April 27, 2021

The Honorable Dina Titus   The Honorable Daniel Webster
Chairman   Ranking Member
House Committee on Transportation   House Committee on Transportation
& Infrastructure   & Infrastructure
Subcommittee on Economic Development,   Subcommittee on Economic Development,
Public Buildings, and Emergency   Public Buildings, and Emergency
Management   Management
Washington, District of Columbia 20515   Washington, District of Columbia 20515

Investing In America: Reauthorization of the Economic Development Administration

Dear Chairwoman Titus, Ranking Member Webster, and Members of the Subcommittee,

We applaud this Subcommittee for its examination of the dynamics of economic development, with tomorrow's hearing, "Investing in America: Reauthorization of the Economic Development Administration." ACT | The App Association (the App Association) is the leading trade group representing small mobile software and connected device companies in the app economy, a $1.7 trillion ecosystem led by U.S. companies and employing 23,910 in Nevada and 237,090 in Florida alone.[1] Our member companies create the software that brings your smart devices to life. They also make the connected devices that are revolutionizing healthcare, education, public safety, and virtually all industry verticals. They propel the data-driven evolution of these industries and compete with each other and larger firms in a variety of ways, including on privacy and security protections.

App Association members exist all over the world and in a wide variety of geographies due to the mobile nature of the digital ecosystem. In rural and suburban areas, accelerators and incubators are particularly integral because they provide a cluster of resources that wouldn't otherwise be available to startups and fledging developers. These resources include everything from venture capital and office space to things as fundamental as a stable broadband connection. Moreover, the app ecosystem often takes the shape of a "hub and spoke" system in each locality where it flourishes, where accelerators and incubators serve as hubs that support the software and device companies branching off as spokes.

The United States Economic Development Agency (EDA) has a regional focus in bringing economic development initiatives to localities. The App Association believes the EDA can play a key role in deploying broadband to rural and underserved communities as part of the Subcommittee's priority to foster robust economic growth.

I. State of Play at the Economic Development Agency

The EDA exists both to provide capital to localities to spur business development in their regions and to bolster local infrastructure as a means to facilitate economic development.[2] Capital is provided through EDA grant programs such as Economic Adjustment Assistance (EAA) grants,

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[1] ACT | THE APP ASSOCIATION, STATE OF THE U.S. APP ECONOMY: 2020 (7th Ed.), *available at* https://actonline.org/wp-content/uploads/2020-App-economy-Report.pdf.
[2] U.S. Economic Development Administration Value Proposition Statement, *available at* https://www.eda.gov/about/Value-Proposition.htm

intended to "fund market and environmental studies, planning or construction grants, and capitalize or recapitalize revolving loan funds (RLFs) to help provide small businesses with the capital they need to grow."[3] The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided the EDA with $1.5 billion for economic development assistance programs to help communities respond to COVID-19. Although this funding is nearly five times the recent annual appropriation for EDA,[4] the COVID-19 pandemic is undoubtedly a disastrous event that occurred at such scale it will take considerable gains in productivity to recover lost economic output. An article published by McKinsey & Company earlier this year makes a poignant point on this:

> "Just as 19th-century farmers needed roads and railroads to participate in the broader economy, today's Americans need digital to do the same. Too many cannot, either because of a lack of high-speed access (78 percent coverage in rural areas at the beginning of 2019) or lack of affordability. In terms of education, such deficits are likely to have damaging long-term effects, particularly on Black, Hispanic, and poorer schoolchildren, whose parents are also the most likely to have been economically hurt by the COVID-19 crisis. For both economic opportunity and racial equity, then, broadening digital access should be a high priority."[5]

II. Broadband as Infrastructure and the Value of Public-Private Partnerships

One way to boost productivity and bridge gaps in equity is through investing in digital infrastructure. The App Association supports Eliminating Barriers to Rural Internet Development Grant Eligibility (E-BRIDGE) Act (H.R. 6491/S. 3648, 116th) because this legislation would ensure that economic development organizations, in public-private partnerships or through consortia, can use Economic Development Administration grant funds to support broadband deployment. The legislation addresses a significant issue in broadband deployment via public-private partnerships because most internet service providers (ISPs) operate for-profit. Although EAA grants can be used for broadband deployment, EDA regulations only allow non-profits access to grants and explicitly exclude for-profit organizations from access to these grants—even if a for-profit is working with a non-profit in a partnership.

