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West Virginia's Technology Deficit Precludes Job Creation

CEO Sends Letter to Candidates

CHARLESTON, W.Va. – Citynet President and Chief Executive Officer Jim Martin is warning the candidates for governor that West Virginia's technology deficit severely impairs the state's ability to attract and retain high-paying jobs.

"I believe the key to addressing that deficit is within our grasp in the form of a 'middle-mile' Internet superhighway," Martin wrote in a letter to the candidates. "But we are perilously close to letting it slip away."

Martin wrote the letters to both inform and challenge the candidates as the May primary election draws near. Job creation is a common campaign theme, he noted, but until West Virginia can improve significantly its 48th-place ranking among the states for high-speed Internet access, many economic development initiatives are doomed to failure. In the letter, Martin cited a \$50 million investment in a Virginia middle-mile project that has generated more than \$2 billion in economic development and created thousands of jobs.

"To compete for jobs and economic development in the 21st century, our state must have broadband Internet infrastructure with the capacity to handle today's demands," he wrote. "Many companies already require Gigabit Ethernet or 'GigE' circuits (the equivalent of 1,000 megabits) that are simply not available in West Virginia."

While West Virginia residents and businesses get bogged down in outdated dial-up or DSL technology, competing states such as Virginia are

“fighting for – and winning – jobs by building and promoting its broadband infrastructure, developing economic development parks called ‘Giga parks,’” Martin wrote.

Cost is also part of West Virginia’s technology infrastructure deficit, he wrote. In those pockets where high-speed Internet access for business can be found in West Virginia, the price is 10 to 20 times higher than the same service in Pittsburgh, Columbus or southern Virginia.

To compete, Martin told the candidates, “West Virginia must build an open-access Internet superhighway, otherwise known as ‘middle-mile’ infrastructure, which would allow all communication and Internet companies to move digital commerce at an affordable cost with significant capacity.”

Unfortunately, he wrote, West Virginia operates under a telecommunications monopoly for broadband: “Different companies offer last-mile service to residents or businesses, but they must transport the digital messages over the monopoly’s system, in most cases, and at prices that are significantly higher than in bordering states.”

Martin cited the Connecting Appalachian Ohio Middle Mile Consortium and the Mid-Atlantic Broadband Cooperative as examples of the bold steps taken by surrounding states to create open-access, middle-mile systems. He noted that MBC recently proved instrumental in landing a \$15 million operations center with 529 new jobs in Virginia’s Henry County – a project it won over West Virginia, among other states.

Virginia used tobacco settlement money to assist with the initial capital to develop middle-mile infrastructure. The Virginia cooperative has helped to create thousands of jobs and had \$2 billion in economic benefits for the region since its

inception, according to a federal report. The state also used federal stimulus funds, as did Ohio, which tapped into private capital to build its middle-mile system.

Although West Virginia received \$126 million in stimulus funding, purportedly to build a middle-mile solution, the money actually is being used only to provide broadband service to 1,064 governmental entities – not businesses or households.

“And incredibly, the state’s annual cost for broadband could increase by as much as \$25 million as a result,” Martin charged. “Ultimately, the state will need to spend general revenue funds to assist in the construction of middle-mile infrastructure. If competing states are building middle-mile infrastructure that will lower costs and increase job development, we must either follow suit or resign ourselves to an economy based almost exclusively on fast food and retail.”

Martin estimated the state’s initial outlay at \$50 million, but West Virginia’s resulting annual costs for high-speed Internet would decrease by \$10 million, allowing the investment to quickly pay for itself.

“There is no logical business or public policy reason to ignore the digital demands of the 21st century,” he wrote. Martin challenged each candidate for governor “to seize upon this opportunity in upcoming public forums to address West Virginia’s technology infrastructure deficit. Turning that deficit into a surplus is most assuredly the cornerstone upon which we can build a flourishing and diversified economy.”

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For additional information, please see:

- *The Connecting Appalachian Ohio Middle Mile Consortium (CAO-MMC) (<http://www.ohiomiddlemile.org/index.html>), where private companies are working to develop an open-access middle-mile system;*
- *The Mid-Atlantic Broadband Cooperative (MBC) in southwestern Virginia (<http://www.mbc-va.com/>), which recently proved instrumental in snatching a \$15 million operations center and 539 new jobs from West Virginia's grasp. The cooperative has helped to create thousands of jobs and had \$2 billion in economic-development benefits for the region since its inception, according to a federal government report.*
- *www.WestVirginia.com, a website that chronicles the issues in West Virginia on broadband.*