2003

SENATE INFORMATION TECHNOLOGY

COMMITTEE MINUTES

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North Carolina General Assembly
Through Senate Committee on
Information Technology

Date: 07/24/2003
Time: 14:14

2003-2004 Biennium

Leg. Day: H-102/S-102

Bill	Introducer	Short Title		Latest Action	In Date	Out Date
H0941	Miller	STUDY IT LEGACY SYSTEMS.	SR	Ch. SL 2003-172	05-05-03	06-03-03
H1003	Tolson	IT SECURITY CHANGES.	*SR	Ch. SL 2003-153	04-30-03	05-14-03
H1194	Tolson	ESTABLISH E-NC AUTHORITY.	*S	Pres. To Gov. 7/ 19/2003	05-05-03	06-17-03
H1194	Tolson	ESTABLISH E-NC AUTHORITY.	*S	Pres. To Gov. 7/ 19/2003	06-18-03	06-26-03

'$' indicates the bill is an appropriation bill.
A bold line indicates the bill is an appropriation bill.
'*' indicates that the text of the original bill was changed by some action.
'=' indicates that the original bill is identical to another bill.

SENATE COMMITTEE ON INFORMATION TECHNOLOGY

APRIL 2, 2003
12:00 PM
ROOM 414

AGENDA

Presentation by Dr. James Leutze
President, Rural Internet Access Authority
Chancellor, UNC-Wilmington

SENATE COMMITTEE ON INFORMATION TECHNOLOGY

APRIL 2, 2003
MINUTES

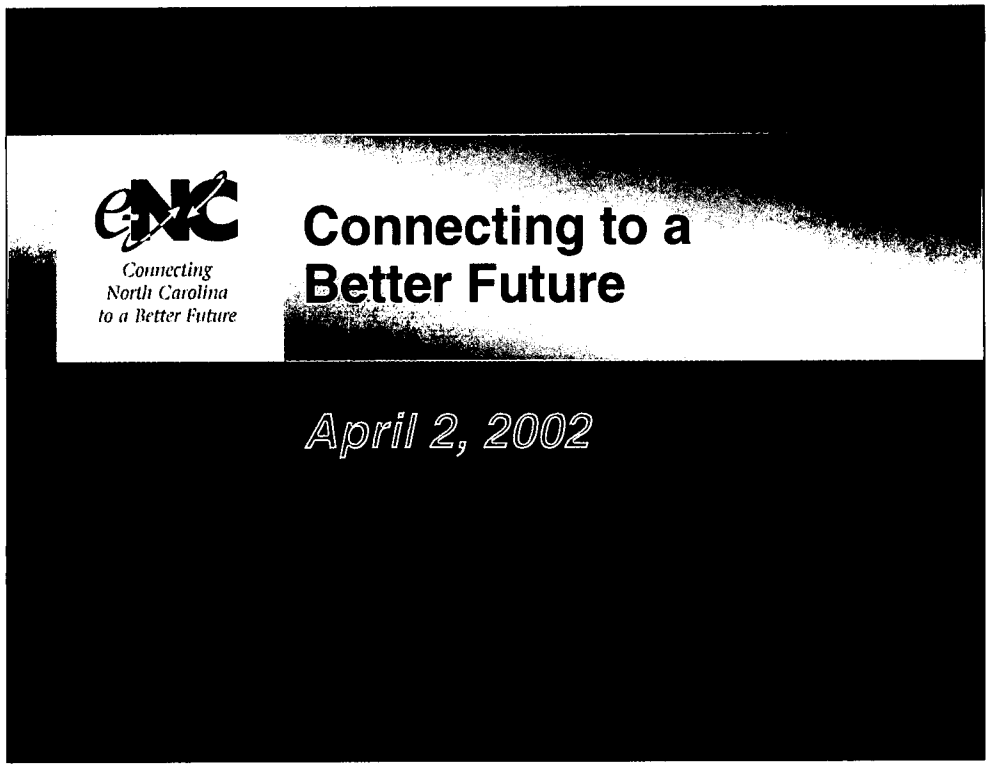
The Senate Committee on Information Technology met on Wednesday, April 2, 2003 at 12:05 p.m. in room 414 of the Legislative Office Building. Five members were present, including Senator Reeves, who presided.

Senator Reeves introduced Dr. James Leutze, President of the Rural Internet Access Authority and Chancellor of the University of North Carolina/Wilmington. Dr. Leutze recognized members of the RIAA in attendance. His remarks are attached as Exhibit I.

The meeting was adjourned at 12:45 p.m.

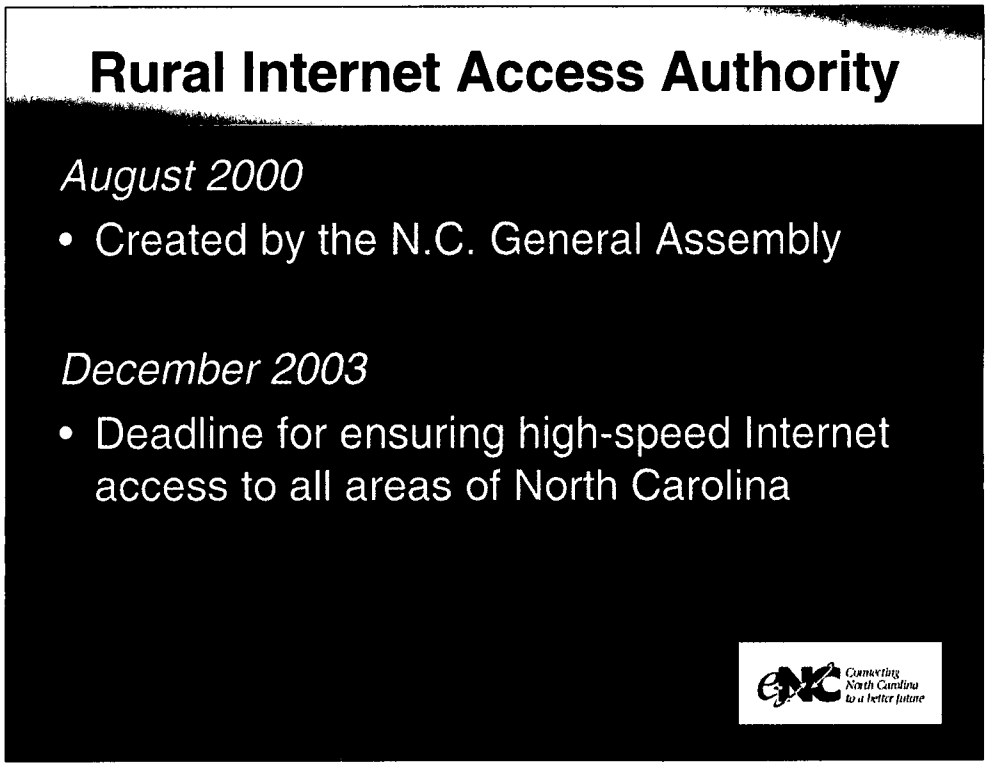
Senator Eric Reeves, Co-Chair

Cornelia McMillan, Committee Asst.



Good Morning (Afternoon). Thank you to Senator Eric Reeves. (Representative Tolson) As well as members of both the Senate Information Technology Committee and House Science and Technology Committee for inviting us to come speak this morning (afternoon).

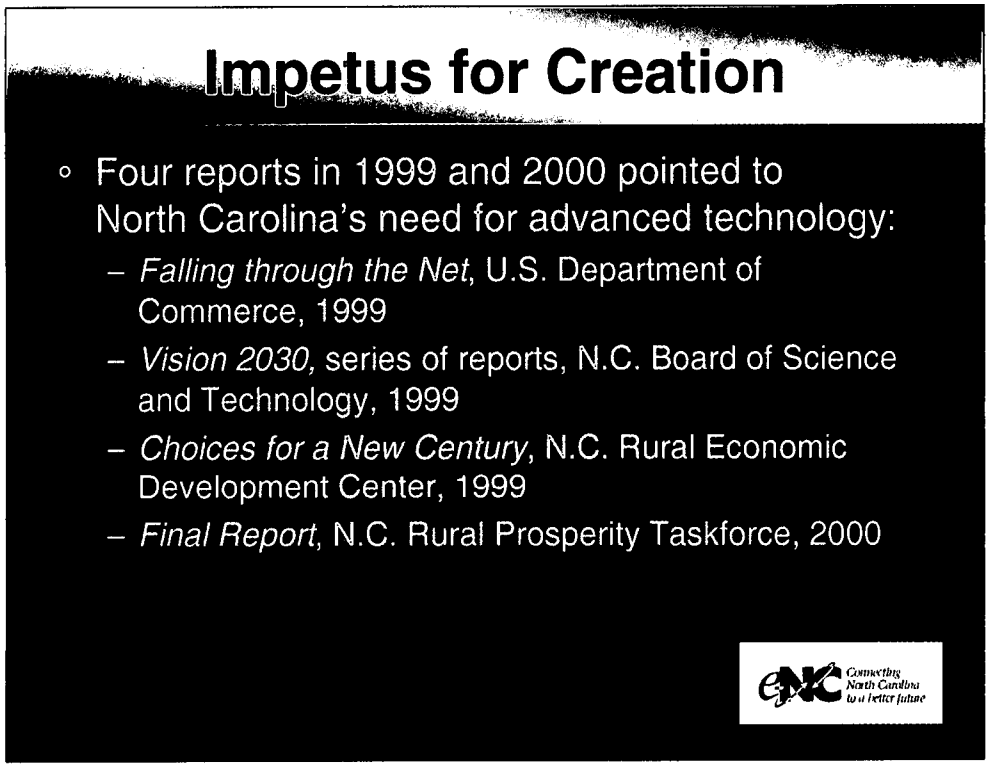
ADDITIONAL INTRODUCTORY TALKING POINTS?



• Rural Internet Access Authority created by N.C. General Assembly in August 2000

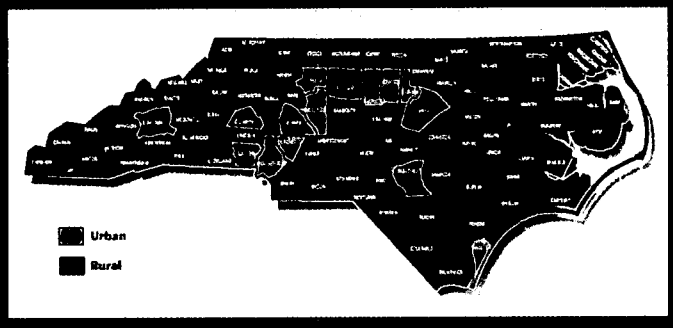
• Goal of making high-speed Internet access to all North Carolinians - at comparable prices in rural and urban areas - by December 2003

• Now over two years into this three-year effort



• Created because four reports pointed to state's need for advanced technology

Population Served

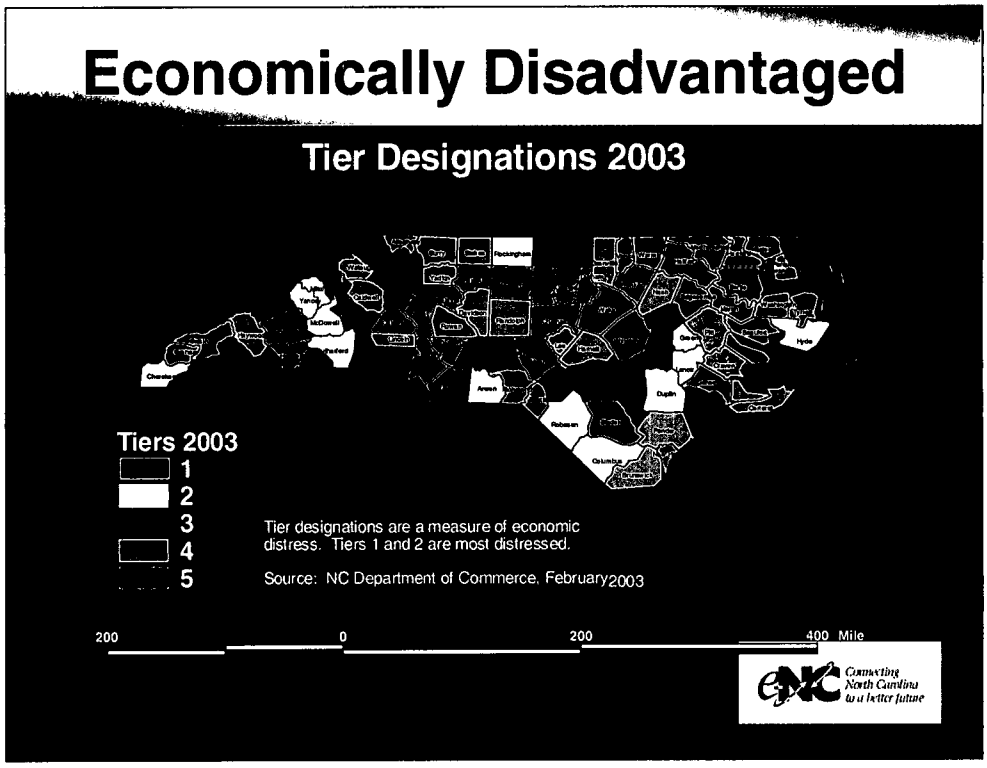


Source: N.C. Rural Economic Development Center, As defined in N.C. General Statute 143B-437.41, a rural county is defined as one with a density of fewer than 200 people per square mile

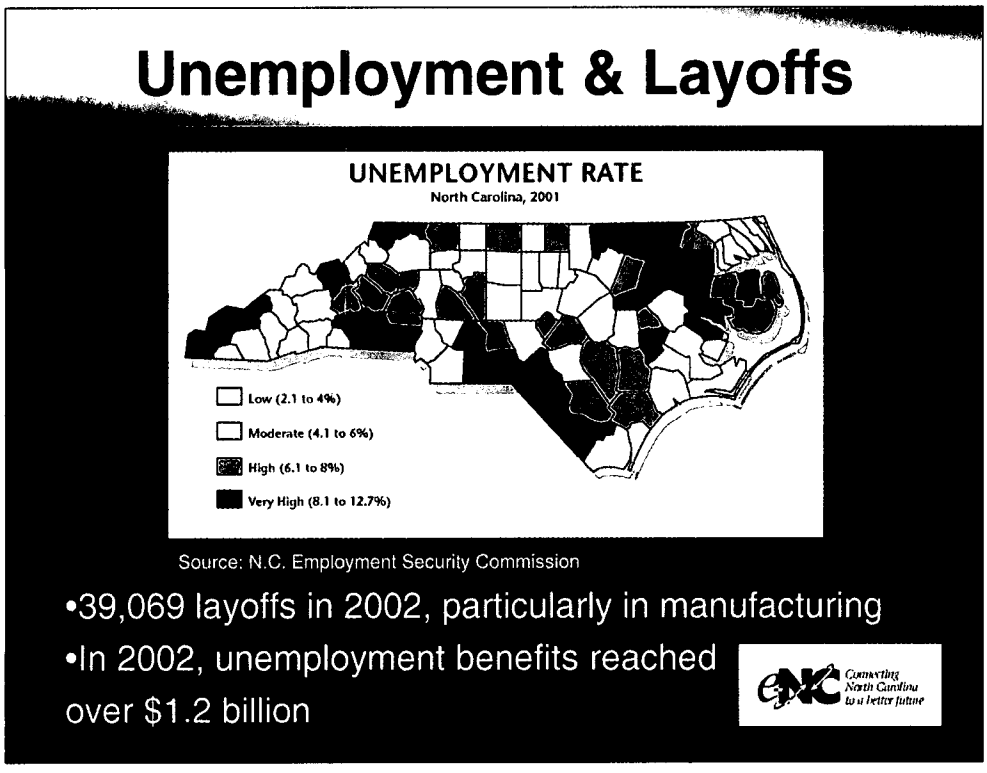
- 100 North Carolina Counties:
  - 85 rural
  - 15 urban
- Special emphasis on rural

eNC Connecting North Carolina to a better future

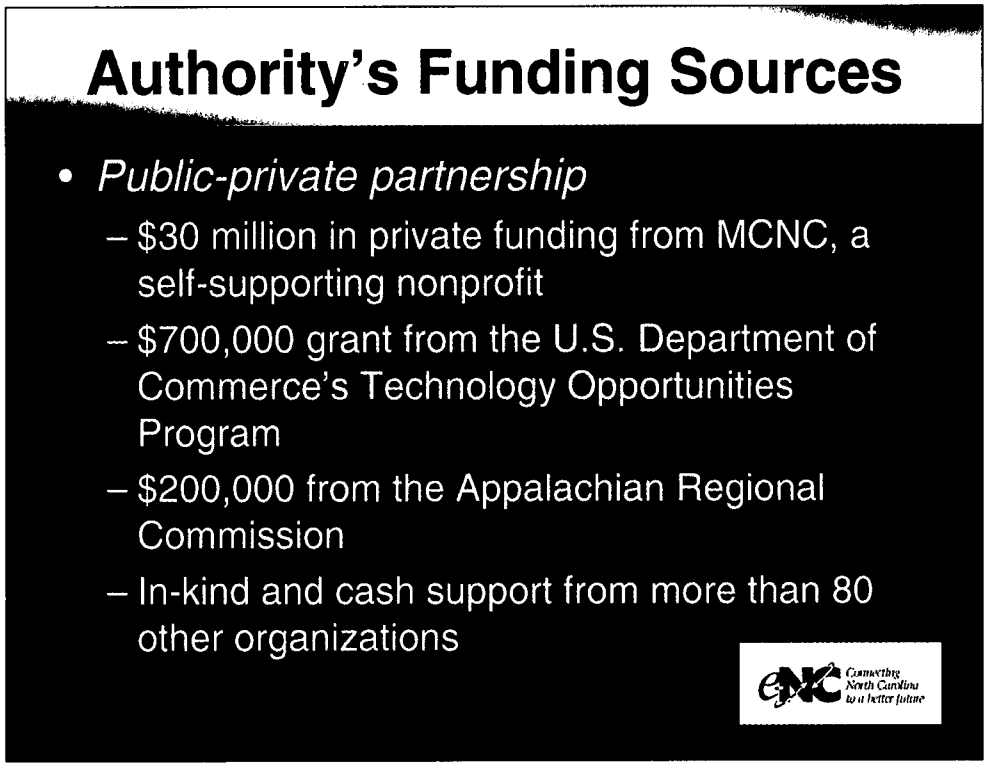
- Serve whole station with an emphasis on rural areas
- Population of more than 8 million statewide, about half in rural areas and half in urban
- 100 counties, 85 rural and 15 urban



- Focus many of efforts on most economically disadvantaged areas of state
- N.C. Department of Commerce's annual county tier designations classify all counties according to level of economic distress
- Tiers 1 and 2 are most economically distressed, Tiers 4 and 5 are the least



- Unemployment is on the increase in North Carolina
- In 2002, North Carolina dropped from the 12th lowest unemployment rate in the nation to 46th
- In 2002, 15 rural counties had rates above 10 percent
- Increase in unemployment is largely due to layoffs - more than 63,000 workers in 2001 - particularly in traditional manufacturing and textile industries. In 2002, layoffs continued where there were almost 40,000 during the year.
- Major transformation in structure of North Carolina economy - especially rural areas - over last decades
- Manufacturing and agricultural employment continue to decline, replaced by jobs in services, retail and wholesale trade. The new jobs often have lower wages and fewer benefits for workers
- In 2002, unemployment benefits reached over $1.2 billion



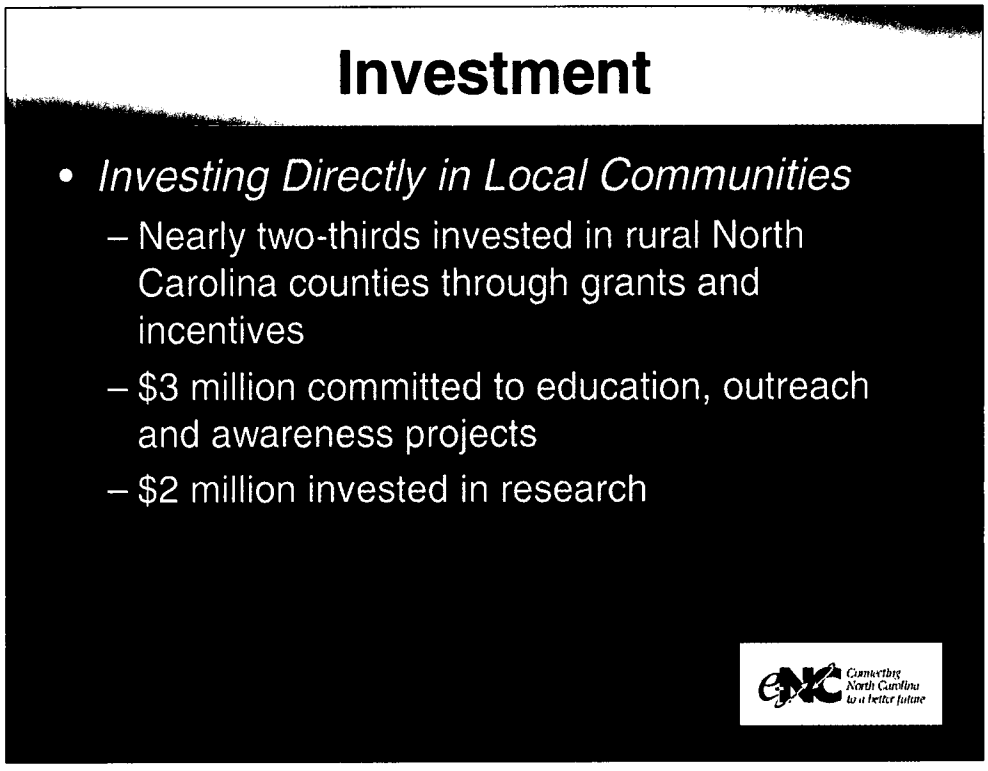
• Support nearly all projects through $30 million in private funding from MCNC, a self-supporting nonprofit

• Also have received:

  • $700,000 grant from U.S. Department of Commerce's Technology opportunities program

