

ANNUAL PERFORMANCE PROGRESS REPORT FOR SUSTAINABLE BROADBAND ADOPTION

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted Department of Commerce, National Telecommunications and Information Administration	2. Award Identification Number 27-43-B10515	3. DUNS Number 828185087
4. Recipient Organization C. K. Blandin Foundation 100 N Pokegama Ave, Grand Rapids, MN 557442739		
5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2011	6. Is this the last Annual Report of the Award Period? <p style="text-align: center;"> <input type="radio"/> Yes <input checked="" type="radio"/> No </p>	
7. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.		
7a. Typed or Printed Name and Title of Certifying Official Mary Magnuson	7c. Telephone (area code, number and extension)	
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7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 01-26-2012	

PROJECT INDICATORS				
<p>1. Does your Sustainable Broadband Adoption (SBA) project foster a particular broadband technology or technologies? If so, please describe this technology (or technologies) (600 words or less). The Minnesota Intelligent Rural Communities (MIRC) project does not foster a particular broadband technology or technologies. Rather, it is designed to promote broad public access and use of high-speed networks generally as indispensable infrastructure for economic vitality and quality of life.</p>				
<p>2a. Please list all of the broadband equipment and/or supplies you have purchased during the most recent calendar year using BTOP grant funds or other (matching) funds, including any customer premises equipment or end-user devices. If additional space is needed, please attach a list of equipment and/or supplies. Please also describe how the equipment and supplies have been deployed (100 words or less).</p>				
Manufacturer	Item	Unit Cost per Item	Number of Units	Narrative description of how the equipment and supplies were deployed
na	na	0	0	na
Totals		0	0	
<input type="button" value="Add Equipment"/>		<input type="button" value="Remove Equipment"/>		
<p>2b. To the extent you distribute equipment/supplies to beneficiaries of your project, please describe the equipment/supplies you distribute, the quantities distributed, and the specific populations to whom the equipment/supplies are distributed (600 words or less). As of December 31, 2011 PCs for People, a MIRC subawardee, has distributed a total of 858 personal computers (PCs) to low-income individuals and families in rural Minnesota The average household size of recipient families was 2.92 persons the average family had 1.47 school-age children average household income of recipient families was \$11,070.54 29.86% of recipient head of households were employed with 70.14% unemployed 48.42% reported that the PC they received would be used for job-related activities (including looking for work) 61.75% reported that the PC would be used for education-related activities 57.78% of families were white, 25.73% black, 7.49% Latino, 3.27% Asian, 1.17% Native American and 4% did not report their race.</p>				
<p>3. For SBA access and training provided with BTOP grant funds, please provide the information below. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent calendar year. For each type of training (other than open access), please count only the participants who completed the course.</p>				
Types of Access or Training	Number of People Targeted	Number of People Participating	Total Training Hours Offered	
Open Lab Access	0	0	0	
Multimedia	0	0	0	
Office Skills	0	0	0	
ESL	0	0	0	
GED	0	0	0	
College Preparatory Training	0	0	0	
Basic Internet and Computer Use	2,700	1,461	6,704	
Certified Training Programs	0	0	0	
Other (please specify): Business Internet Training	4,000	2,491	6,099	
Total	6,700	3,952	12,803	
<p>4. Please describe key economic and social successes of your project during the past year, and why you believe the project is successful thus far (600 words or less). After a long ramp up, as we enter the new year MIRC project implementation appears to be "hitting on all cylinders." Project partners are meeting -- and in some cases exceeding -- their numeric goals for individuals trained, businesses benefiting from training and technical assistance. New and enhanced digital divide amelioration strategies and tools are now in place, along with new targeted efforts to connect the tools, and necessary support to use them, to those most in need. For the first time in Minnesota, Internet service providers have been recruited as partners to these efforts through the use -- for example -- of subsidized subscriptions. Local</p>				

Leadership teams in each of the 11 demonstration communities have identified goals, set targets, and funded over 70 projects that are now underway and making a positive difference in local quality of life and economic vitality. New partnerships have been formed between institutions and agencies. For example, partnerships between Adult Basic Education and MN Department of Employment and Economic Development's workforce centers, and Minnesota Renewable Energy Marketplace (MNREM) and University of MN Extension appear poised to become self-sustaining beyond the duration of project funding. Many chambers of commerce are now explicitly embracing the goal of increasing the technological sophistication of their members, and have become more active partners in promoting business Internet training to their members - using new offerings created and developed through MIRC. Moreover, the project appears well positioned to meet its key overall targets on training, outreach and broadband subscription enrollments. It's possible that not every subawardee will hit each of its individual targets, but "over-achievers" among the partners appear to ensure that the project's overall targets will be met, if not exceeded.

