SMALL BUSINESS
Association of MICHIGAN

BROADBAND
TASK FORCE
INITIAL FINDINGS & RECOMMENDATIONS

Small Business Association of Michigan

120 N. Washington Square Suite 1000
Lansing, MI 48933
www.SBAM.org

Task Force Background

Small businesses provide about half of all jobs in Michigan and make our economy more diverse and resilient. In most communities, the economic landscape is dominated by small businesses. According to the US Small Business Administration's 2022 state profile, Michigan is home to 911,914 small businesses (including 741,509 single person businesses and 170,405 small businesses with employees), and access to high-speed internet is a necessity for most of them.

In the post pandemic era, many small businesses have changed where and how they work. Business operations are becoming increasingly dependent on cloud-based technology, more industries have trended toward remote or hybrid work models, and work is more mobile than ever. High-speed internet access plays an increasingly critical role in our workplaces.

Therefore, SBAM has determined broadband expansion and increased access to high-speed internet services to be an important priority for the current and future success of small businesses. We have appreciated our strong working relationship with the Michigan High-Speed Internet (MIHI) Office, created in 2021 to be a single point of contact for all things broadband and connectivity.

MIHI's mission is to create a more digitally equitable Michigan where everyone has the opportunity to leverage technology to improve their quality of life. This includes small businesses. MIHI has effectively engaged with stakeholders (including SBAM) since its inception, however, there is an enormous opportunity before us today. The state has received a $1.5 billion-dollar federal Broadband Equity, Access, and Deployment (BEAD) grant which is an unprecedented level of investment.

SBAM created a Broadband Task Force to provide valuable feedback and recommendations on how these resources might be best deployed to support entrepreneurs, small businesses, and their employees. SBAM held a series of meetings with small business owners from across the state to hear from experts, identify key priorities, and make recommendations on how best to meet the internet access needs of small businesses.

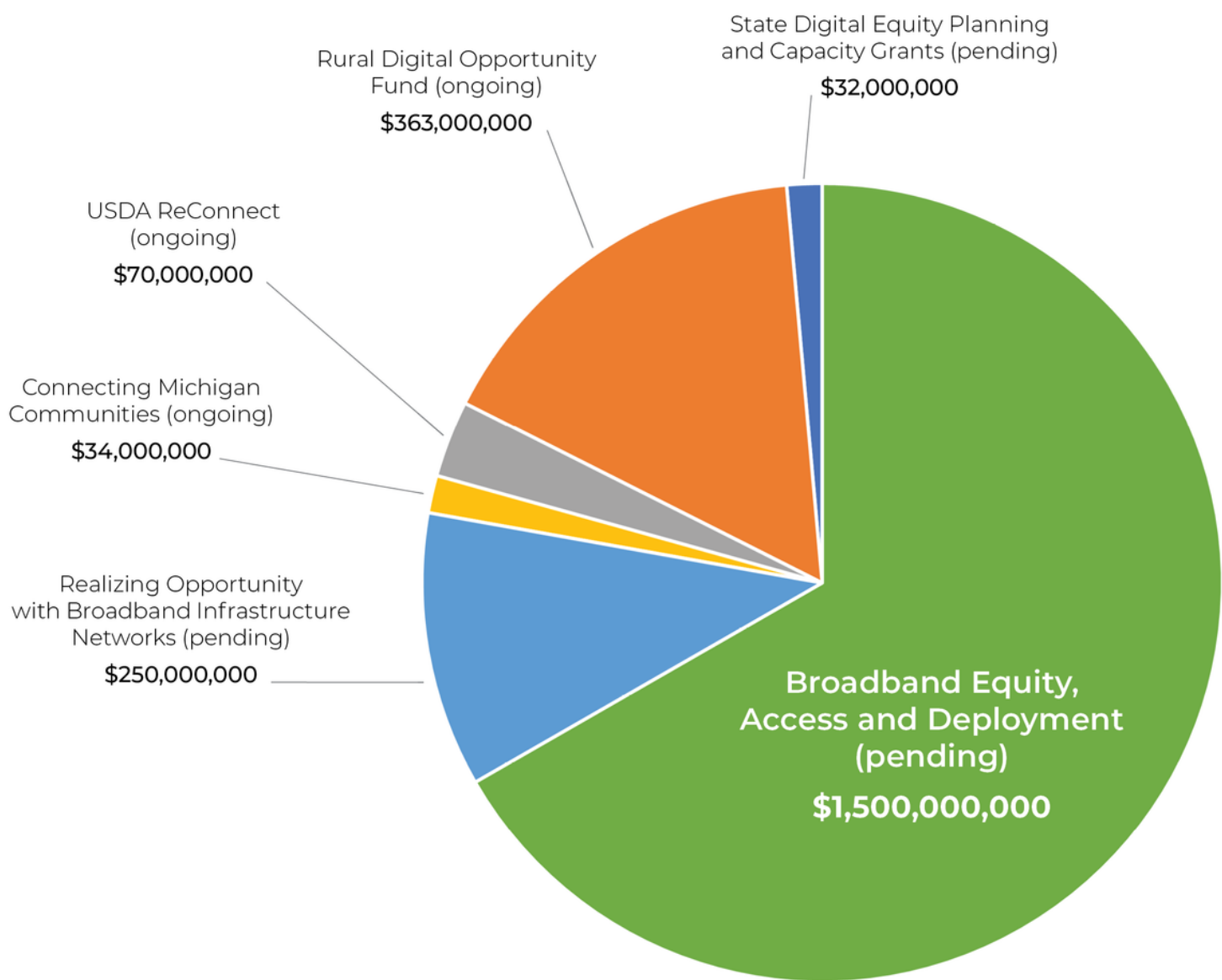### Broadband Task Force Chair
Gina Thorsen
CEO, Stormy Kromer