  • $200,000 grant from Appalachian Regional Commission

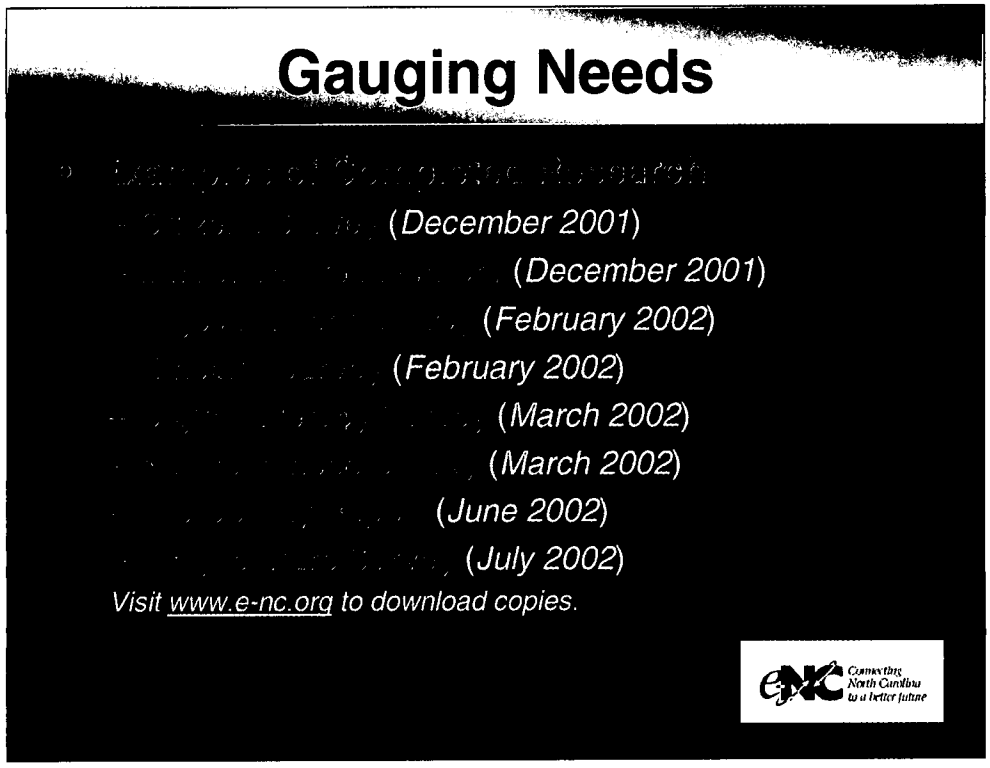
  • Cash and in-kind contributions from more than 80 other organizations



• Have invested nearly two thirds, or $20 million, of private funding in communities through grants and incentives

• $3 million committed to education, outreach and awareness

• $2 invested in research to determine needs



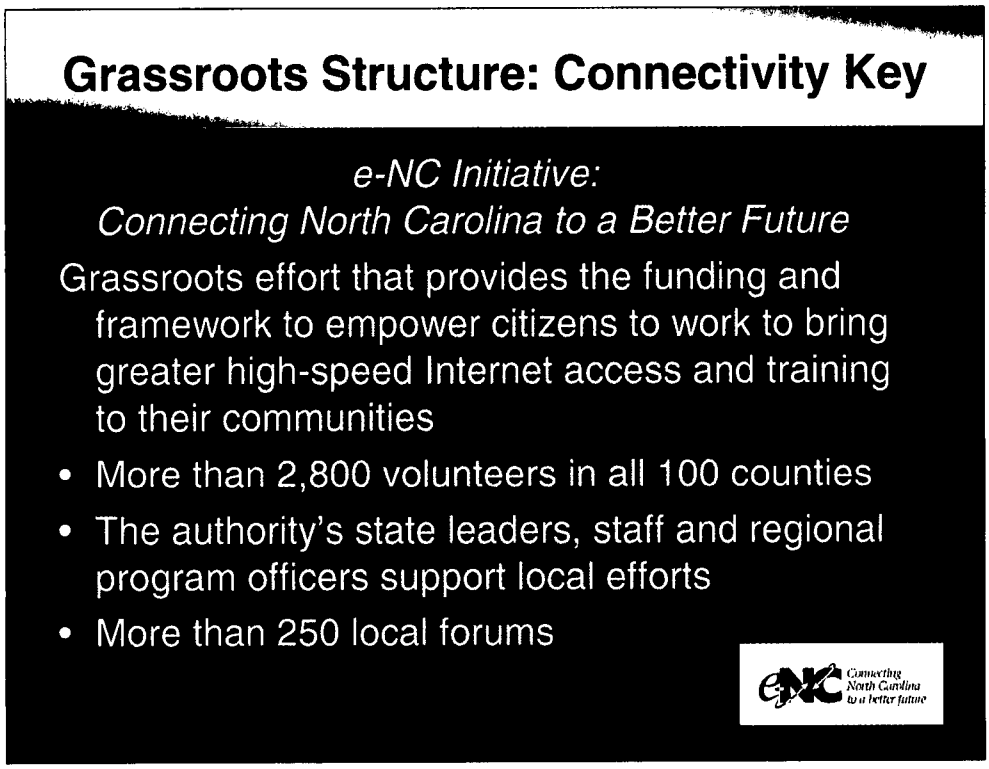
- To make decision on how to spend money, did quite a bit of research
- Results of research efforts available on e-NC Web site, www.e-nc.org

Addressing Rural Needs

- *Customized, Locally Driven Solutions*
  - Grassroots structure
  - Awareness
  - Local action
  - Access
  - Education and training
  - Scalable applications

• Strategy for addressing state's connectivity issues has centered on creating customized, locally driven solutions through:

- Development of grassroots structure
- Generation of awareness at state and local levels
- Local action driven by volunteers and guided by authority
- Access increased through authority's and local efforts
- Promoting education and training opportunities
- Encouraging creation of scalable applications that can be replicated statewide



• Key to connectivity – at least in North Carolina – has been grassroots structure of efforts

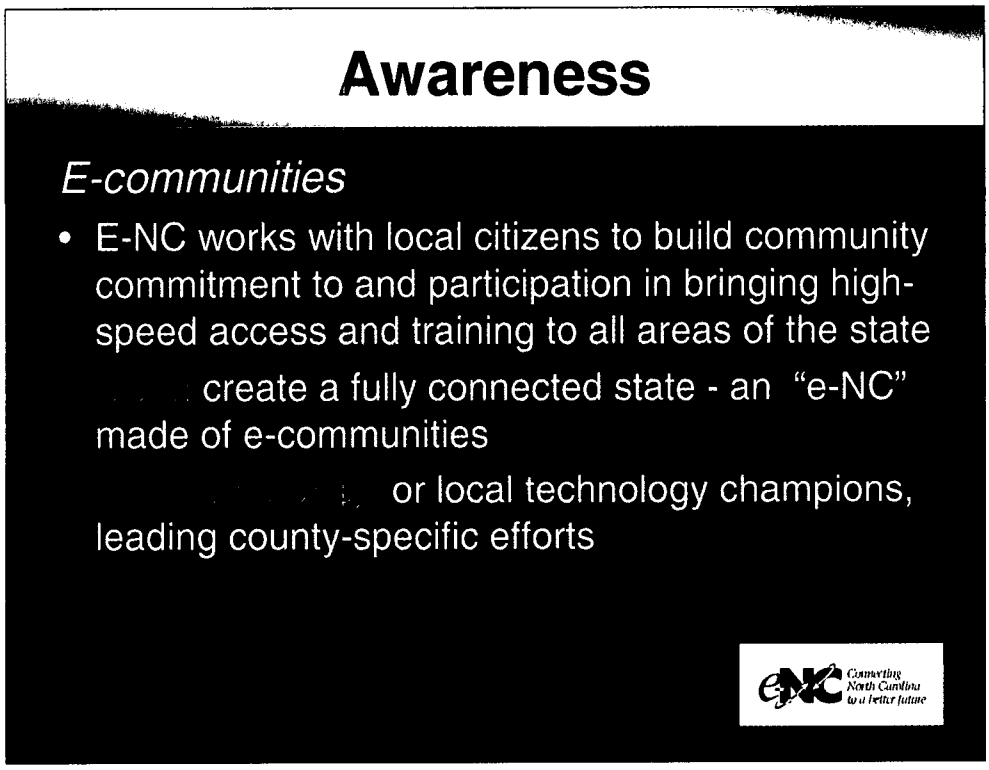
• Grassroots effort is the e-NC Initiative: Connecting North Carolina to a Better Future

• Have provided the funding and framework to empower citizens to work to bring greater high-speed Internet access and training to their communities

• More than 2,800 volunteers in all 100 counties

• Authority's state leaders, staff and regional program officers support local efforts

• Since the authority was established, we have held more than 250 meetings across the state.

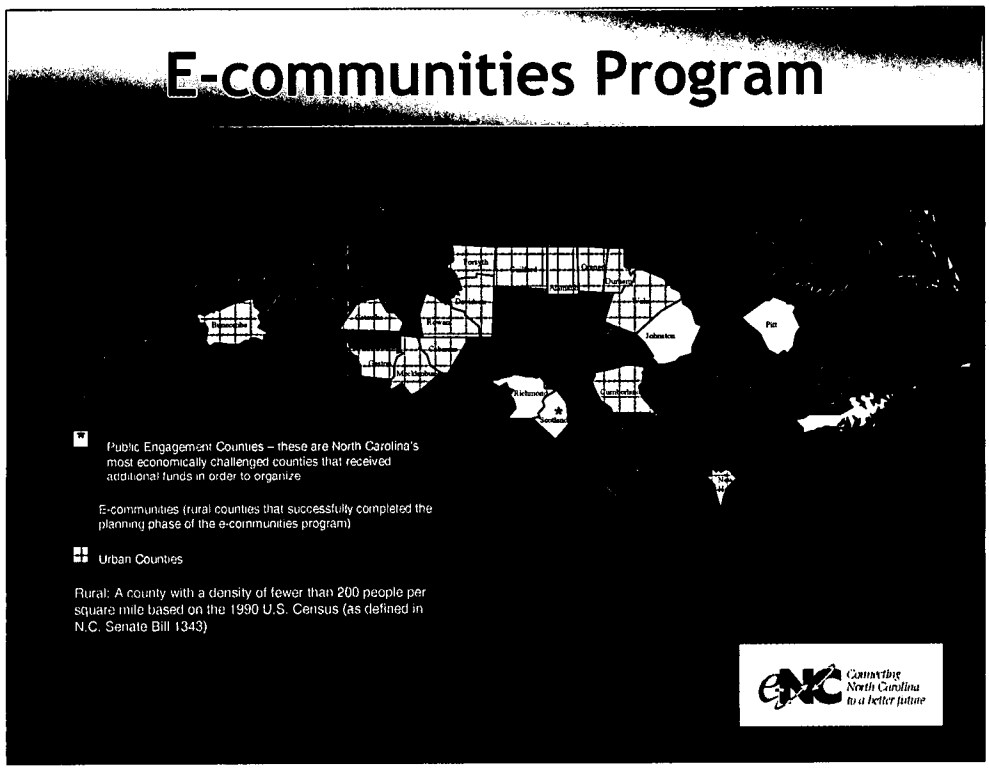


• Through e-communities program generate awareness and drive local action

• Work with local citizens to build community commitment to and participation in bringing high-speed access and training to all areas of the state

• Goal is to create a fully connected state - an "e-NC" made of e-communities

• E-champions, or local technology champions, lead county-specific efforts

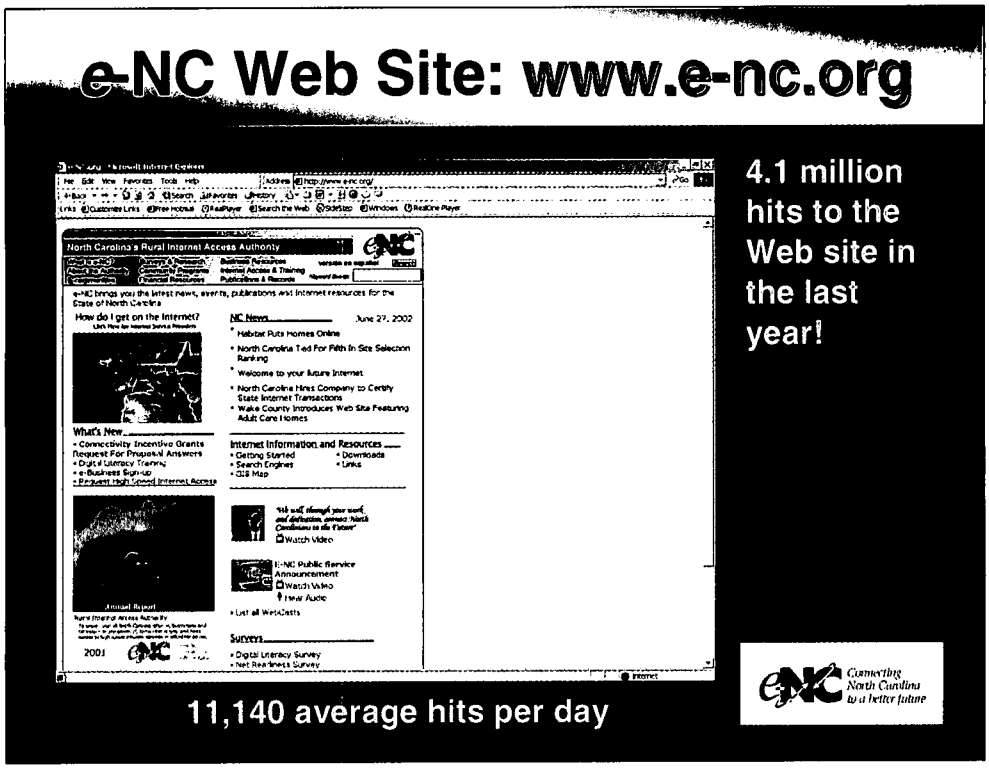


- 86 counties and the Eastern Band of the Cherokee have been involved in the e-communities program
- In November 2002, 81 counties and the Eastern Band of the Cherokee were designated as official e-communities, recognizing their commitment to and success with planning for and beginning to implement technology and training expansion efforts
- The Commission recently voted to allocate $5,000 to the 4 counties that did not originally participate in the e-communities process with the hope that by December 2003, we can become a fully connected state of e-communities

Local Action

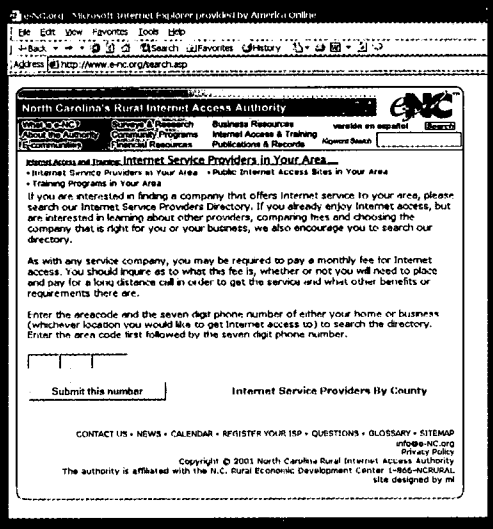
- E-NC works to provide citizens with the information they need to get connected and give them a voice in the process.
  - www.e-nc.org
  - 1-866-NCRURAL

• Through Web site and toll-free telephone number the authority works to keep citizens informed and give them a voice in the process



- Web site has proven to be a useful tool for citizens:
  - More than 4.1 million hits to site in the last year
  - Accounts for an average of 11,140 hits per day

Internet Service Provider Locator



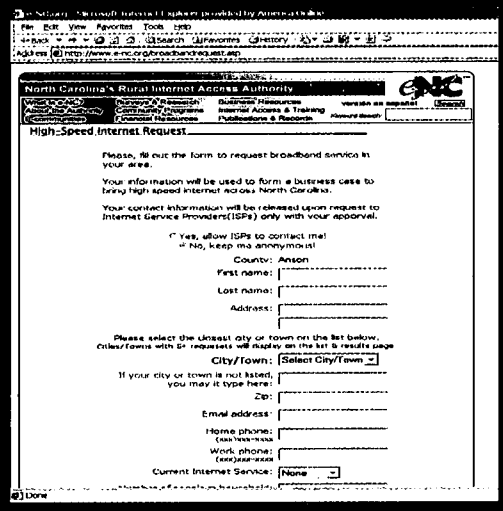
To search for a local Internet service provider, click on:

"[illegible]"

Database features information of 179 registered ISPs

- One of services on Web site is a database of providers in state
- Citizens can pull up a list of Internet service providers that serve their areas by typing in their phone numbers

High-speed Request Registration



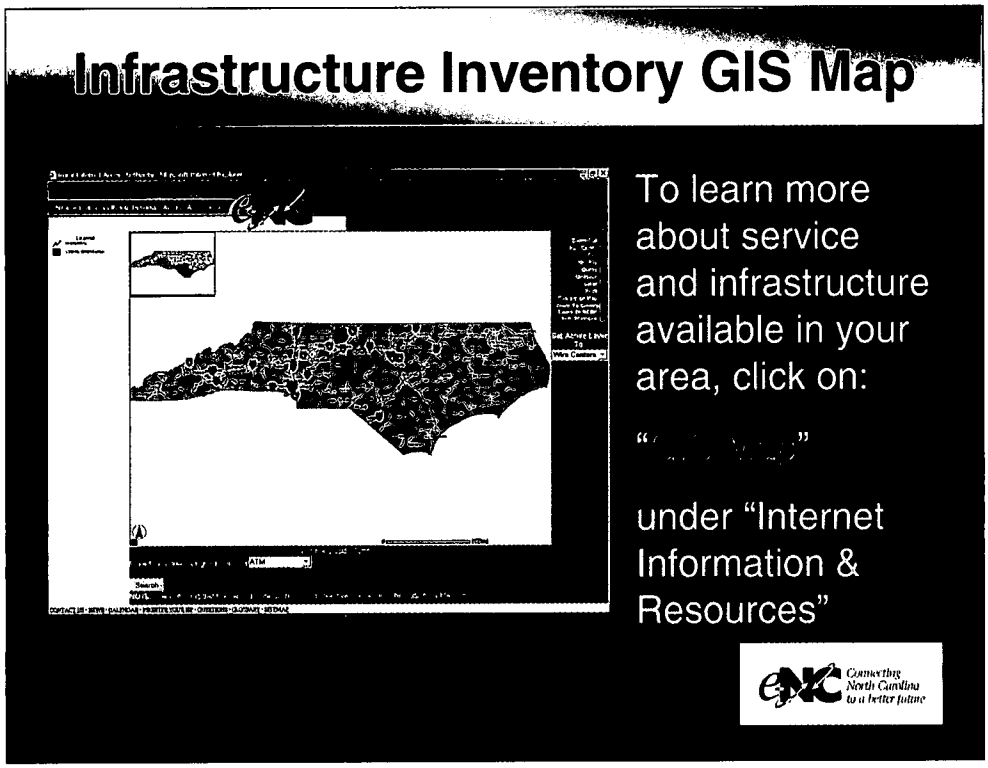
To register a request for high-speed service, click on:

"[redacted]"

under "What's New"

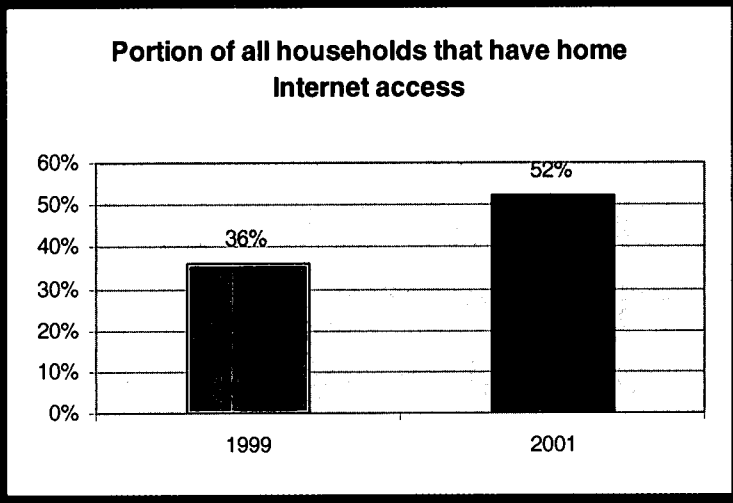
eNC Connecting North Carolina to a better future

- Site also offers opportunity to register requests for high-speed service in a sort of online petition
- Helps to signal demand to Internet service providers
- Authority knows of at least one provider in the central region of North Carolina that decided to move forward with plans to expand service due to information gathered from this page



- Site also offers searchable Geographic Information System, or GIS, maps that show where various technology infrastructure exists statewide
- If you are unable to access any of these tools online, please call 1-866-NCRURAL.

