A. Broadband Need

Lack of tech infrastructure and affordability is the basis for the digital divide in rural America. Iowa's unserved and underserved rural communities do not have the economies of scale to access high quality broadband at an affordable price. Commercial providers do not have the incentive to invest in these communities, as they cannot make a profit. Therefore, Iowa created the Iowa Communications Network (ICN), a state enterprise to provide broadband access and video conferencing service. Presently, ICN needs additional funding to install technology that is compatible with industry standards. In the depressed economic climate, ICN does not have sufficient funds on its own to complete this massive infrastructure project that will benefit the entire 3 million state residents, and is requesting BTOP support. Unlike the economic recovery picking up in the rest of the nation, the downturn is still felt strongly in Iowa. For example, in the northeast part of the state, two major employers, Dura and Lands End, have left because of the economic downturn. Counties in the NE part of the state have unemployment rates up to 12.5 percent in January 2010. These counties are isolated geographically, and one of the best methods for training displaced workers is access to broadband video conferencing services. The need for broadband access is great throughout Iowa, and even more apparent in Iowa's minority communities, where poverty for Hispanics is 18.3%, African Americans 32.0%, and American Indians 24.2%. While the price of technology has come down, it is still out of reach for many living in minority communities. These unserved and underserved residents depend on public libraries, local community-based computer centers, and schools to access technology, and ICN remains the only reliable and affordable means.

B. ICN Addresses Broadband Need

ICN will leverage efforts with several partners to maximize benefits from each investment by federal and state governments. This includes ICN's own CCI request to upgrade the network's core infrastructure. ICN is also partnering with the Sac and Fox Tribe's Meskwaki Higher Education (MHE), responsible for the academic needs for young adults in a post secondary setting; and with the Meskwaki Settlement School (MSS) Public Computer Center Request. Another partnership is with Iowa Valley Community Colleges (IVCCs) Public Computer Center request. And another partnership is with Iowa Workforce Development (IWD) PCC request. ICN's request will expand broadband access and awareness in all of Iowa's 18 community colleges, and 47 other higher education institutions that include private colleges and the state's universities. This SBA request provides a complete package of broadband access including consulting, electronics, installation, tech support and trouble shooting, broadband outreach and awareness, and a minimum of 1.5 Mbps of Internet access. Higher access speeds will be available at below market rates if additional bandwidth is required. A flat monthly rate will be implemented, in which subscribers pay a fixed fee for the complete package of broadband video conferencing services, broadband access, network equipment, bridges and
servers, video conference equipment, installation, customer service, troubleshooting, and outreach. This package will encourage adoption by agencies not already in the network and will assist current customers to enhance their offerings to Iowa's citizens. C. Population Served Iowa is predominantly rural, with a population of three million living in 56,272 square miles, spread out over 99 counties, and 947 cities. Populations in its cities range from 11 persons in Beaconsfield to under 200,000 in Des Moines. One of ICN's partners, the Sac and Fox Tribe have 1,300 members living on 7,000 acres spread over two Iowa counties. Having many small rural towns also equals high levels of poverty and unemployment as well. The worst poverty in Iowa occurs in Decatur County, a county on the southern border of Iowa, with a poverty rate of 16.8%. However, even higher rates of poverty occur in Iowa's major cities. Three cities in Iowa reach critical levels of poverty (50% or more above the state average). These cities are the following: Ames (20.4%), Cedar Falls (16.7%), and Iowa City (21.7%). More than one out of four people, or 26.6 percent, in Iowa went without health insurance for all or part of the two-year period 2007-2008. People of racial and ethnic minorities have greater levels of non-coverage, with Latinos at 53.1% and all other groups at 35.1%. Additionally, geography, health and disability issues, and the consequences of poverty isolate many of these uninsured people. ICN recognizes the needs of Iowans who have disabling conditions, and works with its subscribers to ensure that their services are accessible and welcoming. The following Iowa data drawn from the 2000 Census shows that the number of Iowans (people aged five and older) with a disability is 446,665, or 14.9 percent of the overall population. The number of Iowans where English is a second language is estimated to be 174,000, or 5.8 percent of the population. These figures are from the 2000 census and it is anticipated that the number of English as a Second Language (ESL) learners have increased significantly in the past ten years. ICN makes possible broadband video conferencing and other services that state and local agencies and schools use to assistance Iowa's English language learners. D. ICN Qualifications With 18 years as a telecommunications carrier and distance learning/teleconferencing provider with a statewide network of over 700 endpoints, ICN has sufficient expertise to deploy and sustain a broadband video conferencing network and broadband awareness program. ICN's cost recovery based business model allows it to remain fiscally efficient, while providing leading edge technology at the most competitive rates. ICN expects strong increases in subscriber adoption, due to new enhanced levels of service and features previously unavailable, and through its new partnerships. Rates will remain low by procuring network equipment across all subscribers, spreading out the cost. The annual revenue of its current broadband video conferencing service is $2.1 million, charged to subscribers by the hour, with rates ranging from $7.60 to $60.16 per hour depending on the type of agency, substantially lower than the industry average cost of $150 plus per hour. As the country's first, premier publicly owned fiber-optic network, ICN is committed to enhancing distance learning and teleconferencing services for all Iowans thereby providing convenient, equal access to education, healthcare, and government services. This project is innovative because ICN is a model agency through its not-for-profit governance, revenue neutral business model, and specific commitment to education and government services. As a state run common carrier, ICN has been the focus of study by other rural states and some countries. The end product produced by the ICN is the goal for many providing a high quality product at an affordable cost, which is not subsidized by public funds. ICN is a self-sustaining, full service telecom provider with a staff of 84 full-time employees, 55 part time employees, and annual revenues over $30 million. ICN's services include voice, data, video, and Internet.
million annual minutes of long distance, five million annual minutes of voice conferencing, 2.6 gigabits of Internet access, and over 200,000 hours of broadband video conferencing. ICN's divisions include sales and marketing, engineering and R&D, operations, finance, administrative, information technology, government and public relations, network operations support, outside plant, and wiring technicians. To support a broadband awareness and outreach campaign, the average tenure of ICN's customer account consulting and marketing staff is 12 years in the tech industry, with seven more years in sales and marketing. ICN will assess the impact of its awareness and training programs by measuring the changing usage of its broadband video services. It has a sophisticated video operations and scheduling software called VOSS, which enables ICN to compare current usage with future statistics. ICN will also conduct in person interviews, surveys and focus groups as required. E. Jobs to be saved or created: 81.2 F. Overall cost of the program: $7,750,092. ICN recognizes the NOFA strongly encouraged applicants to obtain cash funds, with additional consideration given if matching funds are greater than 30 percent of the total budget. In response, ICN is providing cash and in-kind match totals of 32.3 percent. ICN is ready to implement the project as soon as award status is announced, and confident it can meet the NOFA’s completion schedule.