amount was established by the GED Testing Service. She noted that ADCE currently pays the test fee for every individual that takes it using pencil and paper. The test cost approximately \$26 per person but in January 2014, ADCE will not be able to absorb the new cost. Last year, ADCE tested approximately 8,375 Arkansans, of this amount over 40% had zero income, and more than 7,000 passed with a 85% pass rate. Ms. Hanlon expressed that individuals with zero income will not be able to pay the new cost and that ADCE will need funding to help those individuals. Ms. Hanlon asked the Committee to advise ADCE as to how the GED test can be funded for those that most need it. She stated that research data shows that an individual who earns a high school diploma or GED will earn more than \$9,000 per year and will earn more than an individual who does not have a high school diploma or GED. Senator Chesterfield stated that the GED test has given individuals the opportunities that they would not ordinarily have.

Communication providers: Plans to expand broadband accessibility into underserved areas of the state
Senator Chesterfield thanked the providers for attending the meeting. She stated that broadband access will not be expanded unless we take into account the needs also of those who provide the opportunity for access.

Mr. Joe Molinaro, Executive Director, Arkansas Cable Telecommunications Association (ACTA), was recognized and gave a brief history of ACTA. He stated that ACTA was established in 1972 to serve as the voice of the cable industry in Arkansas. ACTA consists of 8-member operators that provide approximately 90% of the services to cable subscribers in Arkansas. Members range from small operators like Allegiance and New Way that serve communities such as Dermott and DeQueen, to medium-sized operators like WACO and Cable One; that serve communities such as Brinkley, Forrest City, and Texarkana; and the larger operators like; Comcast, Cox Communications and Sudden Link that serve communities in Northeast, Northwest and Central, Arkansas. The cable industry recognizes that access to broadband can provide individuals with a wide range of resources, services, and products that can enhance lives. That is why the cable industry reaches into the communities it serves to invest in partnerships to increase broadband access, improve digital literacy, promote computer ownership and encourage home usage. ACTA has invested over \$500 billion dollars over the past 10 years to provide state of the art technology in Arkansas. ACTA has done this by providing free services to schools, libraries, municipal buildings and non-profit agencies and by donating millions of dollars and in-kind services, education

and government access channels to local communities. Mr. Molinaro stated that the cable industry understands that the private sector investment has been fueled with major development and growth of broadband access to most Arkansans, but there are still a number of individuals that live in areas that are not being served. He noted that ACTA is available to assist the committee and staff as they deal with the issue of bringing broadband access to all areas in Arkansas.

Ms. Katie Burns, Manager, Government Relations, CenturyLink, was recognized and stated that CenturyLink is the second largest telecom company in Arkansas and the third largest in the nation. In Arkansas, 95% of CenturyLink's access lines are enabled and ready for high speed internet. Ms. Burns noted that CenturyLink focuses on broadband in rural areas of Arkansas such as Emmitt, Garfield and Strawberry. CenturyLink has invested over \$1 billion in Arkansas and will continue to invest in Arkansas and in the network infrastructure. Due to costs, it will take more time to reach the last 5% of Arkansans that do not have access to high speed internet. [Handout #1]

Mr. Len Pitcock, Director, Government Affairs, Cox Communications, was recognized and gave a brief history of Cox Communications and the role of the Arkansas Broadband Council. He stated that Cox Communications is the largest traditional cable provider in Arkansas and the fourth largest telephone company. Service areas are primarily in the northwest part of the state. Mr. Pitcock stated that 100% of their customers have access to broadband. Regarding the deployment of broadband to the rural parts of Arkansas, Cox Communications has entered into agreements with municipalities across the state and continues to invest in the broadband network. Mr. Pitcock stated that the Arkansas Broadband Council's responsibility and legislative purpose is to study broadband across the U.S. and make recommendations to the executive and legislative branches on how to serve those customers in Arkansas who do not have broadband. An annual report is produced with the recommendations. [Handout #2]