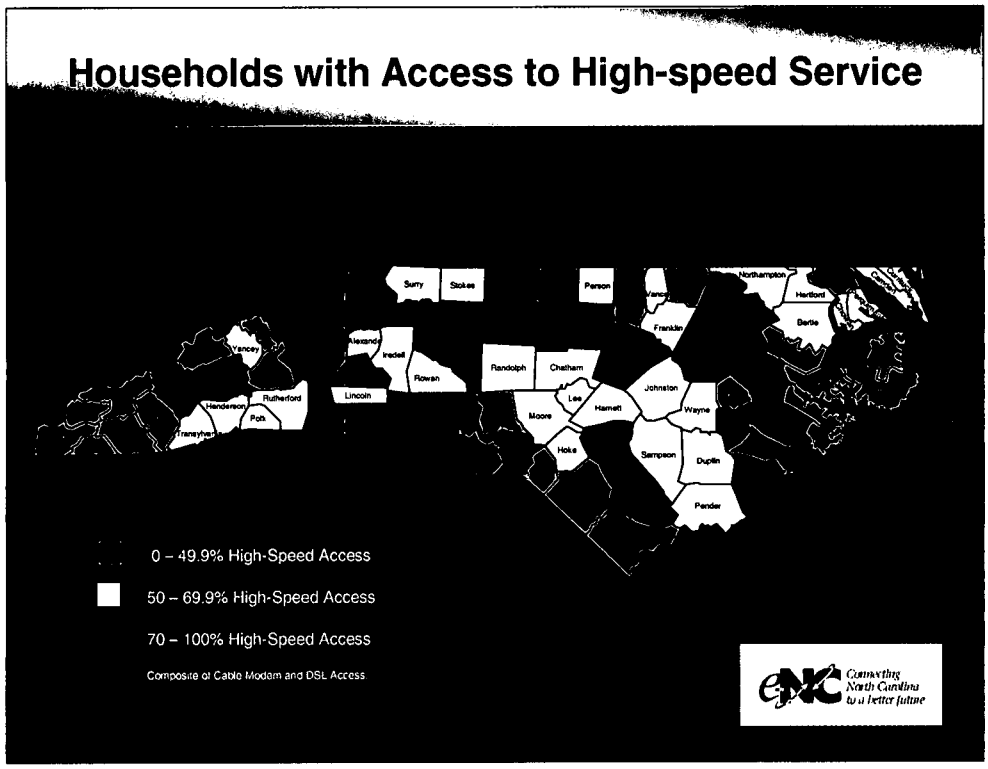
Access: Home Internet



Source: *Citizens Survey*. East Carolina University and the Rural Internet Access Authority, June 2002

eNC Connecting North Carolina to a better future

- Continue to work with ISPs to increase the number of households taking home Internet access
- Documented increases already in the number of households with Internet access:
    - 2000 Falling Through the Net report published by the U.S. Department of Commerce, 35.3 % of households were listed as having home Internet access
    - September 2001, NTIA's report, A Nation Online, indicated 44.5% of North Carolina's households had Internet access
    - June 2002, East Carolina University completed a thorough, county-by-county survey of North Carolina households and 52% had home Internet access



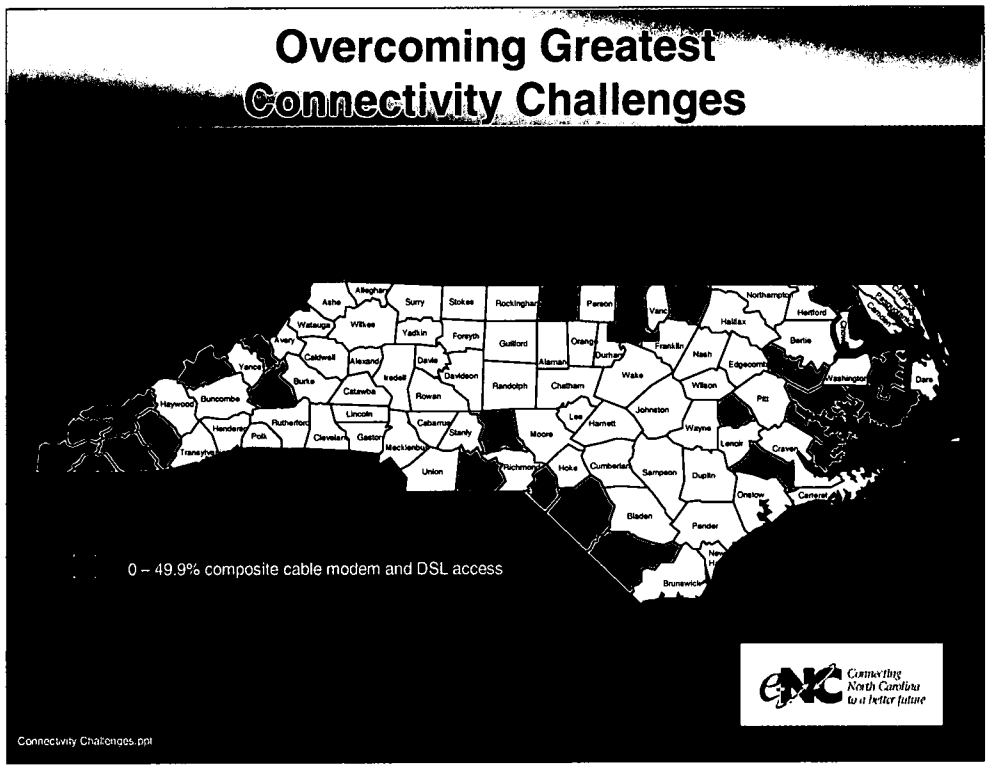
• Worked with service providers to increase high-speed Internet access across the state

• At current rate of rollout in North Carolina, 75% of households have access to high-speed Internet service

• Ask any other state, and they may not even be able to tell you what their connectivity needs are and where they exist

• Nothing to compare this data to in the nation

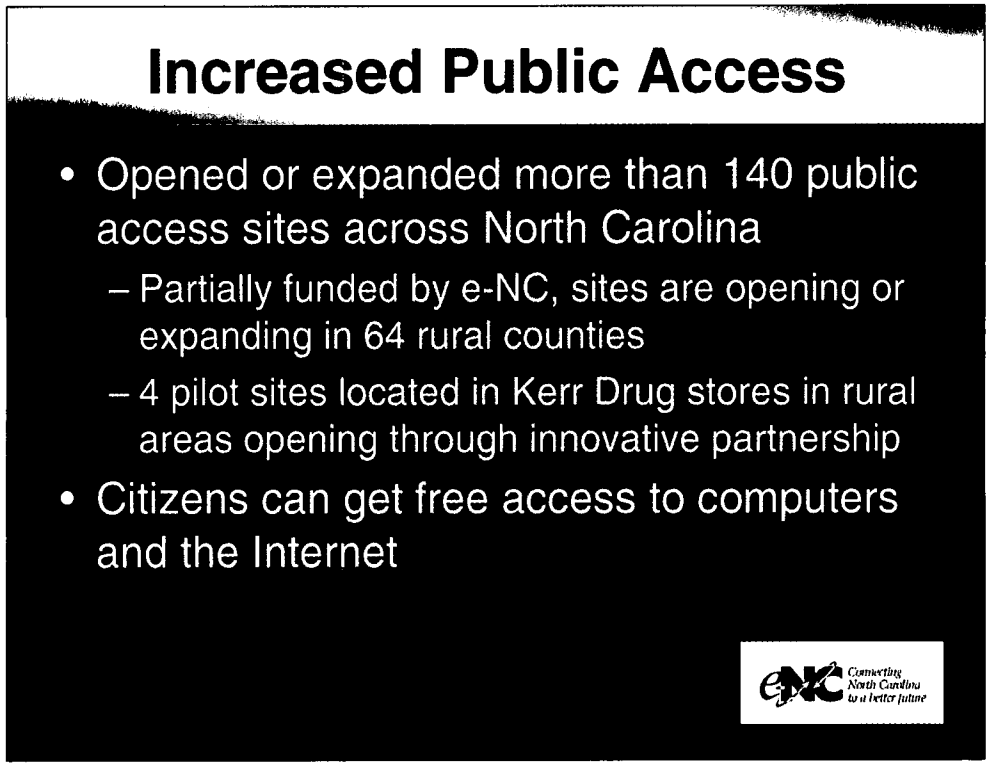
• Other states can guess at where the haves and have-nots are, but – to our knowledge – we are the only ones that know.



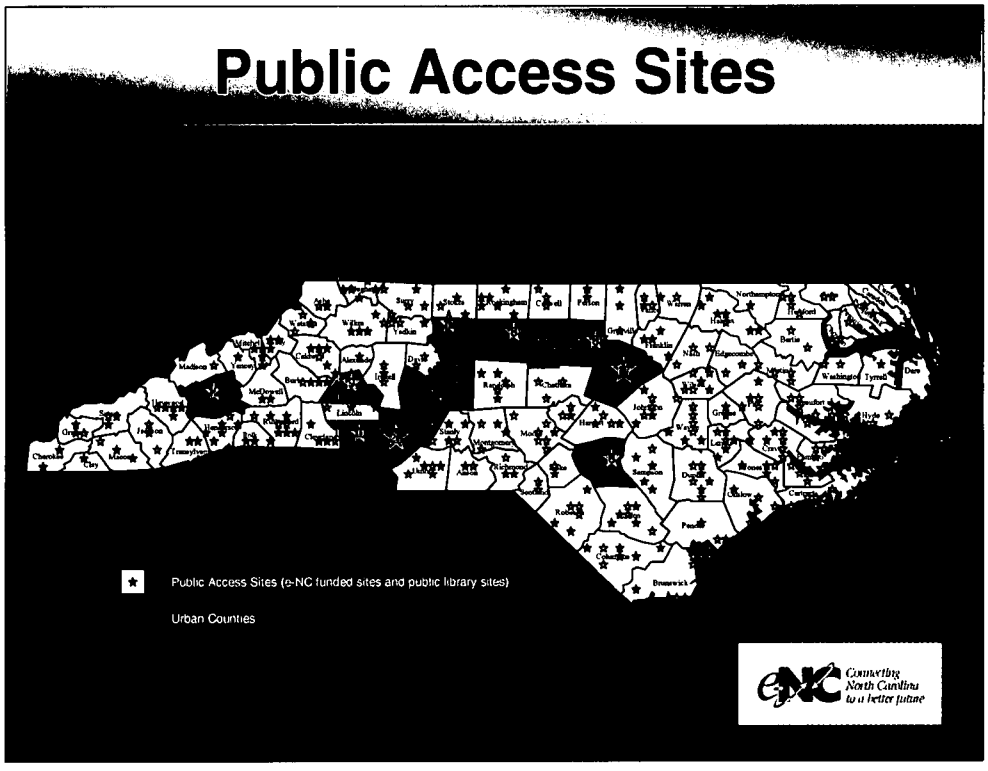
•Research has helped to determine the state's greatest connectivity challenges

• Helped authority direct $20 million of funding to work on solving them

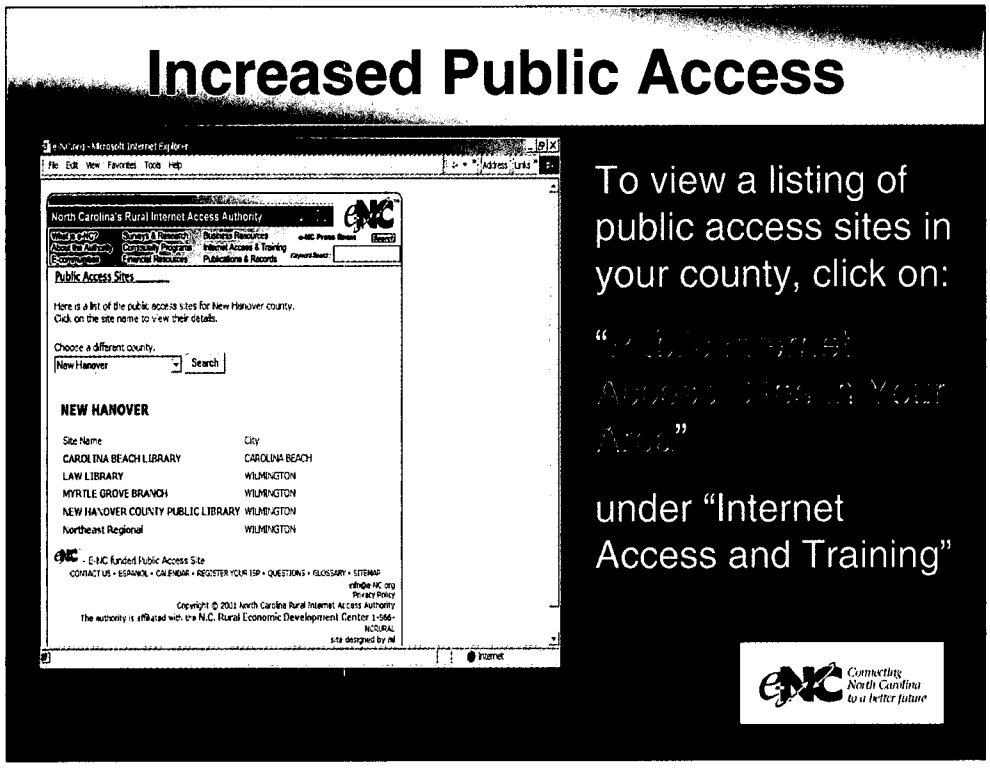
•25 counties have less than 50% access to high speed Internet services



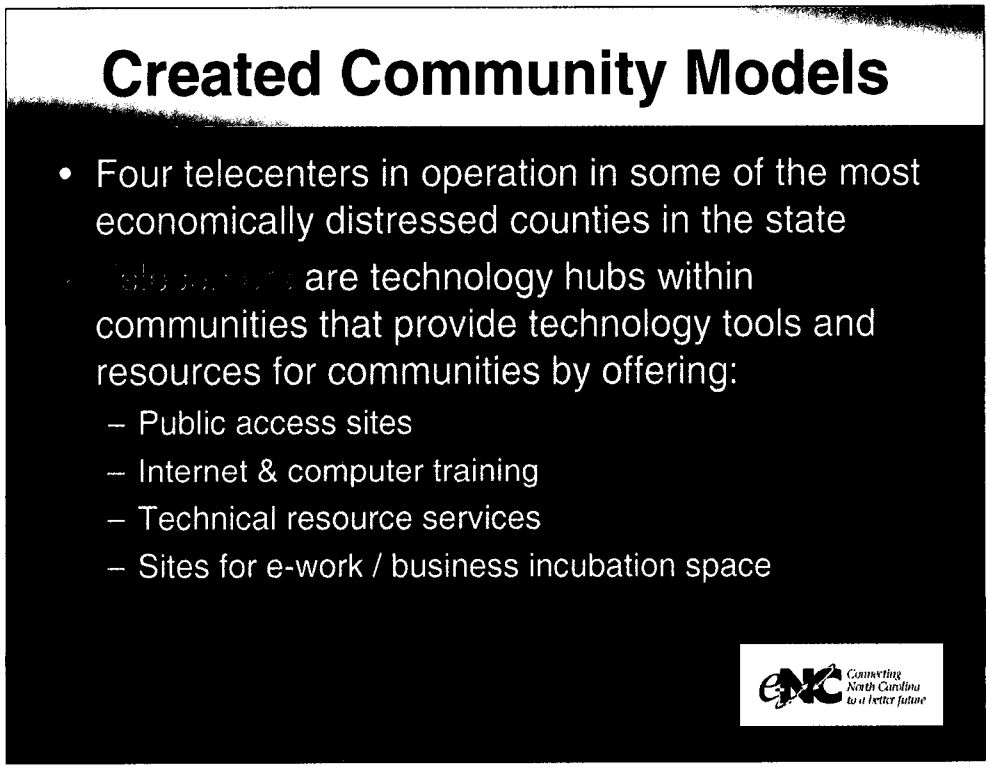
- To help provide locations for citizens to try out the Internet or get access when they cannot afford it for their homes, the authority has helped to open or expand 140 public access sites across the state
    - 64 counties received grants from the authority to do so
    - through an innovative partnership, authority worked with several corporate supporters to develop pilot public access sites in four Kerr Drug locations in the state
- Public access sites provide free computer and Internet access



The Rural Internet Access Authority has worked to make public access available to all citizens and businesses. With the recent motion from the Commission to provide funds to Camden County for such a facility, there now will be at least one Public Internet Access Site in every county in the state.



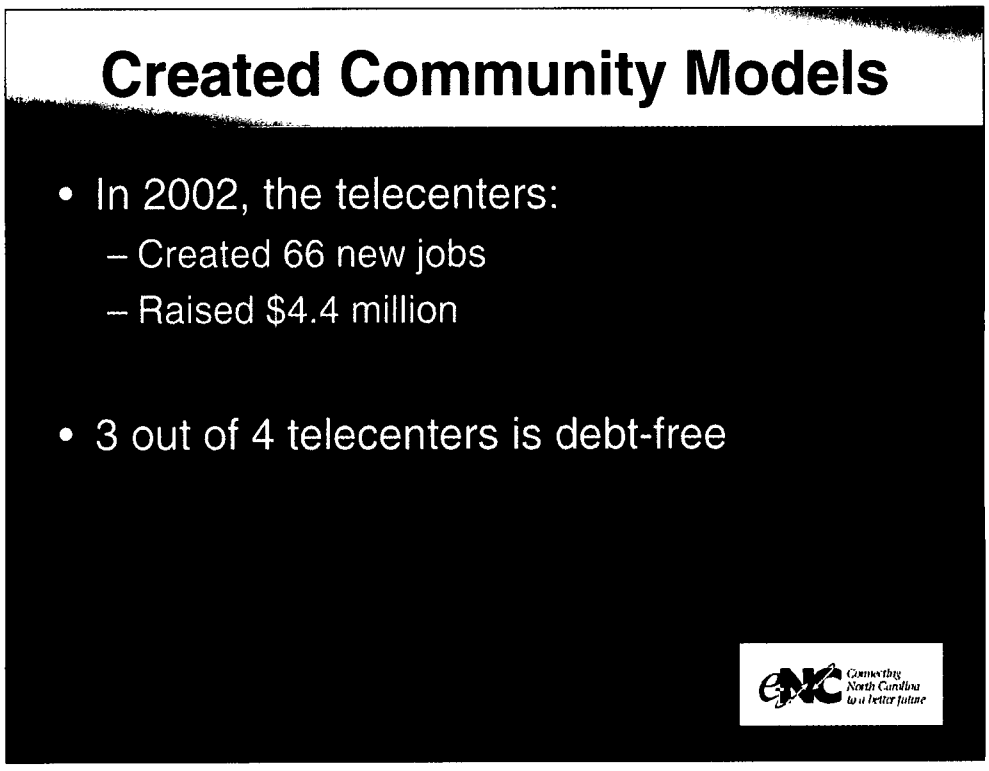
To find a listing of the public access sites in your county, go to the e-NC website, click on the major heading "Internet Access and Training" and look under Public Internet Access Sites In Your Area."



• Four telecenters in operation in some of the most economically distressed counties in the state

• Telecenters are technology hubs within communities that provide technology tools and resources for communities by offering:

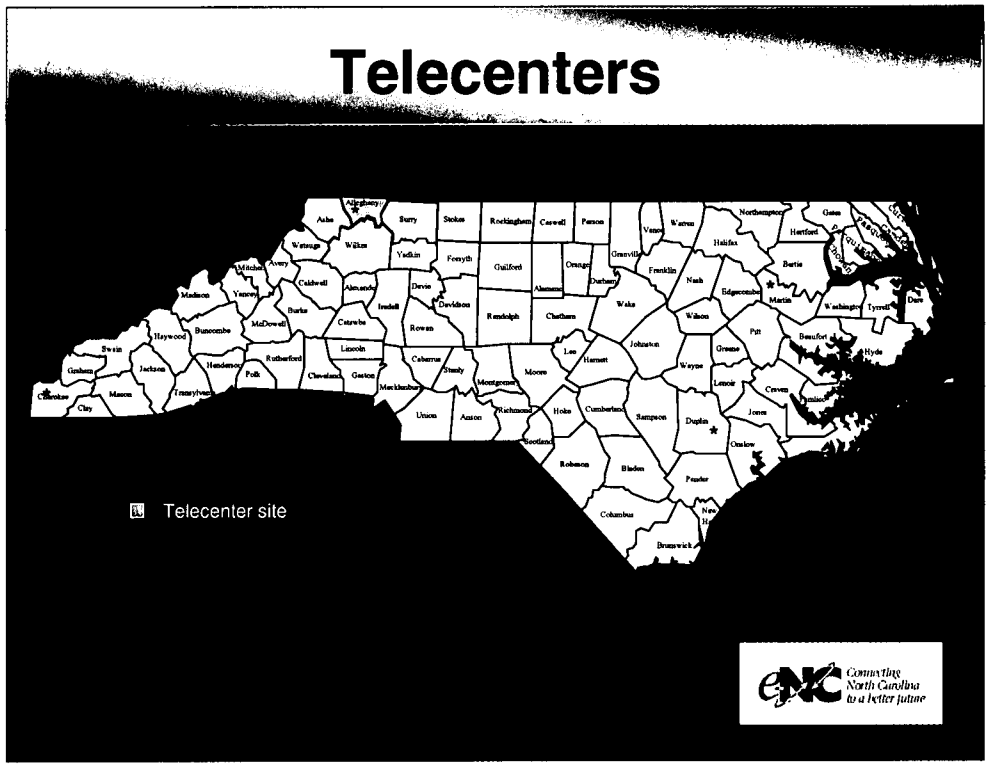
- Public access sites
- Internet & computer training
- Technical resource services
- Sites for e-work and business incubation space



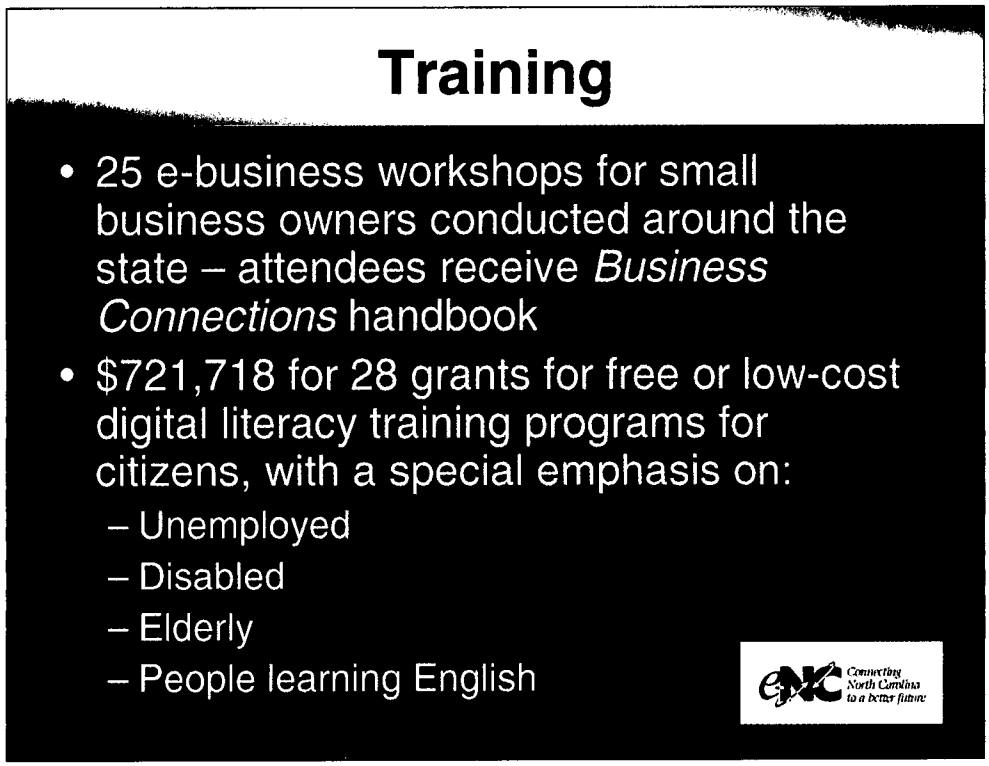
In 2002, the telecenters created 66 new jobs.

The telecenters raised $4.4 million.

All but 1 Telecenter is out of debt.



• Map shows counties where four telecenters are based. The telecenters have been extremely successful.

