

**TESTIMONY
OF NICK BATTISTA
CONNECTMAINE AUTHORITY**

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

Hearing Date: February 27, 2025
Hearing Time: 3:00 p.m.

**“An Act Making Unified Appropriations and Allocations from the General Fund
and Other Funds for the Expenditures of State Government and Changing
Certain Provisions of the Law Necessary to the Proper Operations of State
Government for the Fiscal Years Ending June 30, 2025, June 30, 2026
and June 30, 2027”**

Good afternoon, Senator Rotundo, Representative Gatine and members of the Joint Standing Committee on Appropriations and Financial Affairs; Senator Lawrence and Representative Sachs and members of the Joint Select Committee on Energy, Utilities and Technology. My name is Nick Battista, and I am the Chief Policy Officer of the Island Institute and Chair of the ConnectMaine Authority. I am here today to testify in support of LD210, the Biennial Budget.

For the ConnectMaine Authority, the biennial budget presented to you today, does not request any additional funding or contain any new initiatives.

CONNECTMAINE AUTHORITY

The ConnectMaine Authority is a public instrumentality of Maine state government, whose mission is to facilitate the universal availability of broadband to all Maine households and businesses and help them understand the valuable role it can play in enriching their lives and helping their communities thrive. Duties of the Authority include establishing criteria defining unserved and under-served areas;

collecting and disseminating information regarding the availability of broadband; promoting and supporting broadband investment; and facilitating state support of deployment of broadband infrastructure. The Authority consists of seven voting members.

On July 15, 2022, the ConnectMaine Authority signed a service contract with Maine Connectivity Authority (MCA) to undertake these duties in a way that maximized Maine's ability to leverage additional Federal broadband funding while streamlining operations and improving coordination with local governments, internet service providers, and others involved in broadband network planning or construction. This combined effort enables the acceleration of planning and funding of projects serving underserved and unserved areas of the State and ensures ongoing alignment of policies critical to achieving universal access. This "single door" solution simplifies access to Maine citizens, broadband stakeholders, and the federal government to State of Maine broadband authority and eliminates public confusion about the roles and responsibilities of the various broadband entities.

CONNECTMAINE FUND Z294

The allocation request for the ConnectMaine Fund may be found on **page A-136**. This amount represents the anticipated revenues from the assessments on communications service providers and ConnectMaine surcharge. **There are no new initiatives for this program.**

This concludes my testimony for the ConnectMaine Authority.

LD 210 Testimony in Support: Andrew Butcher - President

An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026, and June 30, 2027



Senators Rotundo and Lawrence, Representatives Gattine and Sachs, and Members of the Joint Standing Committees on Appropriations and Financial Affairs and Energy, Utilities, and Technology,

My name is Andrew Butcher, and I serve as President of the Maine Connectivity Authority. I'm here to provide support for LD 210 and a brief update on our connectivity progress.

MCA was created in 2021 through bipartisan legislation to proactively address connectivity needs across Maine. In 2022, the ConnectMaine Authority (an agency embedded within the Department of Economic and Community Development) assigned duties and responsibilities to MCA as a co-located operational unit. This functional integration has established a "single door" solution for Maine citizens, broadband stakeholders, and government partners. This functional alignment allows us to accelerate the planning and deployment of funds in line with the State's statutory objectives and strategic priorities. This structure has been especially important as the state is now the recipient of close to \$500M of federal recovery and infrastructure funding.

We've already invested over \$250 million in more than 100 projects across 250 communities, resulting in a 26% increase in broadband access. Currently, only 4% of locations in Maine lack modern internet service, and we anticipate serving these areas through approved federal funding beginning this year. Additionally, approximately 8,000 locations had no internet service at all, but at the end of 2024, MCA began providing satellite options through the Working Internet ASAP Program.

Looking ahead, in 2025, we plan to facilitate over \$350 million in public and private funding to reach approximately 26,000 households and businesses without adequate service. Simultaneously, we support those affected by the digital divide through technical assistance, affordable devices, and skill building.

While we've made significant strides, our work continues. Maine has the highest rural population density in the country, and 89% of residents face barriers relating to access, affordability, and adoption of digital services. To address this, we are expanding infrastructure for cellular and wireless connectivity, and forming place-based

Maine Connectivity Authority

abutcher@maineconnectivity.org | (207) 209-3868

LD 210 Testimony in Support: Andrew Butcher - President

An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026, and June 30, 2027



partnerships to maximize the many benefits that connectivity provides individuals, businesses, and communities.