Mr. Gregg Diamond, Director, External Affairs, Verizon Wireless, was recognized and discussed the 4GLTE layout of Verizon Wireless in Arkansas. He stated that 4GLTE is ten times faster than 3G with average speeds of 5 to 12 Mbps downloaded and 2 to 5 Mbps uploaded. Verizon Wireless covers 75% of the U.S. population and 72% of Arkansas' population with 4GLTE. Mr. Diamond stated that by the end of next year, Verizon Wireless' entire 3G network will be covered with 4GLTE. In Arkansas, this is 98% of the population base. [Handout #3]

Mr. Ronald Dedman, Director, External Affairs, AT&T, was recognized and stated that AT&T has provided service in Arkansas over 130 years. He stated that approximately 35% or 1 in 3 Arkansans have disconnected their home telephone. AT&T offers wire line service, wireless services, video services and internet services. In the last 3 years, AT&T has spent over \$500 million on capital improvements. In the last 4 years, AT&T has placed high speed internet in 80 different towns and communities across Arkansas. Mr. Dedman stated that AT&T continues to deploy high speed internet in underserved areas through the High Cost Fund. He stated that fiber is in every community that AT&T serves and it has a rapid growing investment in the wireless fiber network as well. AT&T is ready to provide solutions to schools, cities, and businesses that have a need for those services.

Senator Chesterfield stated that every child should have access to broadband regardless of race, socioeconomic status and location to be successful in the 21st Century. She expressed her concerns with the affordability of broadband and asked that the providers discuss what affordable internet programs/plans they offer to help parents and students better access it. Ms. Burns stated that CenturyLink offers a nationwide program called, "Internet Basics". This program focuses on low income applicants and offers a discounted rate for 2 years, after which, the rate increases to \$5 to \$10. The program contract includes a net book at a cost of \$150 that can be financed over a period of time. Ms. Burns noted that the program is available to participants in the "Lifeline Program", (low income landline telephone program). She will provide the committee with information regarding the program.

Mr. Molinaro stated that ACTA offers a nationwide program "Connect to Compete", that is based on participation in the school lunch programs. He will also provide the Committee with information regarding this program.

Mr. Mike Wilson, Senior Director of Government Affairs, Comcast Cable, was recognized and stated that the last 5% of residents that do not have access to internet services is extremely important, but what is equally important is the

adoptability rate. After extensive research, Comcast found that many families whose parents did not have internet when they were growing up wonder why it is important now. Mr. Wilson stated that Comcast has a nationwide program called "Internet Essentials", that provides internet service. The monthly fee is \$9.95. A third party is helping to provide families with access to net books for approximately \$150. The program is targeting and working with schools and community-based and faith-based organizations. Families must have a child in the free or reduced-priced lunch program to qualify. Mr. Wilson stated that the nationwide program has connected 91,000 homes to the internet, noting that through this program Comcast has formed numerous partnerships in the Pulaski County area. Mr. Wilson will provide the Committee with information regarding their programs.

Senator Chesterfield expressed her concerns with the cost of the net book. She stated that the \$150 cost is too much for some families, noting that companies such as Wal-Mart and K-Mart could be asked to donate net books to kids in underserved areas.

Representative Walker asked what does the corporations want the legislature to do and how does this issue affect the public's interest? Mr. Pitcock replied that Cox Communications has opposed government subsidization of competitors where the technology does not exist. Their concern has been whether government subsidies are allowed to bring competitors in to build on top of them. Mr. Pitcock stated that collectively, Cox Communications represents a small portion of the broadband that exists in Arkansas. He stated that billions have been spent in the state and millions more may be needed to build out the remaining part that is not there. The federal government is the only entity that can play a role in the build out and corporations will have to look at getting millions in government assistance.

Mr. Pitcock stated that it is the Arkansas Broadband Council's responsibility to identify what the impediments are to deploying broadband to the last mile. He stated that the Council requests that the legislature recognize those impediments and the recommendations it sees to get there.

After a lengthy discussion, Senator Chesterfield stated that the Committee has had discussions with various groups about collaboration and commonality. She stated that unless everyone is involved with the broadband conversation it will not happen rapidly, noting that when we realize that broadband is an asset that will drive the economy, healthcare, education and attract more industries to this state we will not be better off.

There being no further business, the meeting adjourned at 12:15 p.m.