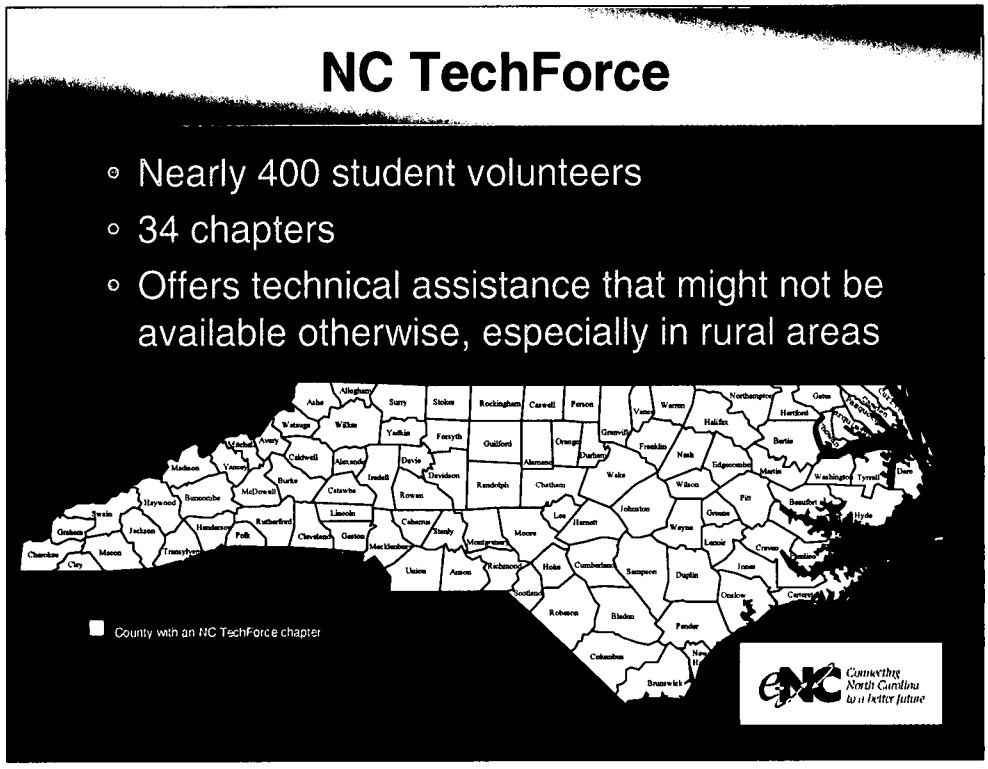


• Also work to provide training through 25 e-business workshops for small business owners being conducted around the state

• At workshops, attendees receive *Business Connections* handbook that provides concrete guidelines and explanations on how to integrate the Internet into daily operations

• Also awarded $725,718 for 28 grants for free or low-cost digital literacy training programs for citizens, with a special emphasis on:

- Unemployed
- Disabled
- Elderly
- People learning English

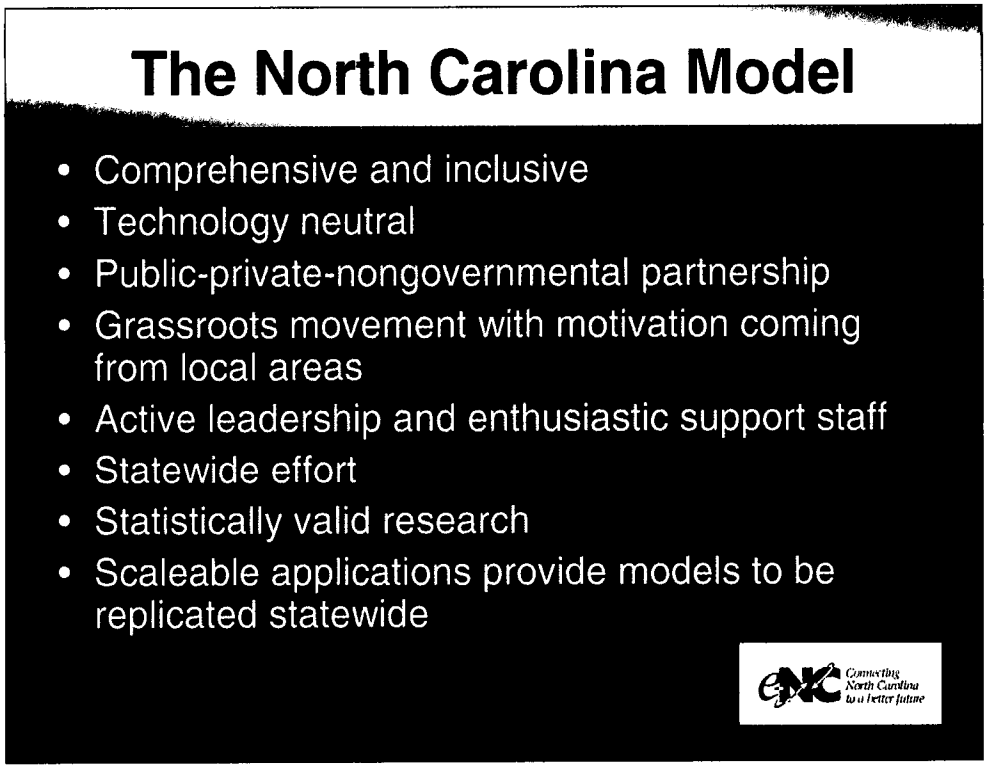


• Authority's NC TechForce program utilizes a corps of student volunteers to offer technical assistance that might not be available otherwise, especially in rural areas

• TechForce has 34 chapters spread throughout the state as map shows

• Working toward chapters in every county in state

• Nearly 400 students volunteers have signed on



- So why is North Carolina a national model for rural connectivity?
  - Comprehensive and inclusive
  - Technology neutral
  - Public-private-nongovernmental partnership
  - Grassroots movement with motivation coming from local areas
  - Active leadership and enthusiastic support staff
  - Statewide effort rather than focused on small geographic region
  - Statistically valid research has determined needs and driven strategies and funding decisions
  - Scaleable applications provide models to be replicated statewide

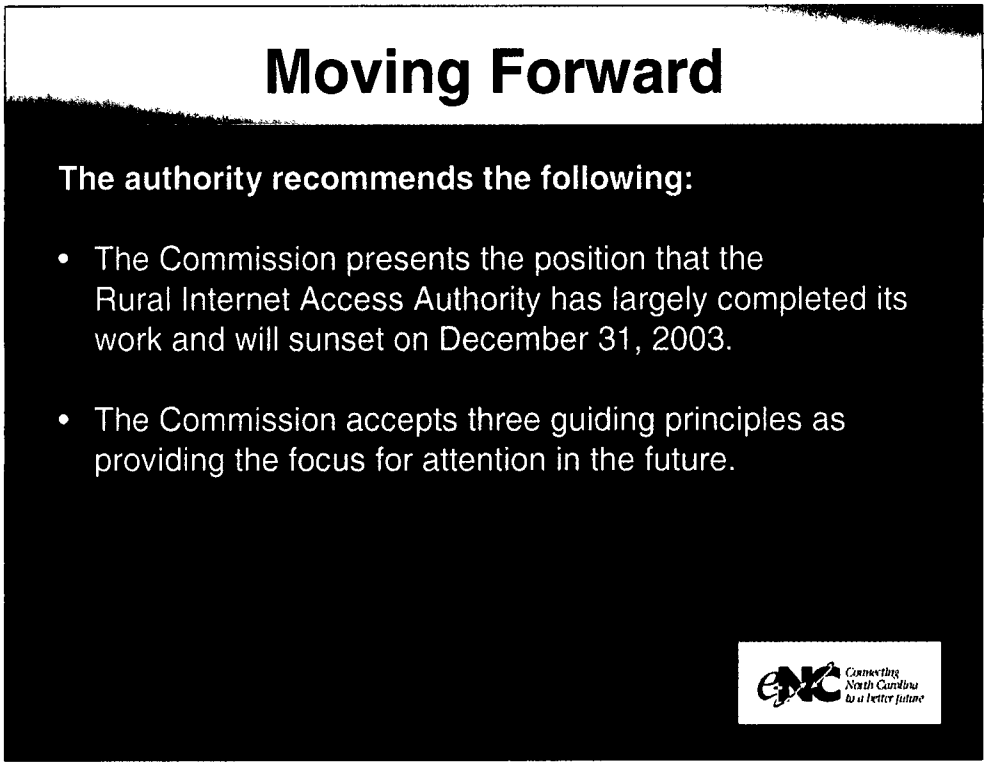
•The authority was awarded in with a Special Recognition award in 2002 for our work in helping to connect all North Carolina citizens and businesses to the Internet.

•The U.S. Department of Commerce's Technology Opportunities Program awarded the authority a $700,000 grant to help support the authority's Local E-Government Utilization Program (LEG-UP). The authority was one of about 20 organizations out of a pool of more than 700 to receive a grant award.

LEG-UP will improve technology infrastructure, training and use by local governments in 55 counties and/or municipalities in NC.

•The authority received a $200,000 grant from the Appalachian Regional Commission in September 2002 to address connectivity needs in 27 rural western NC counties.

•In November 2002, the U.S. Department of Commerce showcased the authority's e-NC initiative. The roundtable focused on the authority's inclusive and broad-based approach. Secretary Phil Bond, U.S. Under Secretary of Commerce for Technology and then Chief of Staff, held up the authority's efforts as an excellent model for rural connectivity – one other states are beginning to follow.

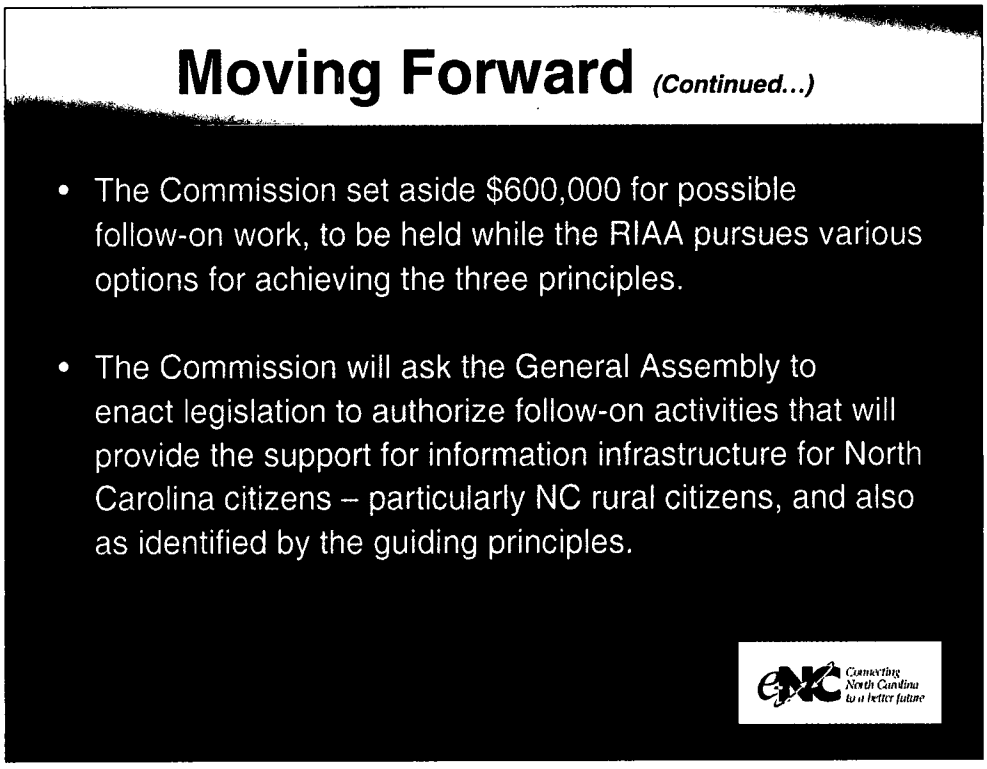


In looking past 2003, last month the Commission recommends the following:

•The Commission presents the position that the RIAA has largely completed its work and will sunset on December 31, 2003.

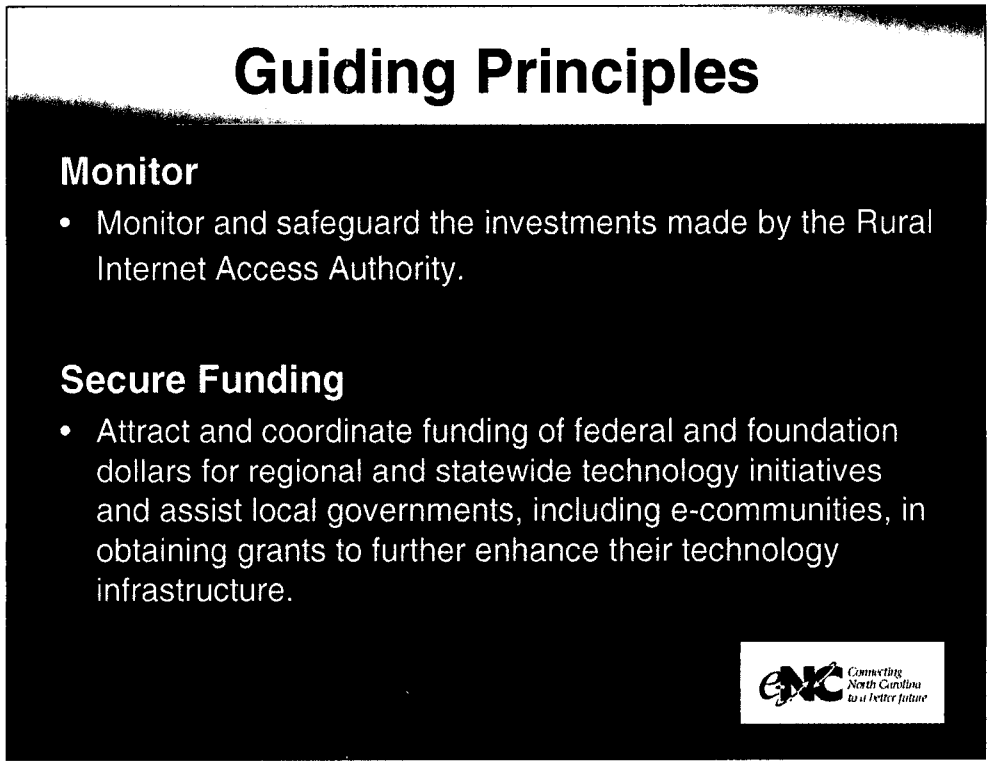
•The Commission accepts three guiding principles as providing the focus for attention in the future.

(Recommendations continued on Next Slide)



•The Commission set aside $600,000 for possible follow-on work, to be held while the RIAA pursues various options for achieving the three principles.

•The Commission will ask the General Assembly to enact legislation to authorize follow-on activities that will provide the support for information infrastructure for North Carolina citizens – particularly NC rural citizens, and also as identified by the principles.



The Commission unanimously agreed that work continue, to see that the citizens of North Carolina keep pace with the ever faster technological changes in telecommunications and information networks in order to ensure the economic competitiveness of North Carolina with special focus on rural areas. The three guiding principles include:

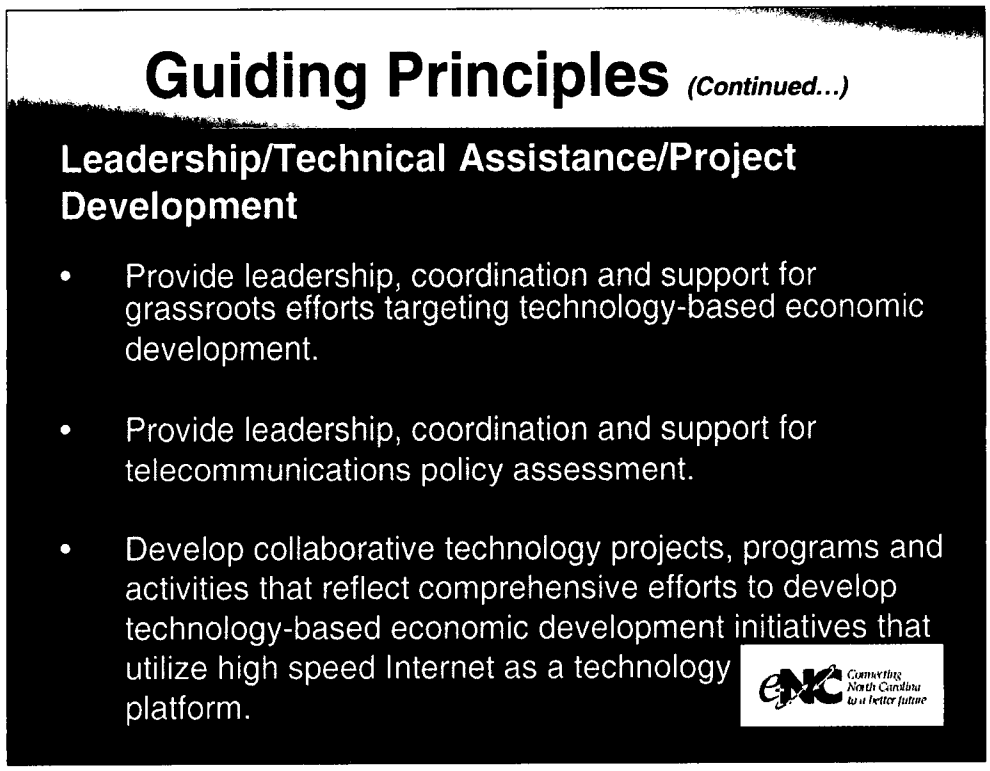
Monitor

Monitoring and safeguarding the investments made by the Rural Internet Access Authority.

Secure Funding

Attracting and coordinating funding of federal and foundation dollars for regional and statewide technology initiatives and assisting local governments, including e-communities, in obtaining grants to further enhance their technology infrastructure.

(Guiding Principles continued on Next Slide)



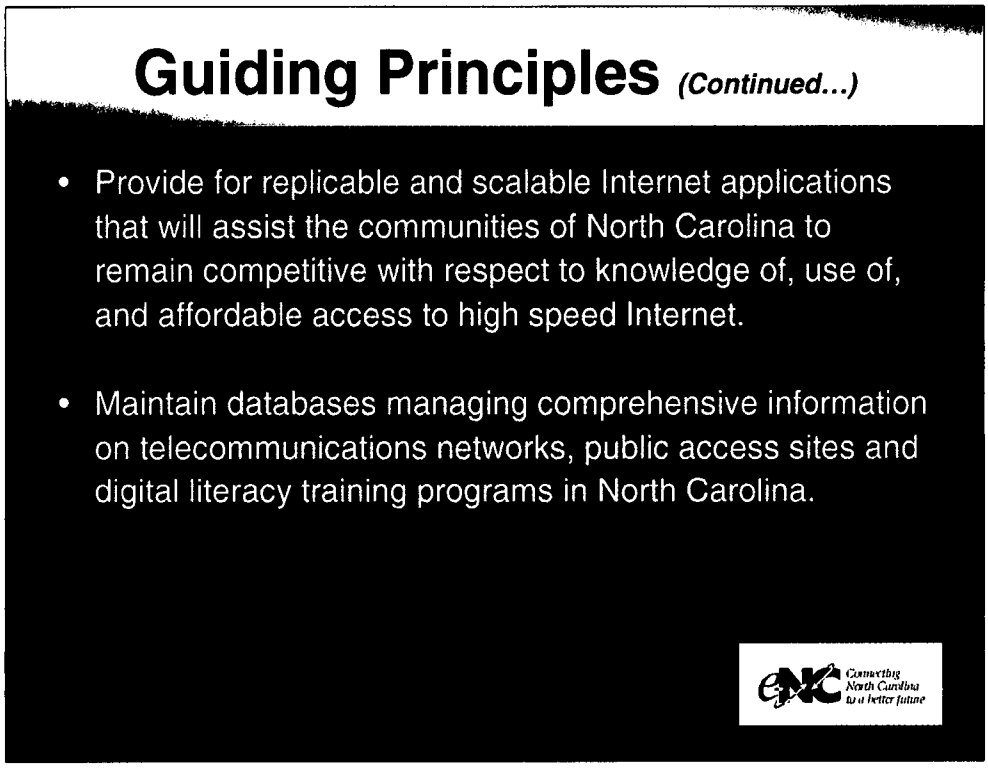
Leadership/Technical Assistance/Project Development

•Provide leadership, coordination and support for grassroots efforts targeting technology-based economic development.

•Provide leadership, coordination and support for telecommunications policy assessment.

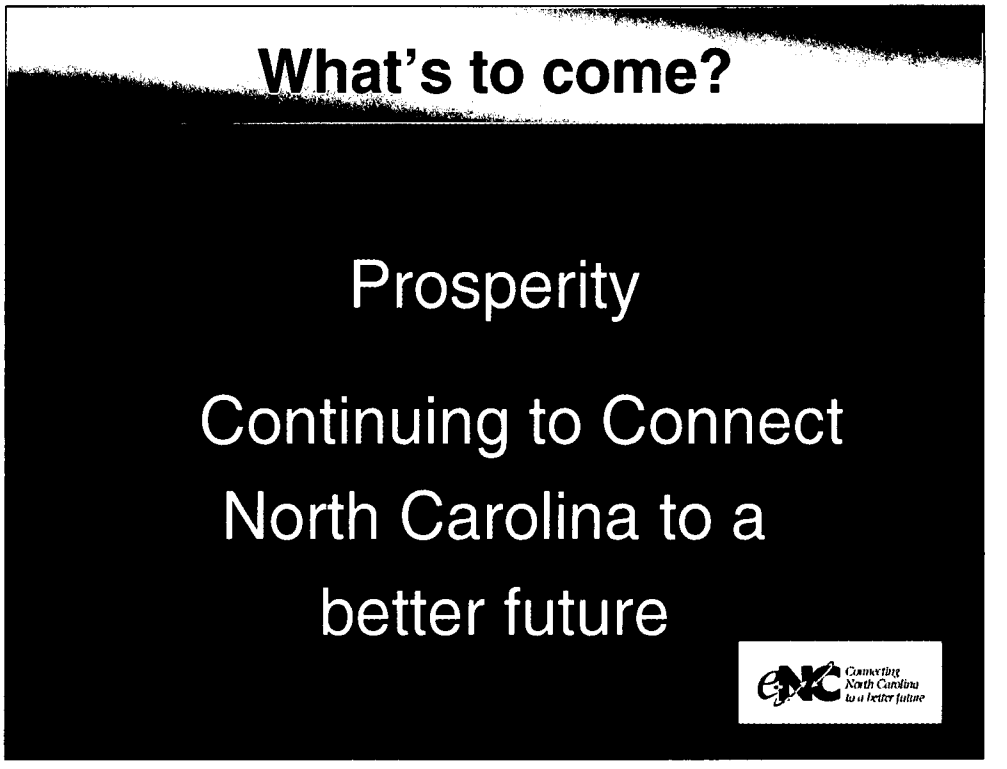
•Develop collaborative technology projects, programs and activities that reflect comprehensive efforts to develop technology-based economic development initiatives that utilize high speed Internet as a technology platform.