A change to existing law is necessary due to the many benefits of public-private partnerships and consortia. One way public-private partnerships are optimized is the private sector brings the efficiencies and resources to address the issue at hand. Meanwhile, the public sector minimizes the risk assumed by the private sector by ensuring there will be a use for the resources the private sector coordinated. An example of how this might work can be found in the creation of federal office buildings. The federal government (public sector) will hire a management company (private sector) to build the building. By agreeing upfront to be the building's tenant for a number of years, the government offsets the risk the management company faces in not having tenants. A similar argument could be made in the deployment of broadband. However, as stated previously, ISPs are

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[3] Economic Development Administration Economic Adjustment Assistance Program one-pager, *available at* https://www.eda.gov/pdf/about/Economic-Adjustment-Assistance-Program-1-Pager.pdf

[4] "The Economic Development Administration and the CARES Act (P.L. 116-136)," CONGRESSIONAL RESEARCH SERVICE, (April 2, 2020), *available at* https://crsreports.congress.gov/product/pdf/IN/IN11303

[5] "America 2021: Rebuilding lives and livelihoods after COVID-19," MCKINSEY & COMPANY, (February 16, 2021) *available at* https://www.mckinsey.com/industries/public-and-social-sector/our-insights/america-2021-rebuilding-lives-and-livelihoods-after-covid-19

usually for-profit entities and it is not clear in current law whether their status precludes projects in which they participate from eligibility for EAA grants.

Moreover, there have been impressive gains in broadband deployment through consortia such as Microsoft Corporation's Airband Initiative—where a total of 633,000 previously unserved people gained internet access since 2017.[6] However, partnerships within the private sector can only go so far: meaning, they will only go so far as it makes sense for the bottom line. Public-private partnerships have the potential to go much further—especially in addressing issues of equity—and could be a mechanism through which any infrastructure package[7] addresses the issue of broadband access.

III. Federal Economic Development Support Unlocks Key Benefits for Communities

The app economy itself and the problem-solving efforts of our member companies illustrate the need for broadband deployment and grant funding to benefit partnerships centered on internet connectivity in specific ways.

Telehealth

One such use case for broadband is telehealth (live audio and video interactions between patients and caregivers), which Americans adopted quite rapidly in the early days of the COVID-19 pandemic. And while the data collected after the beginning of the pandemic is instructive, research before it began has shown that digital health tools like telehealth help improve the quality of care and help manage costs. For example, the University of Mississippi Medical Center (UMMC), a member of the App Association's Connected Health Initiative,[8] used telehealth as a means to reach patients with heart disease, obesity, cardiovascular disease, or diabetes well before the pandemic. In 2015, UMMC established a pilot diabetes telehealth program, which provided 100 rural Mississippians suffering from diabetes with wirelessly-connected glucose monitors to manage their treatments. By wirelessly bringing their doctors and guidance to them, 96 percent of patients complied with their medications. Moreover, they saw a decrease in blood glucose levels among participants, and no diabetes-related hospitalizations throughout the pilot.[9] The savings weren't only measured in quality of life: these same first 100 patients collectively saved an incredible $336,184 in healthcare costs. Using this data, cost analyses estimate that if 20 percent of Mississippi's diabetic population were enrolled in the telehealth program, it would save the state $180 million in Medicaid dollars.[10]

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[6] Microsoft Airband Initiative website: https://www.microsoft.com/en-us/corporate-responsibility/airband

[7] Fact Sheet: The American Jobs Plan, THE WHITE HOUSE, (March 31, 2021), *available at* https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/31/fact-sheet-the-american-jobs-plan/

[8] Connected Health Initiative website: http://www.connectedhi.com/

[9] ACT | The App Association, "Tuning into Telehealth: How TV White Spaces Can Help Mississippi Tackle the Diabetes Epidemic," (July 20, 2017), *available at* https://actonline.org/2017/07/20/tuning-into-telehealth-how-tv-white-spaces-can-help-mississippi-tackle-the-diabetes-epidemic/