Enhanced relationships and partnerships have been an important key to the project's success to date, and the core promise for sustained future success. For example, PCs for People (PfP) now has established three rural-based affiliates where none existed before. Each rural PfP affiliate is unique; built to fit the context of local suppliers of used computer commitment, and local capacity to refurbish and redistribute the equipment to qualifying families in need. "Regionalization" of community technology initiatives is another important outcome of the project. Leaders and broadband champions at the local level are recognizing that given their demographics and population densities, rural communities have more options available to them if they work together than when they work alone. For example, the town of Staples in central Minnesota has begun a far-sighted effort to explore collaborative solutions to its technology needs in concert with surrounding communities after an initial feasibility study -- funded through MIRC -- suggested their market was too small to support enhanced service and access on its own. MIRC partner-sponsored regional forums on broadband's role in community and economic vitality has played a catalytic role in sparking these regional conversations and collaborative efforts.

Enhanced relationships between MIRC partners and project leadership with the MN Department of Commerce staff charged with supporting the state's new Broadband Task Force has the potential to be another important factor in multiplying the project's impact across the state. MIRC partners and efforts are being leveraged on behalf of Minnesota's broadband goals through collaborative planning and convening led by MIRC's representatives on the Task Force.

Closer to the ground, many of the demonstration communities have used the project's "Intelligent Community" baseline and benchmark assessments (of infrastructure, workforce, innovation, digital inclusion and marketing and advocacy) as a framework for broader community and economic development efforts underway in their community. With its focus on technology, "culture of use" concepts and inclusivity of historically marginalized populations, community partners report that the "Intelligent Community" framework helps them focus -- and stay focused -- on broadband access and use as an indispensable asset now and in the future.

5. Please estimate the level of broadband adoption in the community(ies) and/or area(s) your project serves, explain your methodology for estimating the level of broadband adoption, and explain changes in the broadband adoption level, if any, since the project began.

<p>5a. Adoption Level (%):</p>	<p>Narrative description of level, methodology, and change from the level at project inception (600 words or less).</p>
<p>66</p>	<p>The methodology used to estimate the level of broadband adoption at "baseline" was by conducting telephone surveys of randomly selected households throughout rural Minnesota. Approximately 4,300 completed surveys were utilized to estimate adoption rates across rural Minnesota, as well as specifically in the 11 demonstration areas of the MIRC project. Subsequently we have been working with a third party vendor (ID Insight) to track unique IP addresses conducting Internet transactions in the same selected regions and use these changes in unique IP addresses to estimate new broadband subscriptions and then to calculate current broadband adoption rates. To date, adoption has been strong all across rural Minnesota with MIRC community adoption rates increasing by 4.6 percentage points since the baseline survey, while the remainder of rural Minnesota only increased by 3.7 percentage points. Utilizing the broadband subscription transaction data from ID Insight we have extrapolated these numbers through December 31, 2011 to estimate a current broadband adoption rate of 66.3%.</p>

6. Please describe the two most common barriers to broadband adoption that you have experienced this year in connection with your project. What steps did you take to address them (600 words or less)?

The two most common barriers to broadband adoption experienced to date have been and remain:
 1) Socio-economic and 2) demographic barriers - here we see time and again that elderly and low-income residents have substantially lower broadband adoption rates than the general population. This is an especially big problem in rural Minnesota, as we have a disproportionate number of elderly and low-income residents. A surprisingly high percentage (29%) of low income rural resident non-broadband adopters cite as a reason the lack of "content worth viewing." This suggests that strategies focused on increasing awareness of Internet-based content may have some success.