(Guiding Principles continued on Next Slide)



•Provide for replicable and scalable Internet applications that will assist the communities of North Carolina to remain competitive with respect to knowledge of, use of, and affordable access to high speed Internet.

•Maintain databases managing comprehensive information on telecommunications networks, public access sites and digital literacy training programs in North Carolina.



- Authority is working to drive productivity, entrepreneurial spirit, and overall economic prosperity
- Ultimately, helping to connect North Carolina to the Internet and a better future

NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH 27603

April 2, 2003

Members of the General Assembly:

Today the Rural Internet Access Authority presented a report to the appropriate House and Senate committees in which it outlined work accomplished during the past two years to connect all North Carolinians to the Internet and a better future. The authority has worked to ensure that rural areas of North Carolina have access to high-speed Internet infrastructure and to resources for learning computer and Internet skills.

The N.C. General Assembly established the authority by legislative act in August 2000. The authority and its grassroots e-NC Initiative have made outstanding progress on all the goals established by the General Assembly. As the primary introducers of this legislation in 2000, we wanted to provide you with the authority's 2002 annual report as well as a brief video, *e-NC: Facing the Future*, on CD that shows North Carolina citizens talking about how this initiative has helped them.

This is an important effort that needs to be continued. As North Carolina works to overcome a struggling economy, we must recognize and address the critical need for technology-led economic development. The Internet is the platform that will enable rural North Carolinians to participate in the knowledge economy.

Having sustained significant job losses in the last few years, our state must find ways to retrain our workforce and provide workers with the necessary skills to attain jobs in a technology-based economy. To learn to use computer and Internet resources, large numbers of North Carolina citizens are using Public Internet Access Sites. With the recent motion to provide funds to Camden County for such a facility, there now will be at least one Public Internet Access Site in every county in the state. Grants from the authority also have established 140 Public Internet Access Sites.

The authority's Business & Technology Telecenters, or the model telework centers called for in the legislation, are located in Alleghany, Cherokee, Duplin and Martin counties. These telecenters have created 66 new jobs in their communities in their first year of operations. These facilities received substantial seed funding from the authority, which also provided programmatic and developmental support. Additional programs developed or led by the authority include the e-communities, digital literacy or computer training, the student volunteer NC TechForce and e-business workshops across the state.

Research also has played an important role in guiding various programs developed throughout the state. The authority's ongoing study of high-speed Internet access identified the state's most connectivity-challenged counties based on the type and level of Internet access available in each county. The authority's citizens survey assessed approximately 13,000 responses and provided a benchmark for how citizens feel about and use the Internet. The authority's local government report measured the electronic readiness of local governments, including their use of computer networks and applications. The results of the authority's technology infrastructure survey are posted in the form of a searchable database on the authority's Web site, www.e-nc.org. Citizens and businesses can utilize this database and the resulting Geographic Information System or GIS maps to identify the information infrastructure in their counties.

The authority invited all counties to participate in the e-NC Initiative, with a particular emphasis on North Carolina's 85 rural counties, which, by-and-large, had greater technology needs. Eighty-one of the rural counties plus the Eastern Band of the Cherokee completed a 10-month effort to identify connectivity needs in their communities and plan for solutions. They are now certified as official e-communities in recognition of their work to connect to the Internet and a better future.

We are proud to note the National Association of State Chief Information Officers recognized the Rural Internet Access Authority in 2002 as the country's outstanding state effort at reaching out to citizens and assisting them with building promising futures in a connected economy.

The Rural Internet Access Authority also recently received accolades from the U.S. Department of Commerce, which saluted the authority as a national model for rural connectivity and technology-led economic development. This non-partisan, legislatively created effort has been a real success. We need to continue to move forward with additional efforts to promote the ability for North Carolina rural citizens and businesses to connect to the Internet and to a better future.

Sincerely yours,

Eric Reeves

Joe Tolson

Rural Internet Access Authority
April 2nd, 2003
10:00am-2:30pm

Schedule of Events

10:00am-2:30pm	Rural Internet Access Authority Display	North Lobby, Legislative Building
11:00am-12:00pm	Presentation to House Committee on Science and Technology	Room 425, Legislative Office Building
12:00pm-1:00pm	Presentation to Senate Committee on Information Technology	Room 414, Legislative Office Building
3:00pm *(Tentative)*	Recognition of Rural Internet Access Authority Commission	Senate Chambers, Legislative Building

e-NC Telecenters

What Are Telecenters?
e-NC Business and Technology Telecenters are multi-purpose technology, business, training, and public access centers whose mission is to strengthen and grow the economy and to create new income, educational, and civic opportunities for businesses and communities in rural North Carolina.

Currently, e-NC Telecenters are driving technology-based economic development in four rural North Carolina communities. They provide businesses, local governments, and community organizations with the most current technology resources and services, including high-speed Internet access, business services and support, including business incubation, training programs, and public access computers, as well as opportunities for telecommuting and e-work. Telecenters are bringing new kinds of businesses into rural communities, stimulating entrepreneurship, and creating 21st century jobs.

The four e-NC Telecenters were established in January, 2002, with two located in western North Carolina (Alleghany and Cherokee Counties) and two located in eastern North Carolina (Duplin and Martin Counties). Each of these counties is identified as economically distressed by the NC Department of Commerce. Nonetheless, during their first year of operation, the Telecenters are making a huge positive impact by bringing the benefits of state-of- the-art information and communications technology to the entire community.

Telecenters and Communities
Telecenters are fast becoming focal points of their communities. The following are some of the things our Telecenters are doing to help their communities prosper in today's digital economy and society.

- Transforming traditional economic development into technology-based economic development
- Demonstrating to medium and larger size companies that rural communities have the technology, technical, business, and workforce capacities to be desirable sites for headquarters, branch offices, outsourcing, and telecommuters
- Creating jobs through developing new income opportunities and pursuing grow-your-own strategies
- Nurturing entrepreneurs and small businesses through the provision of technology services and resources and business incubation
- Providing technology and technical assistance to local governments, non-profit and community-based organizations and assisting them to bring their operations on line and serve clients more effectively and efficiently
- Providing free public access to computers and the Internet for individuals and small groups
- Delivering, in collaboration with local schools, colleges, and universities, a diverse range of excellent education and training programs, tailored to the client's needs, including technology training, distance and e-learning programs

One Framework: Different Approaches

e-NC Telecenters were designed within a common framework and all must have certain components (technology services and resources, training programs, public access to computers and the Internet, and business enterprise or e-work. The latter can take the form of business incubation, telecommuting by individuals or groups, or any kind of enterprise that uses technology as a part of its business and produces revenue. Each Telecenter is developing all required components, but each is unique and may have differing emphases and approaches, depending on the community's circumstances, needs, and priorities.

The Telecenters are operating under a variety of administrative structures. Two are hosted by Economic Development Commissions, one is hosted by a community college, and one is hosted by a community-based non-profit organization with a history of success in other ventures. Decisions about administrative structure are made primarily by the community, with input from the e-NC Initiative.

Although each Telecenter has its distinct identity within the common framework, they possess in common the following attributes which are critical to success:

- Clear vision and specifically articulated goals
- Dedicated, passionate leadership
- Focus on technology-based economic development
- Authentic collaboration and teamwork with diverse community partners
- Realistic, strategic business plan, including specific action steps and benchmarks
- Continuous self-appraisal and willingness to make mid-course corrections
- Unflagging perseverance

The Future

Today, e-NC Telecenters are changing lives in four rural communities. Not only are new economic, educational, and civic opportunities being created, but the way that these communities think about their economic and social future changes as they began to see themselves, their capacities, and their potential in a new light. Likewise, others are seeing that these communities are good places to live, to innovate and to work. Telecenters are broadening horizons and connecting rural communities to the rest of the world.

We propose to create four new Telecenters in 2003. North Carolina needs a network of Telecenters to serve its widespread rural communities. As new Telecenters are created, existing Telecenters will provide peer assistance and support, and all will be engaged in a mutual learning and growing process, which will better equip them to help move their communities forward. The resulting Telecenter Network will play an essential role in transforming rural North Carolina communities into vital, flourishing places, brimming with opportunity and alive with a sense of possibilities. Telecenters can serve as a model for rural America and other developing countries as they move to transition from an agricultural to a technology-driven economy.

e-Communities

The e-Communities program is a grassroots, community outreach effort to create local commitment and participation in bringing high-speed access, awareness and training to all areas of the state. The program provides a vital structure for catalyzing communities to reinvigorate their local economies to participate in technology-driven economic development. e-Communities inspires citizens to enhance their personal, as well as their community's, access to e-learning, e-health, e-government and e-commerce.

To become a designated e-community, 81 counties, plus the Eastern Band of the Cherokee, successfully developed e-community strategic plans that were reviewed and accepted by the RIAA. The RIAA provided $820,000 in grants to support their efforts. Steering committees from each county evaluated and prioritized connectivity goals addressing four main areas of technology: connectivity, digital literacy training, public access and applications.

The e-community plans specified years of work needed across the state before North Carolina can become a fully connected state. To realize the vision captured in these plans the RIAA awarded $1.8 million in grants in November 2002 to help counties implement selected technology efforts.

Representative sample of e-communities Implementation Grant Proposals:

- Caldwell County proposed a multi-county project that would integrate and simplify intake systems at county social security offices, health departments, Smart Start, community action and county government
- The Pamlico County e-communities steering committee created a 501c3 organization, Pamlico Information Network Enterprise or PINE, and proposed a local wireless network for their remote coastal county
- South Piedmont Community College proposed the creation of two business development centers to nurture and mentor startup entrepreneurial e-businesses
- Virtual Farmers Markets and e-agriculture training programs are being developed in eastern North Carolina by Mount Olive College and in the west by Madison County

In addition to these awards, Public Access Site Grants were made available on a non-competitive basis to each of the e-communities counties. These $12,000 grants created or enhanced 141 sites in 64 counties where citizens can have free access to the Internet.

What is the future of the e-community effort?

A tremendous amount of energy has been expended by e-champions and steering committees to educate and excite citizens about the possibilities available to them through technology. Our counties are poised and ready to move ahead but it will take time and money to implement all the plans. In the meantime, it is vital that North Carolina not loose the focus that the e-communities have worked so hard to develop. On-going support in the following areas is needed to keep citizens engaged and e-communities thriving:

- Public engagement events in all counties
- Mentoring and guidance for e-champions, local governments, and public access site directors
- Awareness campaigns, using all media
- Monetary support for the public access sites

NC TechForce

The Rural Internet Access Authority, via the e-NC initiative, has assembled the finest young minds in the State of North Carolina to form a cadre of technology-savvy, enthusiastic, energetic volunteers to serve as technology gurus in their communities. The NC TechForce team consists of high school, community college and university students that lend their technology skills to the surrounding communities. The goal of e-NC is to have trained and committed students in every county in North Carolina by the end of 2003. The NC TechForce project began in November 2001 with a pilot program in several rural counties in NC and has grown to include more than 400 students active in 34 TechForce chapters.

TechForce students build Internet and Information Technology skills in their communities, conducting seminars and discussion groups on technology uses to catalyze greater usage of the Internet. Other tasks include helping small businesses with system setup and Web design and implementation. The greatest contribution, probably, will be to assist local citizens and businesses with "conquering the 'Net" ... answering questions, explaining usage of browsers, etc. and being a local Internet resource for the community.

So what are the TechForce Troops doing?

- In Northeastern North Carolina, a five-county TechForce project is helping schools, churches, businesses and other community groups establish a web presence
- The chapters in Yadkin, Perquimans and Alleghany counties are holding Internet "How to" classes for Senior Citizens in their communities
- In Pamlico County, a coastal NC community, the TechForce chapter has been integral in the design of a community wireless network. The network is currently being implemented with funding assistance from the RIAA
- Invaluable technical assistance is being provided to the local K-12 system by the Pender County chapter. The TechForce kids install software, help with hardware upgrades and assist with in-school local area networks
- The Anson/Union Chapter (our largest with over 80 Troops) recently completed an operating system upgrade and software upgrade for the Union County Department of Aging and networked their computers to the Internet

And what do the Troops get for their efforts?

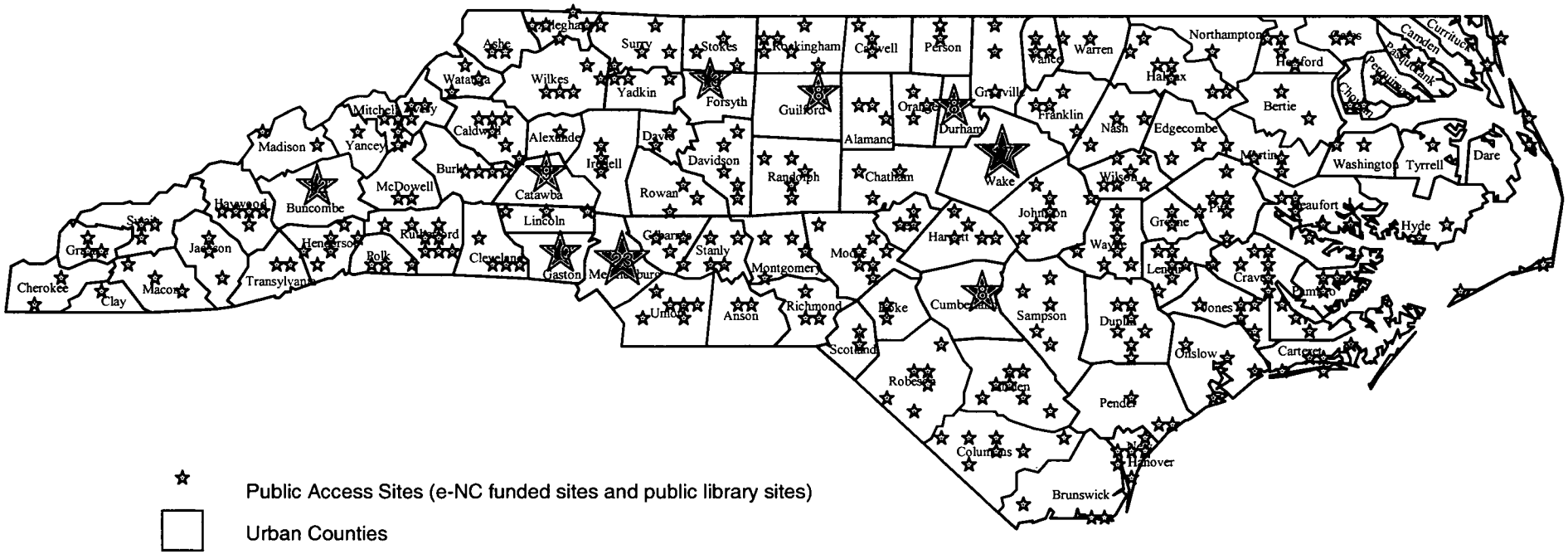
- Scholarships of up to $1000 per student to a Community College or University
- The opportunity to attend an Internet Immersion Camp, held at several universities around the state
- A feeling of accomplishment in helping out in their own communities ... *and* ...
- "Really Cool" TechForce shirts

So how can you help?

- Funding for scholarships and other chapter incentives
- Materials/Experiences that enhance TechForce coordinator's effectiveness
- Staffing to expand beyond North Carolina

Via NC TechForce, young people have a vital role in North Carolina's and the nation's Internet Revolution. Visit www.e-nc.org to look at our effort to Connect North Carolina to a Better Future.

Public Access Sites



3/24/03

LEG-UP: Local E-Government Utilization Program
Executive Summary

Government services are increasingly important to economic development, improved education, healthcare delivery and homeland security. Yet, citizens and businesses in North Carolina's rural counties lack the access and capacity to take advantage of e-government. Through the Rural Internet Access Authority's (RIAA) innovative grassroots e-communities initiative all of North Carolina's rural counties have developed plans that capture their communities' prioritized goals for economic development through connectivity. E-government emerged as one of the highest priorities for access and applications and one of the least available options in rural and distressed communities that have been shown to lack the funds, training, technology infrastructure and leadership needed to obtain and support connectivity and its promising applications.

The US Department of Commerce funded Local E-Government Utilization Project (LEG-UP), is a targeted, multi-phase effort that encompasses elements of infrastructure and application development, information technology investment decision modeling/training, portal development, applications training, and implementation and evaluation to bring e-government to all counties and municipal governments in the state. Beginning the early 2003, LEG-UP will be conducted in two cycles, with approximately half of the local governments completing the process before the second half initiates it in early 2004. LEG-UP represents a partnership of these local governments and the Rural Internet Access Authority, the NC League of Municipalities, NC Association of County Commissioners, NC Rural Economic Development Center, and the University of North Carolina's Center for Public Technology. Three milestone activities are proposed over thirty months:

1) Develop, test and train 55 local governments in the use of web-based IT metrics/tools that can assist government managers in selecting and implementing new IT to improve the delivery of public services;
2) Assist North Carolina local governments to develop broadband-based effective, affordable and sustainable websites as a platform for local e-government and regional collaborations;
3) Assist North Carolina local governments to obtain and deliver interactive, transactional electronic applications that meet the needs and further the goals identified by their communities.

LEG-UP will deliver a core of 55 local governments with enhanced e-government capacities to serve as mentors to other local governments beginning the path to connectivity. LEG-UP will develop a set of related web-based capacity building tools/models to be broadly disseminated via the RIAA's network of e-communities and through the professional outreach and communication venues supported by the RIAA and its partners in support of using technology to connect to a better future.

Governments selected to participate in the Pilot Group of LEG-UP include the counties of: Alleghany, Brunswick, Caswell, Chowan, Columbus, Duplin, Edgecombe, Hoke, Macon, Montgomery, Rutherford, and Vance; and the Cities and Towns of Bolton, Chadbourn, Edenton, Fair Bluff, Havelock, Henderson, Holden Beach, Jacksonville, Lake Waccamaw, Mt. Airy, Manteo, Monroe, Northwest, Roanoke Rapids, Rose Hill, St. Paul, Spruce Pine, Swansboro, Tarboro, and Whiteville.

Grants By County

County	*Tier*	*Grant*	*Amount*	
Alexander				
	5			
		e-Communities Planning	$10,000.00	
Summary for 'County' = Alexander (1 detail record)				
			Sum for county	*$10,000.00*
Alleghany				
	1			
		Digital Literacy	$40,000.00	
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
		Public Engagement	$5,000.00	
		Telecenter	$650,000.00	
		Western Connectivity	$100,000.00	
		Y2 Telecenter	$390,000.00	
Summary for 'County' = Alleghany (7 detail records)				
			Sum for county	*$1,207,000.00*
Anson				
	2			
		2nd Incentives	$100,000.00	
		Digital Literacy	$40,000.00	
		e-Communities Planning	$10,000.00	
		Implementation	$130,000.00	
		Public Access Site	$12,000.00	
		Public Engagement	$5,000.00	
Summary for 'County' = Anson (6 detail records)				
			Sum for county	*$297,000.00*
Ashe				
	1			
		e-Communities Planning	$10,000.00	
		Implementation	$38,571.00	
		Public Access Site	$12,000.00	

	Public Engagement	$5,000.00	
	Western Connectivity	$100,000.00	
Summary for 'County' = Ashe (5 detail records)			
		Sum for county	*$165,571.00*

Avery

3			
	e-Communities Planning	$10,000.00	
	Public Access Site	$12,000.00	
Summary for 'County' = Avery (2 detail records)			
		Sum for county	*$22,000.00*

Beaufort

1			
	e-Communities Planning	$10,000.00	
	Incentives	$1,600.00	
	Incentives	$265,000.00	

County	*Tier*	*Grant*	*Amount*	
		Public Access Site	$12,000.00	
		Public Engagement	$4,358.00	
Summary for 'County' = Beaufort (5 detail records)				
			Sum for county	*$292,958.00*
Bertie				
	1			
		Digital Literacy	$40,000.00	
		e-Communities Planning	$10,000.00	
Summary for 'County' = Bertie (2 detail records)				
			Sum for county	*$50,000.00*
Bladen				
	2			
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
		Public Engagement	$5,000.00	
Summary for 'County' = Bladen (3 detail records)				
			Sum for county	*$27,000.00*
Brunswick				
	4			
		Digital Literacy	$20,000.00	
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
Summary for 'County' = Brunswick (3 detail records)				
			Sum for county	*$42,000.00*
Buncombe				
	5			
		Implementation	$15,000.00	
		Incentives	$110,100.00	
Summary for 'County' = Buncombe (2 detail records)				
			Sum for county	*$125,100.00*
Burke				
	4			
		Digital Literacy	$20,000.00	

	e-Communities Planning	$10,000.00	
	Public Access Site	$12,000.00	

Summary for 'County' = Burke (3 detail records)

Sum for county *$42,000.00*

Caldwell

4

	e-Communities Planning	$10,000.00
	Incentives	$610,000.00
	Public Access Site	$12,000.00
	Western Connectivity	$100,000.00

Summary for 'County' = Caldwell (4 detail records)

Sum for county *$732,000.00*

Camden

1

	2nd Incentives	$12,000.00
	e-Communities Planning	$10,000.00

County	*Tier*	*Grant*	*Amount*	
		Implementation	$325,000.00	
		Public Engagement	$5,000.00	
Summary for 'County' = Camden (4 detail records)				
			Sum for county	*$352,000.00*
Carteret				
	4			
		Digital Literacy	$19,982.00	
		e-Communities Planning	$10,000.00	
		Implementation	$54,428.00	
		Public Access Site	$12,000.00	
Summary for 'County' = Carteret (4 detail records)				
			Sum for county	*$96,410.00*
Caswell				
	3			
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
Summary for 'County' = Caswell (2 detail records)				
			Sum for county	*$22,000.00*
Chatham				
	5			
		Digital Literacy	$20,000.00	
		e-Communities Planning	$10,000.00	
Summary for 'County' = Chatham (2 detail records)				
			Sum for county	*$30,000.00*
Cherokee				
	1			
		Digital Literacy	$60,000.00	
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
		Public Engagement	$5,000.00	
		Telecenter	$473,000.00	
		Western Connectivity	$48,000.00	
		Y2 Telecenter	$50,000.00	
		Y2 Telecenter	$283,800.00	

Summary for 'County' = Cherokee (8 detail records)

Sum for county *$941,800.00*

Chowan

2

e-Communities Planning	$10,000.00
Public Access Site	$12,000.00

Summary for 'County' = Chowan (2 detail records)

Sum for county *$22,000.00*

Clay

1

e-Communities Planning	$10,000.00
Incentives	$166,000.00
Public Access Site	$12,000.00
Western Connectivity	$48,000.00
Western Connectivity	$333,334.00

