Testimony of Former Senator John E. Sununu
Co-Chair, Broadband for America
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Broadband Adoption: The Next Mile
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Chairman Pryor, Ranking Member Wicker and distinguished Members of the Subcommittee, good morning. Thank you for inviting me to join you today and thank you for bringing attention to this important national priority.

My name is John Sununu, a former member of this chamber, proudly representing New Hampshire from 2003 to 2009. Along with my friend and former Congressman Harold Ford, I am co-chair of Broadband for America. I have a long interest and extensive professional experience in the high-tech and broadband-related industries. I currently serve as director of Time Warner Cable and Boston Scientific Corporation. Before my career in government, I served as Chief Financial Officer of Teletrol Systems. I also received my master's degree in electrical engineering from the Massachusetts Institute of Technology.

Broadband for America promotes well-informed public policy choices to create the right incentives for the private sector to build advanced networks and offer innovative services throughout the nation, and to encourage all Americans to become digitally literate and adopt broadband Internet. Our members include national and state-based community organizations, education and medical professionals, religious and minority groups, and stakeholders in the broadband Internet industry. Since our founding, Broadband for America has been dedicated to improving broadband adoption throughout the country; this is something our more than 300 members care passionately about.

Today, I would like to focus on two topics:

- The U.S. broadband success story, marked by vibrant competition and remarkable levels of sustained investment, and;
- How we can all work together to help further shrink the broadband digital divide and increase broadband adoption.

The Ongoing Broadband Success Story

Broadband for America believes broadband is for everyone. As the National Broadband Plan states, "broadband is a foundation for economic growth, job creation, global competiveness, and a better way of life." Today's broadband networks enable an array of services – voice, video, e-commerce, and more – over high-capacity wired and wireless connections. This platform is revolutionizing our lives: improving educational outcomes, delivering better health care, and creating a new world of jobs and commercial opportunities.

A Broadband Nation. Today, 98 percent of American consumers have broadband access with 96 percent of households capable of accessing speeds 10 Mbps or higher. Only a decade ago, just 15 percent of households had broadband access of any kind. Over that time, billions have been poured into our economy and broadband networks to build this robust infrastructure across technologies. In just the last 3 years, broadband providers overall have invested more than $250 billion. In 2011 alone, 18 million miles of optical fiber were installed in the U.S. This laudable level of investment in difficult economic times has pushed broadband deeper into communities at higher and higher speeds, driving competition and benefiting consumers.

Broadband providers compete vigorously today on price, availability, and speed, providing consumers with constantly innovating services, devices, and digital options. Thanks to a light-touch regulatory framework based on a long-standing bipartisan approach to incent next-generation investment, the U.S. remains a global leader in broadband opportunity and competition. In fact, the Organization of Economic Co-operation and Development (OECD) ranks the U.S. third for competition among carriers of different technologies. The Federal Communications Commission (FCC) reported that in 2012, 82 percent of the U.S. population had access to four or more wireless broadband services, up from 68 percent in 2010. Internet service providers (ISPs) deliver broadband via phone lines, cable, fiber, satellite, and fixed and mobile wireless connections – all capable of delivering speeds unthinkable a decade ago. These speeds continue to escalate: the average U.S. broadband speed has increased by 22 percent over the past year, and the fastest wired Internet speeds available are 19 times faster than speeds available six years ago.

Broadband providers have delivered these faster and faster speeds while keeping prices static: the U.S. has the second lowest entry-level pricing for broadband among OECD countries. And entire new industries, like the mobile apps sector, have emerged from the innovation engine that is the Internet economy. Not even in existence five years ago, the mobile app industry now employs 750,000 Americans while generating $18 billion in revenue last year. Investment in the broadband space has led to new technologies at a rate faster than ever before. Better broadband technologies encourage innovation and adoption of broadband by consumers. Higher adoption rates lead broadband providers to further invest in their networks. This cycle of innovation and investment has propelled broadband services forward faster than any other technology.

These broadband deployment efforts in the U.S. are remarkable -- with broadband providers leading in US investment. Last year alone, the Progressive Policy Institute found the top six broadband providers invested over $50 billion. But we need to develop solutions to deploy broadband in those rural areas where there is not a market based solution. The Administration's policies and the FCC's Connect America Fund are designed to help ensure that all Americans have broadband access.

