

**TESTIMONY
OF PEGGY SCHAFFER, DIRECTOR, 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 24, 2021

“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, 2021, June 30, 2022 and June 30, 2023.”

Good morning Senator Breen, Representative Pierce and members of the Joint Standing Committee on Appropriations and Financial Affairs; Senator Lawrence, Representative Berry and members of the Joint Standing Committee on Energy, Utilities and Technology. My name is Peggy Schaffer and I am the Director of the ConnectMaine Authority. I am here today to testify in support of LD221, the Biennial Budget and those initiatives relating to ConnectMaine and the Office of Broadband Development.

As Governor Mills said, at a time when Maine people are hurting, when small businesses are struggling to keep their doors open, when the ranks of the unemployed have swelled, and when we are fighting a deadly virus all around us, we are proposing balanced budgets as required by the Constitution that continue efficiencies, good fiscal management and curtailments to cover projected revenue shortfalls for all three fiscal years. They focus on combatting the COVID-19 pandemic by continuing to rebuild the State’s public health infrastructure and protecting essential health care, education, and life-saving services. They do not change Maine tax rates and they maintain the Budget Stabilization Fund. With a future made unpredictable due to the ongoing pandemic, these budgets make good on the promise of government, which is to protect and support the wellbeing of our people and institutions.

OFFICE OF BROADBAND DEVELOPMENT

The Office of Broadband Development provides assistance and staffing to the ConnectMaine Authority Board in the administration and financial assistance to communities for expanding broadband and services. The Office supports the ConnectMaine Authority Board and coordinates monthly board meetings and coordination of the strategic plan and the grants program.

OFFICE OF BROADBAND DEVELOPMENT Z245

The baseline budget request for the Office of Broadband Development may be found on **page A-146**. The ConnectMaine Fund supports the ConnectMaine Authority in its work to expand Maine's broadband infrastructure and requires an allocation of Other Special Revenue Funds to support the two staff members and grant assistance funding from current assessments. **There are no initiatives for this program.**

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; promoting and supporting broadband investment; collecting and disseminating information and

facilitating state support of deployment of broadband infrastructure. The Authority consists of seven voting members.

Created by the Legislature in 2006, the ConnectMaine Authority exists to develop and carry out its broadband strategy and goals that include – Broadband service be universally available in this State, including to all residential and business locations and community anchor institutions – There be secure, reliable, competitive and sustainable forward-thinking infrastructure that can meet future broadband needs and All residents, businesses and institutions in the State be able to take full advantage of the economic opportunities available through broadband service. Over the past 13 years, ConnectMaine has provided \$12.33 million dollars in grants to fund projects investing over \$24 million dollars in communities all over Maine. Between October of 2020 and August of 2021, ConnectMaine will have granted \$22 million in funding, almost twice what we have done in the past 12 years combined.

ConnectMaine is funded by two separate assessments. The first is .25% on the revenues of those people with land lines. This was put in place in 2007, and is a declining revenue source. Landlines have decreased statewide by about 64% since 2008. This source is about \$1.3 million a year. The second which was added in January 2020 as a result of the 2019 biennial budget, is 10 cents per land line phone number. It generates about \$600K a year. Combined, the two revenue streams combined is roughly \$1,700,000 a year.

Last session the Legislature also passed a bond proposal to expand broadband for \$15 million dollars, that bond issue was approved by over 75% of the voters in July. We will be opening our first round of grant applications with that funding tomorrow.

CONNECTMAINE FUND Z294

The request for the ConnectMaine Fund may be found on **page A-95**. The ConnectMaine Fund supports the ConnectMaine Authority in its work to expand Maine's broadband infrastructure. **There are two initiatives for this program.**

The **first initiative** establishes an allocation of \$600,000 in both FY22 and FY23 in the Other Special Revenue Funds to reflect anticipated revenues as a result of the surcharge implemented in Public Law 2019, chapter 343. This is new surcharge added in January of 2020 of 10 cents per land line.

The **second initiative** increase the allocation by \$1,116,285 in both FY22 and FY23 in the Other Special Revenue Funds to reflect the language in Part AA ConnectMaine Surcharge.

LANGUAGE

Part AA of the Language Section may be found on **Pages 26 and 27** and clarifies the new 10 cent ConnectMaine surcharge. The history is that the new surcharge of 10 cents per line was a result of a reduction in the E-911 fee collected by the Maine Public Utilities Commission on all phone numbers in the last budget. The E-911 fee was dropped from 45 cents per number (cell and land) to 35 cents. The remaining ten cents per number was supposed to be moved to a new ConnectMaine fee. That would have provided additional revenue of \$1.7million per year for ConnectMaine.

But because of the way the language was written, it only applied to land line numbers, reducing the revenue to \$600,000. What this language does is allow the original intent of the reduction in e-911 charge to be moved over to ConnectMaine, both cell number and land lines.

Beginning January 1, 2022, the ConnectMaine surcharge of 10 cents per month per line will be levied on each residential and business telephone exchange line, including private branch exchange lines and Centrex lines; semipublic coin and public access lines;

customers of interconnected voice over internet protocol service and customers of cellular and wireless telecommunications service that is not prepaid wireless telecommunications services.

This concludes my testimony for the Office of Broadband Development.