MCA's operational budget enables us to effectively manage and leverage over \$100 million per year for these initiatives with only the ConnectMaine service contract passing through revenue that derives from the ConnectMaine Fund (**Z294 page A-136.**) These funds account for one-third of MCA's operational expenses, enabling MCA to deploy the substantial recovery and infrastructure funds available to us, leveraging hundreds of millions more in private investment. LD 210 enables the acceleration of planning and funding of projects serving underserved and unserved areas of the State and ensures ongoing alignment of policies critical to achieving universal access. Thank you for your time. I am happy to answer any questions or provide further clarification.

In service,

Andrew Butcher
President, Maine Connectivity Authority
Email: abutcher@maineconnectivity.org
Phone: (207) 209-3868

LD 210 Testimony in Support: Andrew Butcher - President

An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026, and June 30, 2027



**MAINE
CONNECTIVITY
AUTHORITY**

ADDENDUM: How The CME Service Contract Funding Is Utilized by MCA

1. Manage and administer existing CME programming & governance

- a. Ongoing administrative capacity to ensure all CME-funded projects are completed successfully. As of December 2024, this includes compliance, and reporting for 30 state and federally funded projects.
- b. Ongoing administrative capacity to ensure all CME entity-level governance and reporting requirements are met, including regular board meetings, annual audits, budget, and overall organizational financial oversight
- c. Funding from the NTIA Broadband Infrastructure Program (BIP) has been available to cover operational and administrative expenses related to the construction phase of the seven sub-grant projects awarded. This funding will be fully utilized in CY2025 as the projects are fully constructed. The NTIA BIP program comes with significant ongoing annual compliance and reporting for a minimum of five years. No federal funds are dedicated to that function.

2. Capacity to deploy last-mile infrastructure programming (funded by non-CME sources)

- a. MCA utilizes CME service contract fees to support the ongoing deployment and related compliance and reporting activities of \$128 MM of Capital Projects Funds (CPF) through seven dedicated programs. As of October 2024, MCA had designed and deployed all CPF funding.
 - i. CPF provides a 5% admin fee, compared to the MCA admin cost of ~8%-10%.
- b. CME funds are utilized to build and strengthen the connectivity ecosystem by providing the ability to commit staff time and resources to the reduction of barriers to broadband deployment such as utility pole policy, research, data analysis, workforce development, digital literacy, skills training, and community engagement. Much of this work would not occur without the financial support from CME.
- c. CME funds will continue to be used to create and bolster appropriately sized MCA operating, programming, and investment reserves, which are currently in their infancy as MCA is a new quasi-state entity formed in 2020. This is important as MCA expands connectivity investments around a comprehensive connectivity strategy that includes increased open access fiber, expanded wireless and cellular service, and digital inclusion programming.
 - i. Operating reserves are important to ensure efficient and consistent delivery of programming. Federal reimbursements of operating funds can take 1-4 weeks.
 - ii.

LD 210 Testimony in Support: Andrew Butcher - President

An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026, and June 30, 2027



-
- iii. Investment reserves are important to enable MCA to conduct program research and development with the knowledge that the MCA balance sheet can provide match funding or catalytic risk capital where appropriate. This enables a greater level of programming design scope while facilitating the strategic goal of leveraging significant capital to flow to Maine. An example is the \$2 MM of match funds committed by MCA in fall 2022 that secured \$30 MM of Federal Funds for Maine through the Enabling Middle Mile¹ grant program.

3. Utilization of CME Service Contract Funding - Complementing BEAD

- a. The NTIA Broadband Equity, Access, and Deployment (BEAD) Program will distribute over \$272MM in federal funding for last-mile connectivity through Maine beginning in 2025. While this funding is substantial, it is not enough to bring universal broadband access to all Maine residents at the Maine classification level of broadband (100Mbps/100Mbps). Additionally, the BEAD Program has limitations that will need the adaptability of ongoing CME funding to cover funding gaps in remaining areas of need.

¹ Middle mile is the regional fiber optic infrastructure that enables last mile internet connectivity to homes, businesses, and other users at the local level. It is made up of high-capacity fiber that carries large amounts of data at high speeds over long distances and other telecommunications infrastructure (e.g. points of presence, community anchor institutions, etc.) that act as "off-ramps" that connect middle mile fiber to local networks that serve last mile connections to local homes and businesses.

Maine's existing internet infrastructure is a patchwork of individual private networks. The middle mile infrastructure supporting these networks was generally not created to support the goal of universal broadband access throughout the state. While public and private investments over the last decade, including notably the federally-funded Three Ring Binder, have added essential infrastructure to support this goal, the job is not done, and too many areas of Maine remain unserved.