Adopting Broadband. From that remarkable technological foundation it should come as no surprise that Americans have quickly embraced the benefits of broadband connectivity. American consumers' adoption of high-speed broadband technology is simply unprecedented. A report from the Pew Internet and American Life Project found that 70 percent of homes have a broadband connection. If you include mobile broadband devices, 80 percent of U.S. households subscribe to broadband services.

Perspective is helpful here. Thirteen years ago – when just half of all adults were "online" in some fashion – only 3 million households subscribed to broadband at home. Today, the Administration reports that 88 million households have chosen to take advantage of the opportunities presented by the digital economy. Americans have embraced broadband-enabled smartphones at an even faster pace. While the U.S. has just five percent of the world's population, we have over 50 percent of global 4G mobile broadband subscribers. In fact, the U.S. adoption rates for wired and mobile broadband eclipse – in some cases by decades – the comparable adoption timeframes for personal computers, cable television, or the landline telephone.

These positive trend lines extend to communities previously on the wrong side of the digital divide. Rural communities tend to adopt technologies later than urban and suburban areas. Through increased wired and wireless technology, rural areas will develop economically through GPS powered equipment, apps that help farmers more efficiently track their work and online retail to allow rural businesses to reach customers around the world. More of the rural population is able to access broadband every day through technologies like satellite and wireless. The Pew study on adoption found that 70 percent of the U.S. rural population currently has a home or mobile broadband connection.

Since 2009, the percentage of African-Americans that subscribe to broadband access has increased from 46 percent to 64 percent, while the broadband gap between whites and African-Americans declined from 19 points to 10 points in that same period, according to Pew. And 49 percent of African Americans own a smartphone, compared with 45 percent of whites.

The Latino community has also taken great strides forward in broadband adoption, and programs by groups like the League of United Latin American Citizens (LULAC) have helped in this effort. LULAC sponsors technology centers in 25 states across the country, helping Latinos with computer training, job searches, and other digital skills that are necessary in today's high-tech world. Broadband for America believes in programs like this and early on provided financial support for LULAC's digital literacy campaign.

Partnering to Bridge the Digital Divide

In the past few years, we have learned that building and deploying broadband – however complex and expensive – is the relatively simple part of this equation. As the pool of non-adopters shrinks, the challenge this nation faces is to ensure that all Americans benefit from the broadband economy.

The Adoption Challenge. Broadband for America applauds this Subcommittee for its efforts and leadership to support a sustained focus on broadband adoption. As the nation's ISPs continue to deploy broadband, policymakers should concentrate on solutions aimed at encouraging all Americans to get online. To succeed, we will need all stakeholders to contribute.

Despite the successes described above, too many Americans still face a digital divide – a divide with serious ramifications. The statistics are well documented. Fifteen percent of Americans

choose not to use the Internet at all. The adoption challenge extends beyond apartments and homes. The digital divide is just as often a local issue, although not often framed as one.

While the national adoption story is a promising, albeit incomplete one, these national figures can obscure regional and community-specific challenges. In some areas, broadband adoption dips to 50 percent. These pockets of non-adoption reinforce the need for locally targeted efforts that address the unique challenges of individual communities. Broadband can serve as a great equalizer, opening opportunities to all people regardless of economic background, geography, or age. But first, high-speed Internet must not only be available, but also relatable.

People choose not to go online at home for complex and intertwined reasons, making one-size-fits-all public policy solutions challenging. Pew has done important work in this area. In September, they recently released some valuable findings as to why people use the Internet but do not adopt a broadband connection at home:

- 26 percent find the Internet is not relevant or usable;
- 20 percent think computers are too expensive or do not have a computer;
- 9 percent think an Internet connection is too expensive, or it is cheaper elsewhere.

This shows that relevance and digital literacy are central to solving the broadband adoption problem and Internet connection cost is lower on the order of importance.

I note that the FCC will be considering digital literacy and adoption issues at its open meeting on November 14. The Commission will hear updates on several innovative programs focused on improving digital literacy.

The Path Forward. A multifaceted problem requires a multifaceted solution, and one that need not – and should not – be carrier or government-centric. This is first and foremost a challenge of inclusion and outreach. For broadband adoption efforts to succeed, we need persistent and sustained efforts. We need community engagement, through developing partnerships with groups like the United Way and Big Brothers/Big Sisters. We need to empower partners in our neighborhoods and direct relevant messages to underserved communities. Working together, we can solve the question of how to connect the dots in each non-adopting home and business in a smart and focused manner.