[10] Connected Health Initiative, "Testimony of Morgan Reed, Executive Director, The Connected Health Initiative, Before the U.S. Senate Committee on Health, Education, Labor, and Pensions (HELP) Subcommittee on Primary Health and Retirement Security," (Sept. 25, 2018), *available at* https://actonline.org/wp-content/uploads/CHI-Testimony-Health-Care-in-Rural-America.pdf

In a similar project, the University of Virginia (UVA) Health System, another Connected Health Initiative member, conducted a diabetes management program for rural patients involving remote patient monitoring. Over six months, the patients' mean hemoglobin A1C levels (a marker for diabetes control) dropped from an uncontrolled 9.9 percent to a much more manageable 7.7 percent.[11] In Senate HELP Committee testimony in July 2020, Karen Rheuban of the UVA Karen S. Rheuban Center for Telehealth summarized the steps UVA had taken to establish telehealth services before the pandemic:

> "Prior to COVID-19, we facilitated more than 100,000 telemedicine-related patient services using high definition video teleconferencing, monitored more than 11,000 patients at home, screened more than 18,000 patients with diabetes for retinopathy, the number one cause of blindness in working adults, and through our electronic medical record, EPIC, facilitated more than 12,000 e-consults between providers."

As a result, UVA was well-positioned to switch in-person appointments to virtual, converting more than 45,000 in-clinic patient appointments to virtual patient visits beginning in mid-March of 2020.[12] This bears repeating: seemingly overnight UVA converted from in-person to virtual nearly half the total previous telehealth appointments.

These telehealth benefits are only possible with meaningful solutions to broadband access issues, where today nearly 30 million Americans do not have sufficient access.[13]

Agriculture

Another use case for broadband is precision agriculture. Besides serving on the Federal Communications Commission's Task Force for Reviewing the Connectivity and Technology Needs of Precision Agriculture in the United States,[14] the App Association has member companies in the precision agriculture space.

SwineTech, located in Cedar Rapids, Iowa, created an internet of things (IoT) device that helps alleviate the strain that piglet crushing has on the agriculture industry. Founded in 2015, SwineTech created SmartGuard, a wearable device that senses when there may be a crushing event and encourages the sow to move through sound and vibration.[15]

App Association member company involvement in precision agriculture goes further than just farmstock. Founded in 2017 and headquartered in Fargo, North Dakota, Bushel is an agricultural technology company that provides a subscription-based web and mobile application specifically

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[11] ACT | The App Association, "PSA: Healthcare Tech Isn't Just at the Doctor's Office—It's on Your Wrist," (August 22, 2019), *available at* https://actonline.org/2019/08/22/psa-healthcare-tech-isnt-just-at-the-doctors-office-its-on-your-wrist/

[12] "Testimony of Karen S. Rheuban, Director, University of Virginia Center for Telehealth, Before the U.S. Senate Committee on Health, Education, Labor, and Pensions (HELP) Committee," (June 17, 2020), *available at* https://www.help.senate.gov/imo/media/doc/Rheuban.pdf

[13] Bridging The Digital Divide For All Americans, FEDERAL COMMUNICATIONS COMMISSION, *available at* https://www.fcc.gov/about-fcc/fcc-initiatives/bridging-digital-divide-all-americans

[14] Task Force for Reviewing the Connectivity and Technology Needs of Precision Agriculture in the United States, FEDERAL COMMUNICATIONS COMMISSION, *available at* https://www.fcc.gov/task-force-reviewing-connectivity-and-technology-needs-precision-agriculture-united-states

[15] SwineTech website: https://swinetechnologies.com/

designed to harness reliable data for every level of the grain supply chain. The Bushel platform has more than 2,000 grain facilities that are active users including producers, retailers, and processors of grain. The platform covers contracts between grain facilities and their producers with an included e-signature capability to handle business on their app—including scale tickets, contracts, cash bids, and more.[16]

It is widely known that the broad adoption of the internet unleashed a wave of economic activity previously unknown to mankind. The benefits of the internet, however, are only accessible to those with a reliable broadband connection. The hub and spoke infrastructure of the app ecosystem lends itself well to the EDA grant model this Subcommittee oversees, as even smaller grants to connect the hubs could have an outsized impact on job growth in the app economy in your districts. For any of this promising technology to reach its full potential, rural and underserved communities must have access to broadband, and the EDA can facilitate partnerships to make this happen.

Sincerely,

Morgan W. Reed
President
ACT | The App Association