County	*Tier*	*Grant*	*Amount*
Summary for 'County' = Clay (5 detail records)			
		Sum for county	*$569,334.00*
Cleveland			
	3		
		e-Communities Planning	$10,000.00
		Public Access Site	$12,000.00
Summary for 'County' = Cleveland (2 detail records)			
		Sum for county	*$22,000.00*
Columbus			
	2		
		Digital Literacy	$20,000.00
		e-Communities Planning	$10,000.00
		Public Access Site	$12,000.00
		Public Engagement	$5,000.00
Summary for 'County' = Columbus (4 detail records)			
		Sum for county	*$47,000.00*
Craven			
	4		
		e-Communities Planning	$10,000.00
		Public Access Site	$12,000.00
Summary for 'County' = Craven (2 detail records)			
		Sum for county	*$22,000.00*
Currituck			
	3		
		e-Communities Planning	$10,000.00
Summary for 'County' = Currituck (1 detail record)			
		Sum for county	*$10,000.00*
Dare			
	3		
		e-Communities Planning	$10,000.00
Summary for 'County' = Dare (1 detail record)			
		Sum for county	*$10,000.00*
Davie			

5

e-Communities Planning	$10,000.00

Summary for 'County' = Davie (1 detail record)

Sum for county *$10,000.00*

Duplin

2

e-Communities Planning	$10,000.00
Public Access Site	$12,000.00
Public Engagement	$4,592.00
Telecenter	$526,804.00
Y2 Telecenter	$316,083.00

Summary for 'County' = Duplin (5 detail records)

Sum for county *$869,479.00*

EBCI

1

County	*Tier*	*Grant*	*Amount*	
		e-Communities Planning	$10,000.00	
Summary for 'County' = EBCI (1 detail record)				
			Sum for county	*$10,000.00*
Edgecombe				
	1			
		e-Communities Planning	$10,000.00	
		Public Engagement	$5,000.00	
Summary for 'County' = Edgecombe (2 detail records)				
			Sum for county	*$15,000.00*
Franklin				
	4			
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
Summary for 'County' = Franklin (2 detail records)				
			Sum for county	*$22,000.00*
Gates				
	2			
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
Summary for 'County' = Gates (2 detail records)				
			Sum for county	*$22,000.00*
Graham				
	1			
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
		Public Engagement	$5,000.00	
		Western Connectivity	$48,000.00	
		Western Connectivity	$120,000.00	
		Western Connectivity	$56,000.00	
Summary for 'County' = Graham (6 detail records)				
			Sum for county	*$251,000.00*
Granville				
	4			

	e-Communities Planning	$10,000.00	
	Incentives	$250,000.00	
	Public Access Site	$12,000.00	
Summary for 'County' = Granville (3 detail records)			
		Sum for county	*$272,000.00*

Greene

3			
	e-Communities Planning	$10,000.00	
	Public Access Site	$12,000.00	
Summary for 'County' = Greene (2 detail records)			
		Sum for county	*$22,000.00*

Halifax

1			
	Digital Literacy	$40,000.00	
	e-Communities Planning	$10,000.00	
	Public Access Site	$12,000.00	

County	*Tier*	*Grant*	*Amount*	
		Public Engagement	$4,000.00	
Summary for 'County' = Halifax (4 detail records)				
			Sum for county	*$66,000.00*
Harnett				
	4			
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
Summary for 'County' = Harnett (2 detail records)				
			Sum for county	*$22,000.00*
Haywood				
	3			
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
Summary for 'County' = Haywood (2 detail records)				
			Sum for county	*$22,000.00*
Henderson				
	5			
		Digital Literacy	$34,000.00	
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
Summary for 'County' = Henderson (3 detail records)				
			Sum for county	*$56,000.00*
Hertford				
	1			
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
		Public Engagement	$9,900.00	
Summary for 'County' = Hertford (3 detail records)				
			Sum for county	*$31,900.00*
Hoke				
	2			
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	

	Public Engagement	$5,000.00

Summary for 'County' = Hoke (3 detail records)

Sum for county *$27,000.00*

Hyde

1

e-Communities Planning	$10,000.00
Implementation	$100,000.00
Public Access Site	$12,000.00
Public Engagement	$5,000.00

Summary for 'County' = Hyde (4 detail records)

Sum for county *$127,000.00*

Iredell

5

Digital Literacy	$16,356.00
e-Communities Planning	$10,000.00
Public Access Site	$12,000.00

County	*Tier*	*Grant*	*Amount*
Summary for 'County' = Iredell (3 detail records)			
		Sum for county	*$38,356.00*
Jackson			
	3		
		e-Communities Planning	$10,000.00
		Public Access Site	$12,000.00
		Western Connectivity	$333,333.00
		Western Connectivity	$56,000.00
Summary for 'County' = Jackson (4 detail records)			
		Sum for county	*$411,333.00*
Johnston			
	5		
		Digital Literacy	$19,679.00
Summary for 'County' = Johnston (1 detail record)			
		Sum for county	*$19,679.00*
Jones			
	1		
		e-Communities Planning	$10,000.00
		Public Access Site	$12,000.00
		Public Engagement	$4,910.00
Summary for 'County' = Jones (3 detail records)			
		Sum for county	*$26,910.00*
Lee			
	5		
		Digital Literacy	$20,000.00
		e-Communities Planning	$10,000.00
Summary for 'County' = Lee (2 detail records)			
		Sum for county	*$30,000.00*
Lenoir			
	3		
		e-Communities Planning	$10,000.00
		Implementation	$125,000.00
		Public Access Site	$12,000.00

Summary for 'County' = Lenoir (3 detail records)

Sum for county *$147,000.00*

Lincoln

4

e-Communities Planning	$10,000.00
Public Access Site	$12,000.00

Summary for 'County' = Lincoln (2 detail records)

Sum for county *$22,000.00*

Macon

4

e-Communities Planning	$10,000.00
Public Access Site	$12,000.00
Western Connectivity	$333,333.00

Summary for 'County' = Macon (3 detail records)

Sum for county *$355,333.00*

County	*Tier*	*Grant*	*Amount*	
Madison				
	3			
		e-Communities Planning	$10,000.00	
		Implementation	$61,350.00	
		Public Access Site	$12,000.00	
		Public Engagement	$5,000.00	
		Western Connectivity	$150,000.00	
		Western Connectivity	$120,000.00	
Summary for 'County' = Madison (6 detail records)				
			Sum for county	*$358,350.00*
Martin				
	1			
		Digital Literacy	$20,000.00	
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
		Public Engagement	$5,000.00	
		Telecenter	$650,000.00	
		Y2 Telecenter	$50,000.00	
		Y2 Telecenter	$390,000.00	
Summary for 'County' = Martin (7 detail records)				
			Sum for county	*$1,137,000.00*
McDowell				
	3			
		Digital Literacy	$19,891.00	
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
		Western Connectivity	$100,000.00	
Summary for 'County' = McDowell (4 detail records)				
			Sum for county	*$141,891.00*
Mitchell				
	2			
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
		Public Engagement	$5,000.00	

	Western Connectivity	$120,000.00	
	Western Connectivity	$150,000.00	
Summary for 'County' = Mitchell (5 detail records)			
		Sum for county	*$297,000.00*

Montgomery

2			
	e-Communities Planning	$10,000.00	
	Public Access Site	$12,000.00	
	Public Engagement	$5,000.00	
Summary for 'County' = Montgomery (3 detail records)			
		Sum for county	*$27,000.00*

Moore

5			
	Digital Literacy	$20,000.00	
	e-Communities Planning	$10,000.00	

County	*Tier*	*Grant*	*Amount*
		Public Access Site	$12,000.00
Summary for 'County' = Moore (3 detail records)			
		Sum for county	*$42,000.00*
Nash			
	4		
		2nd Incentives	$125,000.00
		Digital Literacy	$20,000.00
		e-Communities Planning	$10,000.00
		Public Access Site	$12,000.00
Summary for 'County' = Nash (4 detail records)			
		Sum for county	*$167,000.00*
Northampton			
	1		
		e-Communities Planning	$10,000.00
		Incentives	$40,000.00
		Public Access Site	$12,000.00
		Public Engagement	$3,300.00
Summary for 'County' = Northampton (4 detail records)			
		Sum for county	*$65,300.00*
Onslow			
	2		
		Digital Literacy	$20,000.00
		e-Communities Planning	$10,000.00
		Public Access Site	$12,000.00
Summary for 'County' = Onslow (3 detail records)			
		Sum for county	*$42,000.00*
Pamlico			
	2		
		e-Communities Planning	$10,000.00
		Implementation	$238,204.00
		Public Access Site	$12,000.00
		Public Engagement	$3,800.00
Summary for 'County' = Pamlico (4 detail records)			
		Sum for county	*$264,004.00*

Pasquotank

2

e-Communities Planning	$10,000.00
Public Access Site	$12,000.00
Public Engagement	$5,000.00

Summary for 'County' = Pasquotank (3 detail records)

Sum for county *$27,000.00*

Pender

3

e-Communities Planning	$10,000.00
Public Access Site	$12,000.00

Summary for 'County' = Pender (2 detail records)

Sum for county *$22,000.00*

Perquimans

1

County	*Tier*	*Grant*	*Amount*	
		Digital Literacy	$20,000.00	
		e-Communities Planning	$10,000.00	
		Implementation	$34,875.00	
		Public Access Site	$12,000.00	
		Public Engagement	$5,000.00	
Summary for 'County' = Perquimans (5 detail records)				
			Sum for county	*$81,875.00*
Person				
	3			
		e-Communities Planning	$10,000.00	
		Incentives	$250,000.00	
		Public Access Site	$12,000.00	
Summary for 'County' = Person (3 detail records)				
			Sum for county	*$272,000.00*
Polk				
	3			
		e-Communities Planning	$10,000.00	
		Implementation	$375,000.00	
		Public Access Site	$12,000.00	
Summary for 'County' = Polk (3 detail records)				
			Sum for county	*$397,000.00*
Randolph				
	5			
		Digital Literacy	$20,000.00	
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
Summary for 'County' = Randolph (3 detail records)				
			Sum for county	*$42,000.00*
Regional/State				
	0			
		2nd Incentives	$200,000.00	
		2nd Incentives	$250,000.00	
		Digital Literacy	$52,000.00	
		Digital Literacy	$20,000.00	

	Incentives	$600,000.00
	Incentives	$575,000.00
	Incentives	$2,925,000.00

Summary for 'County' = Regional/State (7 detail records)

Sum for county *$4,622,000.00*

Robeson

2

	Digital Literacy	$20,000.00
	e-Communities Planning	$10,000.00
	Public Access Site	$12,000.00
	Public Engagement	$5,000.00
	Telecenter	$236,705.00

Summary for 'County' = Robeson (5 detail records)

Sum for county *$283,705.00*

Rockingham

County	*Tier*	*Grant*	*Amount*	
	2			
		e-Communities Planning	$10,000.00	
Summary for 'County' = Rockingham (1 detail record)				
			Sum for county	*$10,000.00*
Rutherford				
	3			
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
Summary for 'County' = Rutherford (2 detail records)				
			Sum for county	*$22,000.00*
Sampson				
	4			
		e-Communities Planning	$10,000.00	
		Implementation	$18,035.00	
Summary for 'County' = Sampson (2 detail records)				
			Sum for county	*$28,035.00*
Stanly				
	3			
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
Summary for 'County' = Stanly (2 detail records)				
			Sum for county	*$22,000.00*
Stokes				
	4			
		Digital Literacy	$20,000.00	
		e-Communities Planning	$10,000.00	
		Implementation	$63,000.00	
		Public Access Site	$12,000.00	
Summary for 'County' = Stokes (4 detail records)				
			Sum for county	*$105,000.00*
Surry				
	4			
		e-Communities Planning	$10,000.00	

Summary for 'County' = Surry (1 detail record)

Sum for county *$10,000.00*

Swain

1

e-Communities Planning	$10,000.00
Public Access Site	$12,000.00
Public Engagement	$5,000.00
Western Connectivity	$96,000.00
Western Connectivity	$120,000.00

Summary for 'County' = Swain (5 detail records)

Sum for county *$243,000.00*

Transylvania

5

e-Communities Planning	$10,000.00
Public Access Site	$12,000.00

County	*Tier*	*Grant*	*Amount*
Summary for 'County' = Transylvania (2 detail records)			
		Sum for county	*$22,000.00*
Tyrrell			
	1		
		e-Communities Planning	$10,000.00
		Public Engagement	$5,000.00
Summary for 'County' = Tyrrell (2 detail records)			
		Sum for county	*$15,000.00*
Union			
	5		
		e-Communities Planning	$10,000.00
		Implementation	$130,000.00
		Public Access Site	$12,000.00
Summary for 'County' = Union (3 detail records)			
		Sum for county	*$152,000.00*
Vance			
	1		
		e-Communities Planning	$10,000.00
		Public Access Site	$12,000.00
		Public Engagement	$5,000.00
Summary for 'County' = Vance (3 detail records)			
		Sum for county	*$27,000.00*
Warren			
	1		
		Digital Literacy	$20,000.00
		e-Communities Planning	$10,000.00
		Public Engagement	$5,000.00
Summary for 'County' = Warren (3 detail records)			
		Sum for county	*$35,000.00*
Washington			
	1		
		e-Communities Planning	$10,000.00
		Public Access Site	$12,000.00

	Public Engagement	$5,000.00	

Summary for 'County' = Washington (3 detail records)

Sum for county *$27,000.00*

Watauga

3			
	Digital Literacy	$20,000.00	
	e-Communities Planning	$10,000.00	
	Public Access Site	$12,000.00	
	Western Connectivity	$100,000.00	

Summary for 'County' = Watauga (4 detail records)

Sum for county *$142,000.00*

Wayne

3			
	Digital Literacy	$20,000.00	
	e-Communities Planning	$10,000.00	
	Implementation	$125,000.00	

County	*Tier*	*Grant*	*Amount*	
		Public Access Site	$12,000.00	
Summary for 'County' = Wayne (4 detail records)				
			Sum for county	*$167,000.00*
Wilkes				
	4			
		e-Communities Planning	$10,000.00	
		Western Connectivity	$100,000.00	
Summary for 'County' = Wilkes (2 detail records)				
			Sum for county	*$110,000.00*
Wilson				
	3			
		e-Communities Planning	$10,000.00	
Summary for 'County' = Wilson (1 detail record)				
			Sum for county	*$10,000.00*
Yadkin				
	4			
		e-Communities Planning	$10,000.00	
		Public Access Site	$12,000.00	
Summary for 'County' = Yadkin (2 detail records)				
			Sum for county	*$22,000.00*
Yancey				
	1			
		e-Communities Planning	$10,000.00	
		Public Engagement	$5,000.00	
		Western Connectivity	$150,000.00	
		Western Connectivity	$120,000.00	
Summary for 'County' = Yancey (4 detail records)				
			Sum for county	*$285,000.00*
			Grand Total	*$17,796,323.00*

Digital Literacy Training

Session Law 2000-149, which created the Rural Internet Access Authority, states that closing the digital divide for the citizens of North Carolina is one of the key goals of the Rural Internet Access Authority. If this intent is to be accomplished, the digital/Internet literacy of North Carolinians must improve dramatically.

The term "Digital/Internet Literacy Training," is used by the NC Rural Internet Access Authority to refer to training courses or programs that are available to the general public, free or at low cost, through educational institutions, public sector agencies, libraries, and non-profit organizations. A variety of digital/Internet literacy training classes and programs can be found throughout North Carolina. Community colleges, K-12 schools, colleges and universities, community-based organizations, non-profit organizations, churches, public libraries, and for-profit vendors operate training programs.

Although some good things, including innovative approaches with records of success, are happening in the development and delivery of digital/Internet literacy training, many communities and individuals experience significant difficulty in accessing needed training. The current piecemeal approach is not adequate to meet the needs of North Carolinians, especially those in rural communities. The following problems are among the most significant:

- There is little widespread knowledge about the digital/Internet literacy training opportunities that do exist.
- The individuals and groups who most need such training are least likely to know about it.
- There is little knowledge and communication among training providers about what each other is doing and what is working well.
- There are many communities with few, if any, digital/Internet literacy opportunities/programs, and they are more likely to be in rural and low-wealth counties.
- Insufficient resources are allocated for digital/Internet literacy training.
- It is difficult to translate the successes of effective individual programs into a comprehensive approach that brings digital/Internet literacy opportunities and programs to scale across the state.

The Rural Internet Access Authority is working to make certain that all North Carolina citizens have access to basic skills training on computers and the Internet. To this end, the authority issued grants of up to $20,000 per county to establish or strengthen digital/Internet literacy. The Digital Literacy Training grants totaling $721,908 were awarded by the Commission on July 25, 2002, with grants contracts running through June 2003. The programs receiving funding were required to address all three levels of digital literacy as noted below:

Level I
- Introduces computers and computer terms.
- Develops basic computer use skills and a moderate comfort level with using computers.

Level II
- Introduces the Internet and develop email capabilities.
- Develops skills in navigating the Internet and using search engines, such as Yahoo and Google, to find specific information.

Level III
- Develops basic word processing skills, such as creating documents, sending documents, and using spell check.
- Develops skills in using more advanced applications such as Microsoft Word, Excel, and Access.
- Develops ability to use Internet applications such as Real Audio or Internet radio.

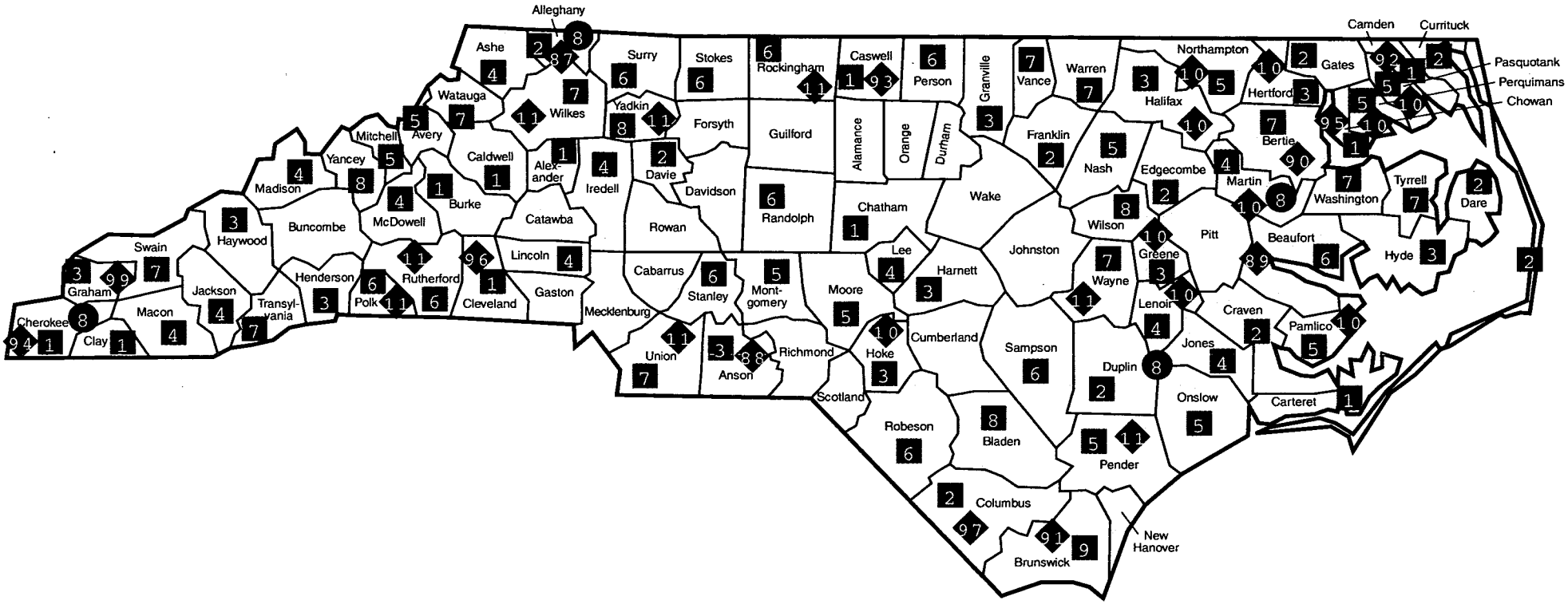
Public Internet Access

Through the e-NC initiative, the Rural Internet Access Authority is working to ensure Internet access to every citizen of North Carolina at reasonable rates, to promote widespread understanding of the potential benefits of the Internet and to substantially increase Internet literacy skills among North Carolinians, especially in rural North Carolina. Through the e-communities planning effort, counties across the state designed plans for public Internet access sites in their communities. These plans were then submitted to the RIAA for consideration as the first phase of e-communities implementation.

The RIAA recognizes public access to the Internet as a fundamental requirement to realizing its vision of vibrant, connected e-communities across North Carolina. Public access is the primary architecture for ensuring the delivery of training and important web applications to these communities. In July 2002, the Rural Internet Access Authority awarded $768,000 for public access site grants to 64 counties, as the first phase of the e-communities implementation grants. This grant program has allowed for the creation or expansion of approximately 140 public Internet access sites across the state. Each participating county received $12,000 for this effort, with the grants running from September 1, 2002-August 31, 2003. An additional $320,000 was recently reserved in order to extend these grants. The Authority has been very excited about the success of these centers. Public access sites are an essential part of making high-speed Internet available across the state, especially to communities that may not otherwise experience high-speed access.

The Rural Internet Access Authority is creating a database of public Internet access sites across North Carolina. Please go to: http://www.e-nc.org/publicaccess.asp to access this database and find a public access site in your county.

E-NC Programs



E-COMMUNITIES

E-champions are leading 100 NC
e-Communities to connect locally to compete globally.