Targeted government action can play a role in improving broadband adoption by specifically engaging community leaders, providing the necessary tools, and sharing best practices to get non-adopters online. The government's core role is one of facilitator. For example, earlier this year, NTIA released its Broadband Adoption Toolkit. NTIA recognized that non-adoption is often driven by multiple, interwoven factors – perception, access, cost, skills, and relevance – that together can form a complex barrier to broadband connectivity. The Toolkit emphasized "concrete, field-tested" methods and practices in areas like curriculum development and training delivery to improve digital literacy and engage those not yet online. This effort and many other promising outreach models recognize that different communities will need different adoption strategies as well as a sustained dialogue with community leaders.

Other aspects of adoption need attention by both government leaders and private companies. To many people the Internet does not play a large enough role in their life to deem purchasing a broadband connection necessary. By incorporating broadband into areas like health care, education, transportation and the smart grid, more people will find reasons to adopt broadband connections. In many cases, adopting broadband is beneficial for consumers. Telemedicine saves money by preventing costly hospital stays. For instance, the Department of Veterans Affairs' home telehealth program resulted in a 25 percent reduction in in the average number of days hospitalized and a 19 percent reduction in hospitalizations. Smart grid systems save consumers money every month. Initiatives by the government and private companies will make these programs and technologies relevant to the lives of more Americans.

Government can also help maintain – and facilitate – innovative and affordable broadband packages geared to non-adopters. Common sense policies, like permanently extending the Internet Tax Moratorium, will help ensure broadband prices stay reasonable. This historic legislation, first introduced by former Senator Dan Inouye and myself, banned states and localities from placing discriminatory taxes on broadband access. Over the next decade, this tax moratorium was extended twice with bipartisan support. As a result, Internet adoption has increased and more entrepreneurs have accessed new markets increasing their consumer reach across America.

The government should also ensure that regulations do not hinder or crowd out investment in the broadband and Internet industries. The largest private investors in the U.S. are broadband providers; their work building out our networks is preparing the U.S. for the economy of tomorrow. Deviating from the light touch regulatory model that has been in place since the Clinton administration would likely reduce investment that helps extend faster broadband services to more people across the country.

Changes in broadband providers' pricing models could also bring more people online through a more equitable system. The current unlimited-use pricing model has light and moderate users paying the same as heavy users, essentially subsidizing heavy broadband use. A system that charges customers on the amount of data used would begin to reverse this trend. This pricing model would also help close the adoption gap by offering additional choices for consumers that more closely match their needs and ability to pay.

Further, the FCC should continue to recognize the pro-consumer benefits of new pricing and packaging models. Experimentation with speeds, data allowances, and price points is fundamental to providers' ability to deliver broadband that is right sized for all consumers and businesses.

Relatedly, the nation must make a commitment to digital literacy. For the country's sustained global competitiveness, digital literacy should be a part of every American's rite of passage. As a father of three, I have seen firsthand the power of broadband and technology on kids. As broadband connectivity transforms our educational system, schoolchildren increasingly need broadband access both in the classroom and at home.

Broadband providers are addressing adoption issues head on. Broadband for America members, such as Comcast and CenturyLink, offer Internet packages for $9.95 per month, along with a low priced Internet-ready computer and free digital literacy classes. Only 22 months after inception, Comcast's Internet Essentials program is being used by over 900,000 low-income Americans. Verizon and Time Warner Cable both have programs that encourage students to get involved in Science, Technology, Engineering, and Math (STEM)-related activities in their communities. Verizon's Innovative App Challenge offers prizes to teams of students who develop mobile and tablet based apps for use in middle and high school STEM classes. Time Warner Cable has invested $100 million into its Connect a Million Minds campaign, the program helps students get involved in STEM activities through innovative online resources, affordable after-school activities, and grants to nonprofits that support STEM education. AT&T has contributed and committed $350 million as part of its Aspire program since 2008. Aspire specifically helps kids stay on track to graduate high school and be ready for the hi-tech future which awaits them – and includes digital literacy as it reaches kids in our underserved neighborhoods. Bright House Networks is providing $2 million of in-kind support to 1,667 schools through its Cable in the Classroom program. These wrap-around solutions will continue to help address the core challenges of non-adoption.

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We appreciate the opportunity to share our views on this important issue. Broadband for American looks forward to working with Congress to help promote increased broadband adoption and utilization. I look forward to answering any questions you may have.