SBAM President & CEO
Brian Calley

The resources available for high-speed internet access today are unprecedented

Historic Federal Investments

State Digital Equity Planning and Capacity Grants (pending)
$32,000,000

Rural Digital Opportunity Fund (ongoing)
$363,000,000

USDA ReConnect (ongoing)
$70,000,000

Connecting Michigan Communities (ongoing)
$34,000,000

Realizing Opportunity with Broadband Infrastructure Networks (pending)
$250,000,000

Broadband Equity, Access and Deployment (pending)
$1,500,000,000

Program Focus Areas of Interest

1. **"Realizing Opportunity with Broadband Infrastructure Networks" (ROBIN)**
   a. Purpose: Last mile and middle mile grant program
   b. Amount: $250 Million

2. **"Broadband Equity, Access and Deployment" (BEAD)**
   a. Purpose: Building networks that connect unserved and underserved locations and community anchor institutions
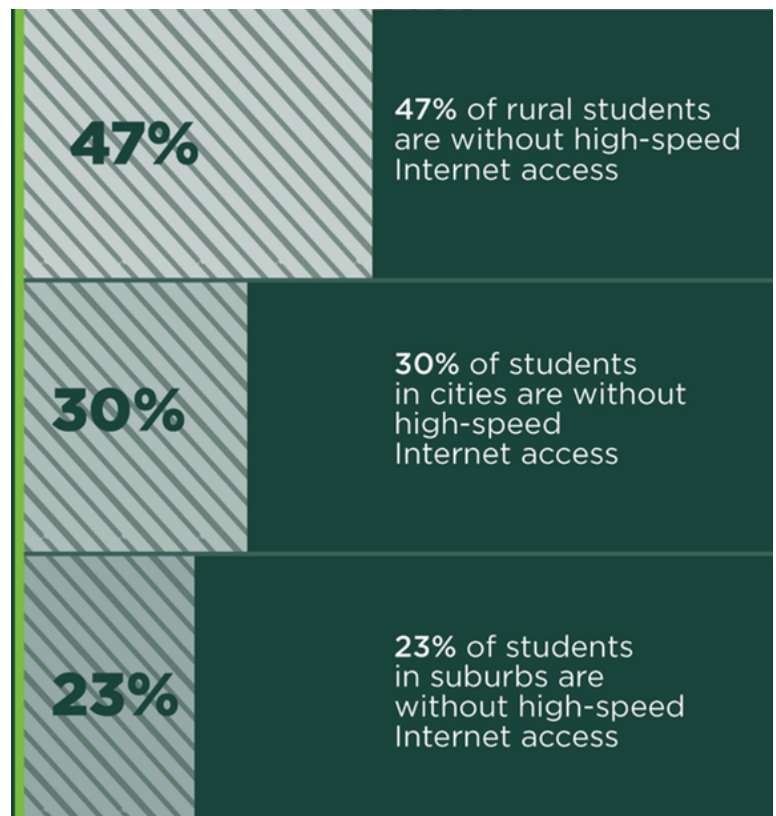   b. Amount: $1.5 billion

As Michigan works to address critical workforce shortages at a time when our population is shrinking, we cannot afford to leave anyone behind. The success of our current and future workforce depends on the connectivity of workers, households and students more than ever before.

Addressing the Lack of Connectivity

- More than 380,000 Michigan residents DO NOT have access to broadband Internet.
- The state of Michigan currently ranks 33rd in the nation in terms of connectivity.
- 865,000 households face barriers related to affordability, adoption, or digital literacy.

Rural students and low-income students are less likely to have high-speed Internet access at home.

- High-speed Internet access is less common in rural areas, because rural areas are less likely to have an infrastructure to provide broadband Internet access.

- Students who lack home Internet access are more likely to be rural, low-income, and children of parents who do not have a university degree.