1. Alexander County
2. Alleghany County
3. Anson County
4. Ashe County
5. Avery County
6. Beaufort County
7. Bertie County
8. Bladen County
9. Brunswick County
10. Burke County
11. Caldwell County
12. Camden County
13. Carteret County
14. Caswell County
15. Chatham County
16. Cherokee County
17. Chowan County
18. Clay County
19. Cleveland County
20. Columbus County
21. Craven Count
22. Currituck County
23. Dare County
24. Davie County
25. Duplin County
26. Eastern Band of the Cherokee
27. Edgecombe County
28. Franklin County
29. Gates County
30. Graham County
31. Granville County
32. Greene County
33. Halifax County
34. Harnett County
35. Haywood County
36. Henderson County
37. Hertford County
38. Hoke County
39. Hyde County
40. Iredell County
41. Jackson County
42. Jones County
43. Lee County
44. Lenoir County
45. Lincoln County
46. Macon County
47. Madison County
48. Martin County
49. McDowell County
50. Mitchell County
51. Montgomery County
52. Moore County
53. Nash County
54. Northampton County
55. Onslow County
56. Pamlico County
57. Pasquotank County
58. Pender County
59. Perquimans County
60. Person County
61. Polk County
62. Randolph County
63. Robeson County
64. Rockingham County
65. Rutherford County
66. Sampson County
67. Stanley County
68. Stokes County
69. Surry County
70. Swain County
71. Transylvania County
72. Tyrrell County
73. Union County
74. Vance County
75. Warren County
76. Washington County
77. Watauga County
78. Wayne County
79. Wilkes County
80. Wilson County
81. Yadkin County
82. Yancey County

BUSINESS & TECHNOLOGY TELECENTER LOCATIONS

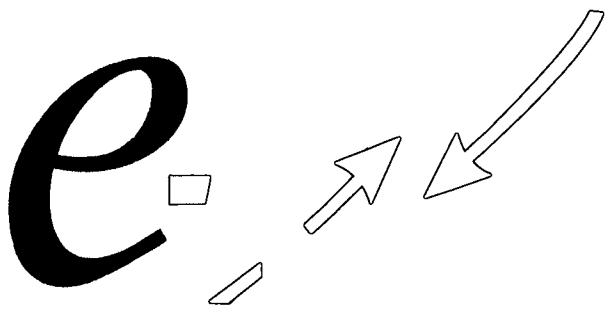
Bringing new businesses, entrepreneurship, and 21st Century jobs to rural North Carolina.

83. Blue Ridge Business Development Center
84. e-NC TeleCenter
85. Tri-County Community College TeleCenter
86. Northeast Business & Technology Center

TECHFORCE LOCATIONS

Harnessing the energy of High School & College volunteers, to bring cutting-edge technology to their e-Communities.

87. Alleghany County
88. Anson County
89. Beaufort County
90. Bertie County
91. Brunswick County
92. Camden County
93. Caswell County
94. Cherokee County
95. Chowan County
96. Cleveland County
97. Columbus County
98. Duplin County
99. Graham County
100. Greene County
101. Halifax County
102. Hertford County
103. Hoke County
104. Lenoir County
105. Martin County
106. Northampton County
107. Pamlico County
108. Pasquotank County
109. Perquimans County
110. Pender County
111. Polk County
112. Rockingham County
113. Rutherford County
114. Union County
115. Wayne County
116. Wilkes County
117. Yadkin County



High-Speed Internet Access (HSIA)

A Study of HSIA in North Carolina

A second
ASSESSMENT
of high-speed internet access
AS OF DECEMBER, 2002

RURAL INTERNET ACCESS AUTHORITY

This Report is prepared for the General Assembly and the people of North Carolina by the Rural Internet Access Authority as a part of its compliance with Session Law 2000-149, Senate Bill 1343, General Assembly of North Carolina, Session 1999.

The recommendations included in this report are of the consultant.

Prepared by Charles G. Pittman

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919-250-4314
Fax 919-250-4322
www.e-nc.org

Table of Contents

Infrastructure information is graphically displayed on the e-nc.org website in Geographic Information Systems (GIS) format. The data is constantly changing and may be different from what is included in this report. Future data will be updated by the service providers.

There will be a third assessment of this data in December of 2003.

A CD is included inside the back cover containing the High Speed Internet Access study, the 100 County Report and a Service Provider List.

1.1 Purpose

One of the goals tasked to the Rural Internet Access Authority (RIAA) by North Carolina Senate Bill 1343 (SB 1343) is "High-speed Internet access available to every citizen of North Carolina within three years, at prices in rural counties that are comparable to prices in urban North Carolina".

The purpose of this project is to: (a) evaluate the technologies that are available to provide high-speed internet access, (b) develop a profile for each county showing the high speed technologies that are available, the number of households that can access the technology and what percentage that is of the total number of households in each county, and (C) show the average cost of high speed access based on the services offered, with the cost to the 15 urban counties being compared with the cost to the 85 rural counties.

The study addresses high-speed Internet access for residential and small office/ home office (SOHO) customers. High-speed Internet access required by large business customers are provided by PRI ISDN, T-1, ATM, Frame Relay and business class cable modem services. These services are usually distance sensitive, requiring a specific address to determine pricing, so therefore, are not covered in this study. Generic information for business customers can be found in KPMG's RIAA North Carolina Telecommunications Infrastructure And Services Assessment and Recommendations Report.

1.2 Executive Summary

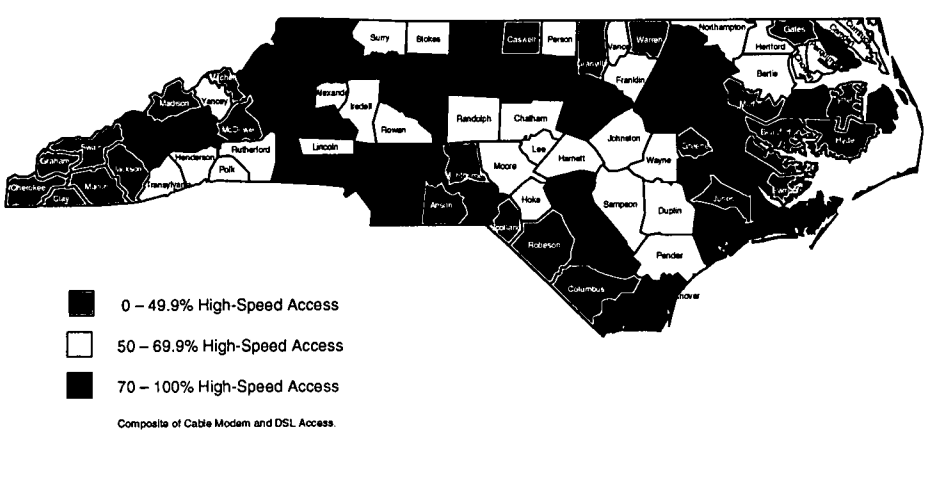
1.2.1 High-Speed Internet Access

By the end of 2002, 74.88% of the households in North Carolina will have the ability to access high-speed Internet services via cable modem or DSL services.

According to the US Census Bureau, North Carolina has 3,132,022 households, of which 1,589,867 or 50.74% are located in the 85 rural counties and 1,542,837 or 49.26% are located in the 15 urban counties. High-speed Internet is available to 2,345,117 of those households, with 1,048,995 or 44.73% being in the rural counties and 1,296,122 or 55.27% being in the urban counties.

Both cable modem and DSL deployment has grown extensively in 2001 and 2002. This growth will continue in 2003, with cable companies continuing to upgrade their coax systems and the Telcos deploying DSL in remotes, providing service to subscribers living more the 18kft from the central office.

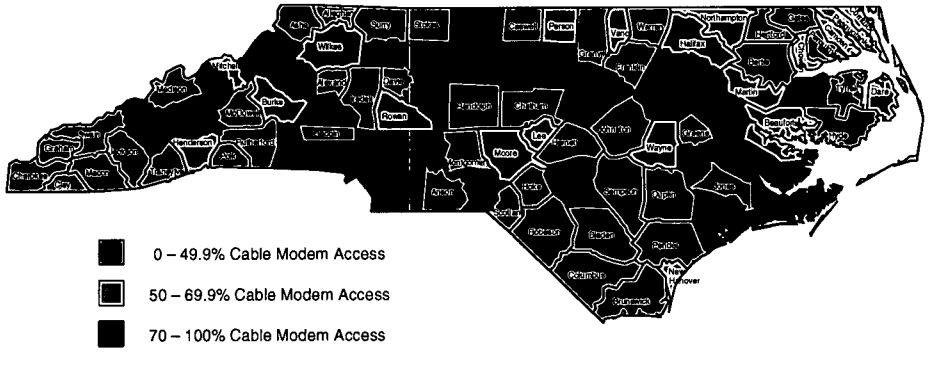
Percentage of Households with High-Speed Internet Access



1.2.2 Cable Modem Access

Cable companies will continue to upgrade their infrastructure to handle digital TV and will offer cable modem Internet as a vertical service. Cable modem service is available to 2,082,253 households in North Carolina, with 835,957 or 40.15% being in the rural counties and 1,246,296 or 59.85% being in the urban counties.

Percentage of Households with Cable Modem Internet Access by County

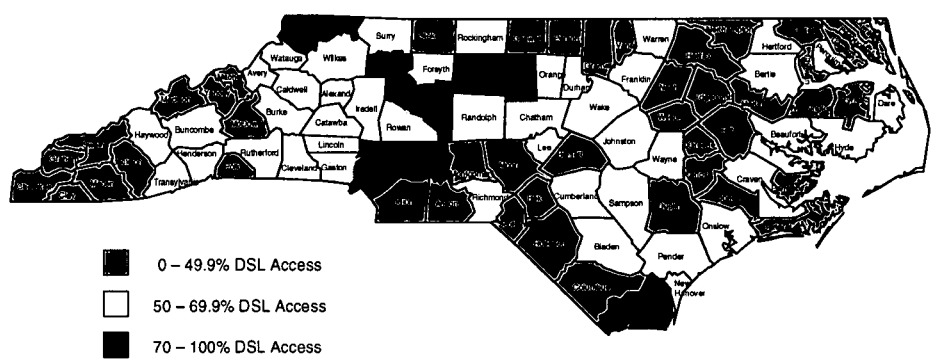


Data collected by the Rural Internet Access Authority from interviews with service providers.

1.2.3 ADSL/DSL Access

The incumbent Telcos should complete their deployment of DSL equipment in their central offices and start deployment in environmentally controlled remotes, Digital Subscriber Line Access Multiplexers (DSLAMs), and digital subscriber carrier locations by the end of 2003. The Rural Telephone Membership Corporations (RTMCs) and the independently owned companies provide access to approximately 80% of their subscribers now, with several already providing DSL service to 100% of their subscribers. Generally, these companies serve mostly rural areas. Overall, 1,806,672 households in North Carolina have access to DSL service with 791,411 or 43.80% being in the rural counties and 1,015,261 or 56.20% being in the urban counties.

Percentage of Households with
DSL Internet Access
by County



Data collected by the Rural Internet Access Authority from interviews with service providers.

1.2.4 Satellite Access

Satellite is considered the ubiquitous service, although it requires a clear view of the southern sky. It can be purchased from numerous resellers and is available from chains such as Best Buys and Circuit City. Satellite service normally requires an upfront purchase of hardware and a professional installation. Satellite, along with wireless, will be the only means of obtaining high-speed Internet service for many of the rural areas of North Carolina for many years to come. Satellite providers declined sharing subscriber data for North Carolina. Therefore satellite service is not included in the high-speed Internet access data.

1.2.5 Wireless Access

Broadband wireless is a relative new technology being deployed to provide high-speed Internet service in North Carolina. It is normally a line of sight service and uses unlicensed frequencies. A number of start-ups and existing Internet Service Providers (ISPs) are using it to expand their service and to cut their cost of providing service. Many areas of North Carolina have wireless service providers, but deployment is rather spotted. Most providers cover a county or only a portion of a county. A few have networks that cover several counties. Some companies would provide subscriber data, but could not provide households that have access. Therefore wireless service is not included in the high-speed Internet access data. Wireless, along with satellite, will be the only means some areas of North Carolina have of obtaining high-speed Internet access.

1.2.6 Conclusions

Considering the information obtained from the interviews, meetings, and reviewing the compiled data, several conclusions can be drawn:

1. The citizens of Clay, Graham and Swain counties have no access to high-speed Internet service. Seventeen other counties have less than 50% access to either cable modem or DSL services. Reasons for such low access percentages:

A. The area has no cable TV provider, the provider hasn't developed a business case or the business case does not justify the expense, the provider lacks the funds and technical expertise required to provide the service, the provider has scheduled deployment in 2003 or 2004.
B. The Telco's business case for DSL deployment does not justify the capital expense, or the area is served by remotes, digital subscriber carriers and DSLAMs, which won't be upgraded until the 2003 or later.

2. Demand – Although 75% of the households in North Carolina have access to cable modem service, DSL service or both services, only 303,313 households or 12.87% subscribe to the high-speed Internet service. That is assuming that North Carolina follows the national averages of a 11% subscription rate for cable modem service and a 4% subscription rate for DSL service. Expected "Take Rate" greatly affects business case results and impacts deployment plans for cable modem and DSL services.

3. Combining the provider business case issues of item 1 with the subscriber demand issues of item 2 presents another issue – **perceived or real value**. It is apparent that the vast majority of the public, with PCs, does not consider the value of high-speed Internet service to be worth the prices presently being charged for the services. This statement does not mean that the services are overpriced. It suggests the public does not justify paying the charges for applications and services offered by the Internet at this time.

1.3 Recommendations

Address the lack of high-speed Internet access through the review process of cable TV contracts. Normally franchise agreements provide for annual or bi-annual reviews of required reports, or reports can be requested at certain intervals during the contract. Municipal and county managers could address deployment issues such as upgrading infrastructure to handle digital TV, deployment of cable modem service, and timelines of upgrades. High-speed Internet deployment should definitely be a consideration in cases of franchise renewals.

(Note: In April of 1997 the Federal Communications Commission allocated DTV spectrum and announced the timetables for commencement of DTV services and the return of the "analog" spectrum. Congress did not adopt the Administration's proposed firm date of 2006 for the termination of analog broadcasting in the Balanced Budget Act of 1997. However, the current House Commerce Committee Chairman, Billy Tauzin (R-LA), still strongly supports the termination of analog broadcasting on December 31, 2006. The importance of this fact is that the 2006 date tends to be the driver for cable companies upgrading their infrastructure.)

Use elected local, state and federal officials to meet with the service providers and express the need for high-speed Internet access in their areas. Political persuasion normally receives attention by service providers.

Extend the life of the Rural Internet Access Authority beyond December 31,2003. The RIAA provides:

- on-line tools, such as the ISP database, the GIS site for high-speed Internet access and service provider information,
- training and support e-champions and e-communities,
- training on grant application processes and grant availability beyond those available through the RIAA,
- support and assistance to local governments, non-profit entities, and regional partnerships to address issues beyond the reach of any individual entity,
- information and recommendations to the Public Utilities Commission and legislature.

Although the RIAA has accomplished many goals, "High-speed Internet access available to every citizen of North Carolina within three years" will not be

accomplished by the end of 2003. This is not a failure of the RIAA, but a task that will require a forum, leadership and coordination of customers, service providers and government for several more years.

1.4 Definitions

High-speed Broadband Internet Access

"Internet access with transmission speeds of at least 128 kilobits per second for residential customers and at least 256 kilobits per second for business customers."

Defined by North Carolina Senate Bill 1343.

Since the Senate Bill did not state whether the rates was symmetrical (up and down rates are the same) or asymmetrical (up or down rate are different) the RIAA Technical Committee determine that if the service provided the 128 or 256 kilobits per second asymmetrical rate, it met the requirements of the Senate Bill.

Rural/Urban

Rural County – A county with a density of fewer than 200 people per square mile based on the 1990 United States decennial census.

Defined by North Carolina Senate Bill 1343.

Tiers

As provided in the William S. Lee Quality Jobs and Business Expansion Act, the N.C. Department of Commerce annually evaluates North Carolina's 100 counties and assigns each a tier designation ranking from 1 to 5.

Designations are based on each county's ranking in unemployment, per capita income, population growth, and population size. Counties in tiers 1,2, and 3 are considered "distressed" and are eligible for business incentive programs offered through the N.C. Department of Commerce.

Percentage

All percentages indicate the percentage of households that have access to the services, not the number of households that are subscribing to the services. The percentages include access that will be available from equipment that will be installed and placed in service by the end of 2002.

1.5 Methodology

1. High-Speed Internet access is defined by SB 1343 "Internet access with transmission speeds of at least 128 kilobits per second for residential customers an at least 256 kilobits per second for business customers". The RIAA Technical Committee has determined that any service that provides 128 KB – residential or 256 KB - business either transmitting or receiving (asynchronous) complies with the SB 1343 definition.

2. To assess the availability of high-speed Internet access in North Carolina, cable, telephone, satellite and wireless companies were interviewed. Extensive research on all providers was performed and compared with the interview information. The composite of the research is presented in this document.

3. Satellite and wireless companies provide access to a large area of North Carolina, especially the rural areas. Satellite companies would not provide information on the number of customers served in North Carolina, only stating that they served approximately 100,000 customers nationwide.

4. Wireless technology is a relative new service in providing high-speed Internet access. Only a few providers serve more than one county. Information on the number of households with access is hard to determine because wireless is a line of site service. Because of these reasons, satellite and wireless households and are not included in the composite ratings.

5. The composite rating is the percentage of households that have access to cable modem, DSL, or both services. In locations having access to both services, only the households of the service covering the largest number of households is used.

1.6 Technologies

The following technologies are used to provide high-speed Internet access in North Carolina: cable modem, DSL, satellite, and wireless.

1.6.1 Cable Modem

Cable Modem service is normally available in areas in which the cable TV company has upgraded its coax system to a Hybrid Fiber Coax (HFC) system. This upgrade provides bi-directional communications channels and increased channel capacity. Utilizing a broadband cable modem at the subscribers premise, the cable company can provide high-speed Internet access.

HFC is a shared medium and up to 2000 cable modems can share a set of upstream and downstream TV channels. Expect download speeds in the range 400Mbps to 2.9 Mbps. Uploads are advertised as "capable of 128KB to 384KB, expect less. Most companies limit upload speeds.

Deployment of cable modem service first occurred in the metropolitan areas and then spread to the larger towns. As the cable companies upgrade their systems, they have started to pick up smaller communities and crossroad areas, especially along their trunk routes. Cable companies usually require 15 to 20 households per route mile before installing service. This prohibits rural areas of North Carolina from having access to cable modem service. Deployment in rural areas is cable modem's most limiting factor.

A number of North Carolina's cable companies, Charter, Cox, Multimedia, Murphy, Time Warner, etc. have or are in the process of converting their systems to Hybrid Fiber Coax systems. Most of the others are in the planning or initial implementation stages, with deployment occurring in 2003 and 2004.

Residential			
Monthly Charge	Range - $42.50 to $55.95/m	Average	$49.03
Modem	Range – Provided	Average	$0
Installation	Range – Self Inst. to $100.00	Average	$99.50

Business			
Monthly Charge	Range - $59.95 to $199.95/m	Average	$118.95
Modem	Range – Provided	Average	Provided
Installation	Range – $44.95 to $199.95	Average	$165.84

Monthly charges were developed using a month-to-month basis, normally the worst case. Many companies offer promotions such as a free modem, waiving installation charges, a month of free service, or several months of service at a 50% discount. Some have lower monthly charges if you agree to a term contract. Compare a company's customer service pricing to their web page pricing. Check pricing from resellers such as AOL and Earthlink. There are differences with almost every provider.

1.6.2 ADSL/DSL

Broadband or high-speed service, normally offered by the Incumbent Local Exchange Carrier, is known as Asynchronous Digital Subscriber Loop (ADSL or DSL) service. DSL provides high-speed digital services on the existing twisted copper network without interfering with the traditional analog telephone service.

DSL has a maximum distance of 18,000 ft. from the central office or Digital Subscriber Line Access Multiplexer (DSLAM). Upstream/downstream speeds range from 1.7Mbps/76Kbps at 18,000 ft. to 8Mbps/1.5 Mbps at 9,000 ft, but are limited by most companies to 1.5Mbps to 384 KB on the downstream and 60KB to 512KB on the upstream. The subscriber has unshared access to the central office or the DSLAM, but service from that point is shared with many other subscribers and is therefore dependent upon trunk engineering, the number of other subscribers vying for access, and network conditions. DSL's limiting factors are its range of 12,000 to 18,000 ft. from the central office or DSLAM and the limited number of rural areas that it is presently deployed.

Internet service is usually provided with the DSL service by the telephone company, but can be provided by other ISPs. The ISPs may sell Internet service only or may resale the DSL and Internet service as a package.

Deployment of DSL has greatly increased in 2001 and 2002. All but three Telcos in North Carolina are deploying DSL service. The Telco installations have been in the central offices and environmentally controlled remotes, picking up approximately 50% of the customers served by these locations. Customers within 18,000 feet of these locations can usually receive DSL service. Deployment of DSL equipment into smaller remotes, DSLAMs, and digital subscriber carriers located further from the central offices will increase access to approximately 80% of the customers in 2003.

Customers in counties being served by most of the Rural Telephone Membership Corporations (RTMC) and Independent Companies have 67% to 100% coverage. The other companies are in the planning or implementation stages and should raise total coverage to the 80% to 100% range by late 2003 to early 2004.

Residential			
Monthly Charge	Range - $41.95 to $62.95/m	Average	$50.32
Modem	Range – Provided to $400.00	Average	$233.31
Installation	Range – Self Inst. to $199.95	Average	$106.33
Business			
Monthly Charge	Range - $41.95 to $159.95/m	Average	$72.64
Modem	Range – Provided to $400.00	Average	$233.31
Installation	Range – Self Inst. to $199.95	Average	$113.08

Monthly charges were developed using a month-to-month basis, normally the worst case. Many companies offer promotions such as a free modem, waiving installation charges, and a month of free service. Some have lower monthly charges if you agree to a term contract. Compare a company's customer service pricing to their web page pricing. Check pricing from resellers such as AOL and Earthlink. There are differences with almost every provider.

1.6.3 Satellite

Satellite is considered the ubiquitous service, capable of providing service everywhere. In actuality, Satellite requires an unobstructed view of the southern sky, making it unsuitable in some areas of the mountains, some metropolitan areas, and heavily wooded areas. Service is affected by the weather.

Satellite companies have improved their service by adding a transmitter to their product. Previously, customers had to use their telephone line to upload their request. Upon verification of subscription, their requested information was downloaded to them via satellite. With the addition of a transmitter, uploads and downloads are provided over the satellite service.
Satellites have been in service for six years and have approximately 100,000 subscribers. Direcway and Starband are the providers of satellite service and sell through Best Buys, Circuit City, Earthlink, and numerous independent resellers. At the present time, Starband is in Chapter 11 bankruptcy.

Speeds of 60KB for upload and 400KB for the download are the norm. Higher speeds are available for business customers.

Satellite service requires the purchase of hardware and incurs an installation fee. The FCC requires a professional installation because of the upload requires a one-watt transmitter and the dish must be mounted a least 6 feet above the ground.