7. To the extent that you have made any subcontracts or sub grants, please provide the number of subcontracts or sub grants that have been made to socially and economically disadvantaged small business (SDB) concerns as defined by section 8(a) of the Small Business Act, 15 U.S.C. 647, as modified by NTIA's adoption of an alternative small business size standard for use in BTOP. Please also provide the names of these SDB entities. (150 words or less)

none

8. Please describe any best practices / lessons learned that can be shared with other similar BTOP projects (900 words or less).

Lessons learned. Most of the lessons learned cited in last year's annual report remain true. We have repeated here some of those that seem to us to be most insightful, and added some as well:

While most incumbent providers and some citizens may disapprove of government entry into the telecommunications business, we have observed time and again that those communities with a third facilities-based telecommunications provider (public or private) enjoy better and cheaper service than those communities served only by a duopoly of providers. Few communities have been able to attract a third private sector provider without significant community involvement. It is our observation that local governments are generally the leaders in promoting enhanced broadband in their communities, usually in response to identified community needs voiced by business owners and citizens. Well-served communities rarely engage in significant discussions of municipal telecommunications investments. Broad-based citizen initiatives that bring together community champions from multiple sectors (health care, education, government, business) can be effective in identifying, describing, quantifying and aggregating demand.

Across wide swaths of rural Minnesota, the telecommunications network is quite old and inadequate for the task of providing ubiquitous high-speed Internet. In order to deliver high capacity broadband across the state this network must be upgraded. Some parts of rural Minnesota, due to demographics and terrain, cannot support market-driven telecommunications investment; the costs are too high with too few customers to generate returns on investment necessary to attract market capital. It appears that absent incentives for existing and prospective telecommunications providers to leverage private and public sector investments it will be difficult for Minnesota to reach its own ubiquity goals (10 to 20 Mb per second to every household in Minnesota by the year 2015) or Federal Communications Commission goals.

Aggregation of public sector broadband needs can help drive down costs. The state's new Broadband Task Force will be exploring policy and finance options (including both public financing and public-private partnerships) to help address this fundamental market failure.

Given the socioeconomic and demographic barriers to increasing broadband adoption cited above, it is our experience that programs designed to increase computer access for low-income populations show potential to address these disparities, along with initiatives to demonstrate the benefits that broadband can bring to individuals, organizations and businesses and communities as a whole. However, recruiting these target populations to participate in offered programs remains a challenge. (Incidentally, the same is often true of those businesses most in need.)

Our experience in Minnesota supports research results showing that economic growth follows telecommunications investment. Companies seeking new locations quickly bypass communities without world-class broadband. Many of Minnesota's highest earners, including retired or semi-retired professionals, would prefer to live next to a lake or river or on a hobby farm. Unconnected communities stand little chance of attracting or retaining these potential taxpayers, not to mention recent college graduates.

"If you build it they will come," does not apply to broadband. Concerted, sustained cross-sectoral engagement at the community level is required to create the "culture of use" necessary to address the digital divide.

Best Practices:

Communities know best and each community is unique. Involving citizens directly in articulating their community's broadband adoption and utilization goals can help catalyze the sustained engagement required for increased adoption.

Local leadership matters. Helping local broadband champions acquire and utilize the skills necessary for effective issue framing, building and sustaining relationships (using social capital), and mobilization can be an effective approach to building a community's capacity to achieve its self-defined broadband goals.

Broadband is not an end in itself. The need to increase broadband access and utilization can be effectively promoted as a means to the broader ends of increased economic vitality and improved quality of life. Our project has been successful in framing increased sustainable broadband use as part of an integrated economic development framework, "Intelligent Communities," that includes broadband infrastructure, knowledge workers, innovation, marketing, and digital inclusion.

Effective recruitment strategies -- both for technologically-challenged small business and for historically marginalized populations -- are intra-community, hyper-local, "high touch," and personalized.

Cynicism and apathy can be powerful disincentives to citizen engagement. Effective meeting facilitation can make a big difference in keeping folks coming back to the planning and implementation table. Investment in training community leaders and champions to use participatory facilitation skills can pay big dividends in terms of ensuring sustained community engagement with the project.

Our experience suggests that the "Intelligent Community" framework for community and economic development is a best practice that helps community leaders see how workforce, infrastructure and inclusivity (as well as innovation and marketing & advocacy) are mutually interdependent aspects of community vitality.