47% 47% of rural students are without high-speed Internet access

30% 30% of students in cities are without high-speed Internet access

23% 23% of students in suburbs are without high-speed Internet access

Source: Merit

The Performance & Outcome Gap

Have Lower Overall GPAs

The GPA of students without home Internet access is on average half a letter grade lower in all classes.
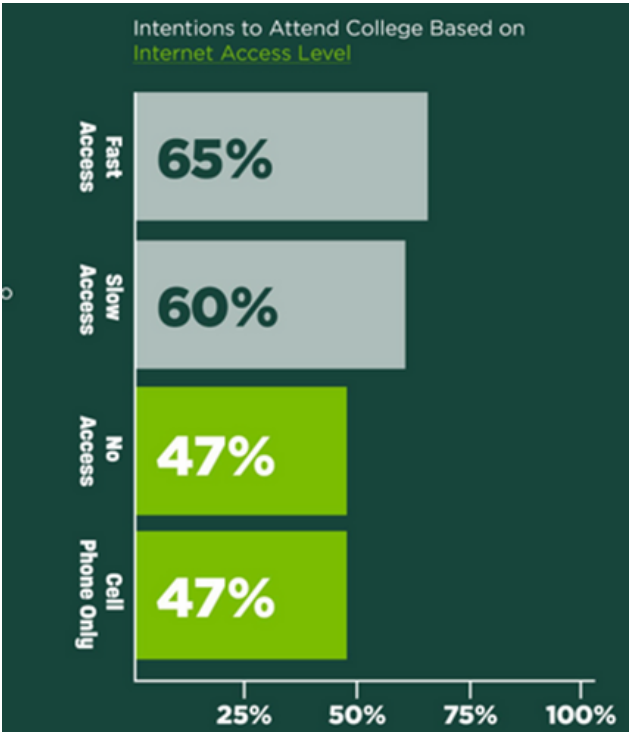
Rank Lower on Standardized Test Scores

On average, students who had no Internet access at home, as well as those who relied on a call phone, scored lower on the SAT/PSAT in reading and writing, math and total score.

Are Less Likely to Attend College

Students who do not have high-speed Internet access at home, and those with fewer digital skills, are less likely to have an interest in attending college or university.

Most students with no, or cell phone only, Internet access at home do not intend to complete any college degree.

Grade Point Average Based on Internet Access Level

Access	GPA
Fast Access	3.18 GPA
Slow Access	3.10 GPA
No Access	2.81 GPA
Cell Phone Only	2.75 GPA

Intentions to Attend College Based on Internet Access Level

Access	Percentage
Fast Access	65%
Slow Access	60%
No Access	47%
Cell Phone Only	47%

Lower Interest in Post-Secondary Education

Students without high-speed Internet access are less likely to pursue post-secondary education.

Less Likely to Pursue a STEM-Related Career

48% of those with fast home Internet access want a career in a STEM field, compared to 41% of students who have no home Internet access.

Cell Phone Dependent Students Were Worse Off Than Students with No Access

This is likely due to constraints such as the size of a screen, data caps, and pre-paid phone plans that expire.

Findings

The SBAM Broadband Task Force had many robust conversations surrounding high-speed internet needs. This ranged from access to quality to mobility/portability and concerns around competition and costs.

Universal Quality Access

There remain many areas in Michigan with no high-speed internet access at all. While there are many needs that need to be addressed, areas with no access should be prioritized. And that access should be of high quality.

We have often heard from small business owners that while maps show coverage across much of Michigan, there are many dead spots where service offered was not reliable, slow, or lacking entirely. ROBIN funds should be used to fill smaller coverage gaps, while BEAD funds should be prioritized to build new and robust connectivity to areas more severely lacking.

Competition and Cost

As resources are deployed to build internet infrastructure, it should be done in a way that facilitates competition among providers, rather than only subsidizing proprietary systems limited to one provider. Ideally communities, small businesses, and households would eventually have multiple providers to choose from.

Many small businesses that have some access to internet services experience slow, unreliable, and expensive services when there is only one provider. The lack of competition drives up costs and diminishes quality.

Mobility and Portability

Many small businesses and their workforces are now mobile or work remotely. The need for high-speed internet access that is portable is critical. Having the ability to connect whenever and wherever you are is imperative to continuing to grow and conduct business in a timely, efficient manner.

Additionally, Michigan has hundreds of thousands of entrepreneurs operating as independent contractors. They often work on a highly mobile basis. To foster the continued growth of entrepreneurship in Michigan, mobile access is key and will likely become even more important in the future.

Additional Considerations

Technical Support for Rural Communities

In many rural areas where access is most limited, local governments often rely on part-time or even volunteer governmental and emergency service workers. These communities will likely need some technical assistance or support to ensure their citizens, students and small businesses do not miss out on this exciting opportunity.

Future Focused

Technology changes quickly. Investments made today in building high speed internet infrastructure must be technologically relevant both today and into the future. Decisions should provide durable and upgradable systems that will stand the test of time.

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