Residential Pricing			
Monthly Charge	Range - $59.99 to $69.99/m	Average	$65.97
Equipment	Range – $379.98 to $699.99	Average	$495.59
Installation	Range – $180.00 to $200.00	Average	$195.40

Business Pricing			
Monthly Charge	Range - $89.99 to $129.99/m	Average	$106.66
Modem	Range – $379.98 to $799.00	Average	$525.99
Installation	Range – $199.00 to $299.00	Average	$232.67

New pricing plans are being developed to overcome the initial hardware charge. Monthly charges are increased to $99 per month for the first year to offset the hardware installation charges and reduced to the normal monthly charge

thereafter. Since there are only two providers of satellite service and numerous resellers, shop for price differences.

Satellite's limiting factors are the initial cost; a clear view of the southern sky and service is affected by weather. Considering these factors, high-speed Internet access via satellite may still be the only mean of service for some rural areas of North Carolina for several years.

1.6.4 Wireless – Unlicensed Frequencies

In September of 1999, the FCC allocated 300 MHz of spectrum for unlicensed operation in the 5-GHZ and 2-GHz block. Fast deployment, inexpensive equipment and IEEE 802.11 standards make unlicensed wireless attractive to ISPs.

Deployment of wireless service is in the early stage. Many are dial-up ISPs expanding their customer base by providing wireless high-speed Internet service in areas, which have neither cable modem, nor DSL service. In total, a number of areas of North Carolina are covered by wireless service, but deployment is rather spotted throughout the state. Most providers cover only a county or a portion of a county. Only a few have networks that serve several counties.

Wireless is a line of site service with trees, buildings and weather being its most limiting factors. Multiple systems in an area can degrade service. Interference is also a problem. Customers may have to purchase hardware and a professional installation is required.

Residential			
Monthly Charge	Range - $29.95 to $127.49/m	Average	$61.41
Equipment	Range – Provided to $699	Average	$374.75
	1 at $2,200		$739.80
Installation	Range – $99 to $300.00	Average	$171.00
Business			
Monthly Charge	Range - $89.95 to $199.00/m	Average	$130.50
Equipment	Range – Provided to $2,200	Average	$839.80
Installation	Range – $150.00 to $300.00	Average	$221.28

Customers have the least pricing options of all services. Few areas are covered by more than one provider. Although wireless has several limitations, it may be the only choice of service in some areas of North Carolina.

VISITOR REGISTRATION SHEET

Senate Committee on Information Technology — 4/2/03

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kathie Austin	Fiscal Research
Chris Nichols	Hunton + Williams
George Bakolia	SCIO
Kimberly Gibney	AOC/ITSD
Vicky Young	OSA
Ben McLawhorn	OSC
DARLEENE HEATH	MCNC
Lee Mandell	NCLM
Chris McClure	NCEITA
Bob Wells	N.C. Indep Tele Alliance

VISITOR REGISTRATION SHEET

Senate Committee on Information Technology — 4/2/03

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tom Morrow	Sprint
Jon Hamm	RIAA Commissioner / Sprint
Oppie N. Jordan	RIAA Commission / Member
Paul R. Dyer	RIAA Commission Member
Jane Patterson	RIAA / Rural Center Staff
James Leute	RIAA Commission member
Shaheen Bandukwala	RIAA / Rural Center Staff
Dan McAuley	RIAA staff
Dallas Baker	Intern - Sen. Gulley
George Ponder	RIAA Staff
Joanna Wright	RIAA / Rural Center Staff

VISITOR REGISTRATION SHEET

Senate Committee on Information Technology — 4/2/03

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

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Billy Ray Hall	NC Rural Center
Amy Dobson	NC StateWatch

SENATE COMMITTEE ON INFORMATION TECHNOLOGY

APRIL 9, 2003
12:00 PM
ROOM 414

AGENDA

Presentations by:

James Hyler	**Chairman, Governor's Commission to Promote Government Efficiency**
Darleen Johns	**President, Alphanumeric Systems, Inc**

SENATE COMMITTEE ON INFORMATION TECHNOLOGY

APRIL 9, 2003
MINUTES

The Senate Committee on Information Technology met on Wednesday, April 9, 2003 at 12:05 p.m. in room 414 of the Legislative Office Building. Five members were present, including Senator Reeves, who presided.

Senator Reeves recognized James Hyler, Chairman of the Governor's Commission to Promote Government Efficiency, to present an overview of the Commission's report. Mr. Hyler explained that the Efficiency Commission was appointed by the Governor in February of 2003 to look at state spending. The Commission was made up of private sector folks, legislators and state employees, who were appointed to look at processes and procedures. They did not address policy issues. He further stated that the suggestions made by the Commission were broad in nature, that they did not have time for detailed recommendations, but that he was convinced there were substantial savings available.

Darleen Johns, President of Alphanumeric Systems, Inc. and a member of the Efficiency Commission, was introduced to explain the Subcommittee Report on Information Technology. Her remarks are attached as Exhibit 1.

The meeting was adjourned at 1:00 p.m.

Senator Eric Reeves, Co-Chair

Cornelia McMillan, Committee Asst.

EXHIBIT I

STATE OF NORTH CAROLINA

SUBCOMMITTEE REPORT
INFORMATION TECHNOLOGY

GOVERNOR'S COMMISSION
TO PROMOTE GOVERNMENT EFFICIENCY
AND SAVINGS ON STATE SPENDING

December 2002

INTRODUCTION

This Committee has put forth a series of recommendations and observations aimed at reducing information technology (IT) costs and ensuring that the IT assets for North Carolina are managed to deliver the greatest value at the lowest cost for the state. This document was crafted by collecting, analyzing, and organizing various information relative to the topic from a wide variety of sources; however, these recommendation should be viewed as high-level conclusions based on a limited exposure to the IT functions within state government, especially the education entities.

Many of the redundancies and multiple organizations and systems limit hard numbers around many IT activities. A prime example of this issue exists around IT personnel. It was extremely difficult to know how many people are employed by the State of North Carolina in IT roles because there are more than 40 separate payroll systems within the state, few of which interface with each other. Based on these complicating factors, we suggest an in-depth study be conducted using both private and public resources to explore deeper. The information in this report should serve as a basis for such an in-depth review.

Because this is a summary-level document, this report focuses primarily on the "what" must be done, with some emphasis on the "why" it should be accomplished. Resources and time were not available to suggest "how" to do it; future in-depth work would create detailed guidance on this subject.

This document focuses on four areas: 1) Budgeting Issues 2) Efficient/Cost-effective Spending 3) Identifying and Summarizing IT Costs 4) and Centralizing Resource Accountability and Control. The document concludes with some overall observations and recommendations.

Our vision and desired state of IT for North Carolina Government is as follows:

1. Information Technology (IT) provides state government officials with readily available information they can use as a tool for managing, making decisions, and setting policy.

2. North Carolina is a model "high-tech" state, attracting investments in the state by technology-based firms.

3. The state's IT infrastructure increases our ability to provide critical functions and services for the state and its citizens at less cost than might otherwise be required.

4. Authority and accountability for the state's IT infrastructure are clearly defined.

In many instances, these recommendations may have a universal application beyond the IT arena.

Embracing these ideas and putting them into action can produce greater accountability and IT performance and produce proof that funds are invested wisely and effectively such that IT efficiencies are a reality. This will help transform our government to a more efficient and an effective one.

The Committee's recommendations address four major areas.

1. BUDGETING ISSUES:

- "Zero-based Budgeting" (ZBB) is a method of budgeting in which all expenditures must be justified for each new period. This approach tends to overcome one of the major disadvantages of traditional budgeting processes (i.e., that budgets continue to increase incrementally from year to year without regard to continued requirements and priorities) by effectively subjecting all initiatives to the intense scrutiny that is typically reserved only for new projects.

  Implementation of ZBB is a complex undertaking that requires a clearly defined mission for each organization, discrete cost centers, analysis and ranking of all projects and alternative approaches, and accountability for monitoring and evaluation. Inherent in the process is that all projects are ranked according to their overall importance, with the most critical receiving the highest priority for the allocation of resources.

  Caution is required when using ZBB: implementation is challenging, requiring difficult decisions that may require more than one budget cycle to achieve full benefit. ZBB is best implemented by a statewide *legislative mandate applicable to all state entities.*

- Information Technology Services (ITS) should be given a base budget by the legislature. ITS should also have the authority to charge agencies for new projects initiated during a fiscal year and carried over to the next year. These new project costs should ultimately be in the ITS base budget appropriated by the legislature.

  This approach may not eliminate the cost of billing; however, it would greatly reduce the costs of ITS billing and agency payment infrastructures.

- A budget analyst position should be established in the Office of State Budget to review IT spending from an enterprise level to include state agencies, universities, community colleges, K-12, and other entities, as appropriate.

- The policy of funding some IT investments on an annual basis often discourages lower cost alternatives. In many instances, there has been no assurance of long-term funding to support multi-year leasing of hardware and software, even when leasing represents the lowest cost alternative.

  Consideration should be given to moving some IT expenditures from the capital budget to the continuation budget, which would allow for recurring IT expenditures to be put automatically in an ongoing operations budget.

2. EFFICIENT/COST-EFFECTIVE SPENDING:

Most organizations have a track record of cost reduction/avoidance. They typically would like to reallocate savings from one project to another to continue to enhance their infrastructure. While this is consistent with normally accepted industry practice, it is not possible under current fiscal circumstances.

- **Budgetary Disincentives to Efficient/Cost-Effective Spending:** The current budgetary process that includes a "use it or lose it" provision (i.e., unspent portions of the annual budget are lost if not spent by the close of the fiscal year) provides an incentive for non-strategic and inefficient spending. The ramifications of this process are as follows: (1) if the money is not spent, it will be lost and (2) future budgetary

allocations are likely to be smaller based on the assumption that the agency in question has previously received unnecessary funding.

This portion of the budgetary process should be reconsidered to allow budgetary carryover to the following year and to ensure the agency is not penalized in the following year's budgetary allocation for not spending all of its money. Such a step would allow for strategic planning for IT expenditures from state agencies. Strategic plans could be brought before the IRMC for review.

Funding should be appropriated on a program basis rather than a fiscal year basis. There should also be enterprise funding for enterprise initiatives.

Presently, when budgets are released to state entities, the money is spent as soon as possible. This money should be spent over the course of the year; however, most is spent immediately because of concern that the state will take back their budget appropriations for other programs. This retrieval of funding should be the exception rather than the norm. It would allow for planning and spending wisely rather than immediate procurements.

Additionally, realized savings should be redistributed between the agency and a central IT fund with an allocation of 60% for the agency to incent continued cost efficiencies and 40% to the central IT fund for enterprise IT initiatives.

- Establish a universal list of primary and secondary statewide funding priorities for appropriations from the legislative branch.

3. IDENTIFYING AND SUMMARIZING IT COSTS:

There is an important tenet of the continuous improvement process: if *you can't measure something, you can't control it.* This is especially appropriate in regard to the state's information technology expense. Significant technology expenditures are scattered throughout operating unit budgets and therefore, preclude the necessary statewide visibility. It follows that decisions of resource allocation are made at these same organizational levels without substantial regard for more global priorities.

There are significant issues here that offer important implications regarding the state's budget. Some of these include the inability to: (a) effectively utilize and allocate resources; (b) aggregate requirements so that supplier contracts incorporate volume discounts; and (c) structure a cost effective, enterprise-level IT organization that provides support across departmental boundaries. In any event, these and other issues appreciably affect the cost of operations and suggest scrutiny to assess their impact.

The committee found that due to the lack of common systems and the diversity of position categories and roles, it was impossible to know how many employees are in IT roles or what distribution of technology exists. This limits professional development and potential for employee growth and advancement. Furthermore, it was impossible to know exactly what the state spends annually on IT, so no historical comparison can be made to determine best practices. There are estimates on both, however, accurate and up-to-date numbers are not available.

4. CENTRALIZING RESOURCE ACCOUNTABILITY AND CONTROL:

There are independent islands of technology in many state agencies whose effectiveness would be increased (and costs reduced) through a shared or consolidated services environment. Shared/consolidated services include such things as software development, wide and local network support, data servers, mainframe and data center operations, desktop support, backups, telecommunications, procurement and disaster recovery.

At present, the state's Chief Information Officer (CIO) is the logical entity to plan, initiate and manage the consolidation processes necessary to attain this shared services environment.

The CIO should be tasked with developing and implementing a comprehensive consolidation strategy for enterprise support including manpower, processes, development, budgeting, procurement, etc.

We need to assure that authority and accountability are commensurate with responsibility, and that the CIO reports to the highest senior management level. We should also look at the role and relationship of the State CIO with the IRMC, ITMAC and the CIOC.

Due to the enormous and varied responsibilities of the current CIO position, the scope of this position should be reviewed. The scope of the evaluation should determine if that position should be responsible for ITS only and a new position be established (possibly Secretary of Information Technology). Duties could include working with the legislature for IT enterprise funding, economic development, and developing the vision of IT for the State of North Carolina, etc.

Most importantly, there should be **one** person in charge of technology for all of state government and educational institutions. This concept should be studied thoroughly and changes made accordingly to define and implement this position. This position would allow for a clear and consistent implementation of the recommendations in this report.

- **Duplication of Systems/Lack of Interoperability:** There are a number of common "enterprise" (i.e., in this case meaning "statewide") functions that are duplicated within and among various state entities. Some of the functions are duplicated on different technical platforms (both software and hardware), and virtually none of the systems are able to provide large scale seamless integration with one another (i.e., the various systems do not "talk" to one another). There is no mechanism for ensuring that these enterprise solutions are developed for common needs (e.g., payroll, and personnel).
  As an example, there are over 40 separate payroll systems within state government, and most do not communicate with each other. This type of situation requires redundant and unnecessary activities and expenditures within the agencies and detracts from the level of service the state is able to provide to the citizenry.

- **Agency Autonomy and Inconsistent Standards:** Because there is currently a high degree of autonomy within various elements of state government, each has adopted its own hardware and software standards. This can lead to problems with interoperability and cost the state substantially more, as efforts have to be duplicated within each state entity.

  In one example, a North Carolina state agency made more than 170 modifications to a purchased software package, making it non-standard, and not interoperable. In addition to the cost of the modifications, the long-term support and maintenance of this type of non-standard software is substantial. Also, the software may have to be replaced much earlier than would otherwise be necessary because updates of the standard applications (i.e., those that interface with the non-standard software) may not be able to communicate with the heavily modified (now non-standard) software.

- All agencies and institutions must have a business continuity and disaster recover plan. This should be accomplished using a standard, enterprise approach with all records kept in a central, secure environment.

- **Lack of Centralized Control**: Because there is no central control/responsibility funding for software acquisition, there is limited ability to get the lowest cost through site/enterprise licenses and volume discounts.

- **Lack of Business Process Re-engineering through Technology:** The greatest potential for service and efficiency improvements is through the use of technology to re-engineer processes and service delivery. However, because there is no enterprise technology strategic business planning that encompasses all of state government and educational institutions, IT investments are often focused more on automating existing business processes (regardless of whether these processes are efficient). We should be leveraging technology to improve efficiency, re-engineer processes, reduce costs, and improve service to state personnel and the people of North Carolina. The use of IT solely to automate existing processes limits opportunity for cost efficiency and service improvement.

  As an example, drivers in many other states are able to renew their driver's licenses over the Internet rather than having to travel to a local examination location. (It appears that these states have accident rates comparable to those of North Carolina.) If North Carolina were to adopt a similar process, costs would be significantly reduced and service (to citizens) would be substantially improved.

- **Lack of Centralized Purchasing Authority:** Currently, there are no centralized funds for the purpose of purchasing statewide software licenses. Each agency purchases software at their own buying levels (e.g., DHHS may have 5,000 seats of a particular software package at $55.00 per seat and DOA may only have 500 at $115.00 per seat).

  Centralizing this function (i.e., purchasing), with money specifically appropriated for this purpose, would save the state millions of dollars in software and maintenance fees. It would also allow smaller agencies and possibly local governments and educational entities to gain use of software they would not normally be able to afford. IT purchasing should be thoroughly studied to determine the best and most efficient place for this function to reside.

- **Lack of Objectivity/Accountability in New/Major IT Projects:** Currently, when new or major IT initiatives are undertaken, accountability (especially for cost overruns and performance milestones) lies primarily with the vendor conducting the work and the state program manager in the agency where the work is being done. This system has created a lack of accountability that has allowed cost overruns to be commonplace and system performance to be less than acceptable.

  The state should consider requiring third-party evaluation (from a state agency outside the affected agency—possibly the State Auditor's Office or the Controller's Office) of these new/major initiatives, focusing on accountability and cost overruns. This independent agency should have day-to-day involvement with the project. They should be the ultimate sign off on the milestones in the project with monthly (as needed) updates to the IRMC. Just a few examples of initiatives to which this new process might be applied include HEARTS, NCWISE, ACTS, DOT accounting, DOR ITAX, and e-procurement.

OBSERVATIONS AND RECOMMENDATIONS:

The observations and recommendations that follow consider both cost effectiveness and efficiency in the state's handling of IT investments. Based on the large percentage of budget allocated for IT-related expenditures and the number of areas in which IT streamlining has potential to occur, there would be significant benefits both to contain costs and provide improved delivery of service to the employees and residents of the state of North Carolina. The following are examples of areas that may be targeted for new initiatives, cost-control and/or streamlining activities:

- North Carolina has NO overarching technology plan. Individual agencies and universities may have a plan, but we have no guiding plan that speaks to how NC will develop and use technology.

- We have no prioritization model other than individual agencies stating their priorities (each in a silo). However, once all of these requests reach the IRMC or the Legislature, there is no priority overlay.

- We should immediately look at the state's overall security and disaster recovery issues and develop and implement a plan to install an enterprise approach to these systems. This should be one of the highest priority initiatives for NC.

- We should take an enterprise approach to school connectivity. This approach should be initiated by the Department of Public Instruction and managed by Service Level Agreements (SLAs) within individual school systems. Presently there are 117 individual LEAs all doing implementation independently. They are using several Internet Service Providers (ISP) with different quality of services, security issues, cost factors, etc. There are also equity issues with the larger schools having more connectivity throughout their systems with smaller ones having only a few. This is a perfect application for an enterprise approach – giving cost savings based on quantity and service delivery.

- Training and staff development should be included with all new programs, and continuing training is needed to attract and retain employees. This is one of the first areas sacrificed in budget reductions; however, it is one of the most important. The state will spend millions of dollars on the development and implementations of systems and little on the training of the employees to use them.

- There are several ways that the UNC Campuses can achieve IT efficiency. 1) The state should remove obstacles to longer-term contractual commitments so that economies can be achieved, 2) Require campus-wide and university-wide IT budget planning that aggregates both the central computing unit's and other units' IT budget. Use this process to identify duplications, inefficiencies, etc. 3) Following feasibility analysis, establish a single, state government wide-area network to leverage infrastructure investments and economies of scale. 4) Recognizing differences in mission and purpose of campuses, maintain or enhance collaborative management models that promote collaboration and leveraging of resources while keeping active campus participation.

- Assess feasibility of migrating to enterprise systems where such systems have commonality across multiple organizations (for example time keeping, expense reporting, human resources, payroll, finance, budgeting and procurement.)

- Seat Management offers flexibility in budget allocations as well as uniformity of systems and support throughout a department. Where cost effective, this approach should be used throughout state institutions.

- Initiate innovative, incentive-based contracts with outside suppliers to encourage cost reduction and service improvements.

- Emphasize strategic partnerships with suppliers to attain value-added additional benefits, and develop multi-year contracts that take advantage of longer-term incentives. Possibly renegotiate existing contracts for better pricing, added value services, deliveries, etc., rather than rebidding which is a costly process.

- Outsourcing should be used to supplement state employees. State employees should maintain the core competencies and use outsourced personnel where they can bring value to projects and programs. Outsourcing generally reduces cost,

improves service delivery, gains flexibility, introduces industry best practices, and helps act as an agent of change.

- We need to identify and upgrade legacy application systems that are traditionally labor intensive (for example, 3rd generation COBOL applications).

  Many legacy systems (i.e., essentially obsolete systems that are no longer robustly supported by vendors) with obsolete software are used by the state for critical functions. Not only is support and maintenance of these systems difficult and expensive to acquire, there is significant risk that if a substantial problem occurred with one or more of these systems, critical state functions would be unable to be performed.

  Legacy systems throughout state government should be inventoried, and procedures put in place to replace and update software applications and hardware (if necessary), and to outsource systems (typically for lower cost) where feasible. To gain efficiencies in purchasing and better pricing, the outsourcing of systems should be a collective effort for state agencies rather than the current scenario in which each agency bids its own systems. Enacting these measures would save a tremendous about of money in maintenance of old systems and in personnel resources.

- The State needs to invest in an asset/inventory management system, where all state entities (including the educational system) would have one repository for the entire IT inventories. Such a system may be housed by the State Controller's office or ITS.

- Consideration should be given to setting up a best practices task force to review what other states have done and duplicate, where appropriate, in North Carolina.

- The above task force or a new one should be set up to implement this report as well as previous studies that offered good recommendations that have not been implemented to date. This is critical because we do not have anyone today that has the authority to make these changes. This task force should be made up of public and private sector individuals.

These recommendations are for all areas of government (state agencies, universities, community colleges, K-12, and where applicable, local government and other institutions that purchase under state guidelines). The state agencies and educational institutions should be involved in the enterprise approach to purchasing where possible.

This outline of action steps highlights only a few of the many important initiatives we believe are necessary to reduce state IT spending. Each should be supported by detailed implementation strategies and tracked against specific performance milestones that are clearly embraced, tenaciously endorsed and mandated by legislative action (where necessary).

It should be understood that the observations and recommendation provided in this report are not intended to be a criticism of any employee of state government agency or institution. State employees, the administration, and the legislature have all expended a tremendous amount of time and energy to seek and fund the best uses of IT. The breadth issues discussed in this report are an indication of how complex state government and technology have become over time and the fact that sweeping change in the way IT is managed by the state is essential for cost control and improved services to the people of North Carolina.

IT Planning

IT supports the mission of the organization in which it is housed. Each state agency has its unique mission and therefore its IT function tends to be unique also. The efficiency of the IT operation is tightly linked to the efficiency of the agency it supports. Different agencies have different customers and based on their strategy, they provide different levels and types of services. IT involvement varies considerably across agencies, some use IT to eliminate inefficiencies while others view IT strategically as a means to achieve their goals. IT's role is determined by the agency and it should allocate the appropriate level of IT funding.

Each agency's strategy drives the agency's IT strategic plan. The state CIO should evaluate all agencies' IT plans and from there determine where opportunities exist for collaboration, bests practices and knowledge sharing across the State.

Asking for a single State IT plan would be like asking for a single IT plan for distinct businesses such as a bank, a transportation business and a manufacturing plant. Since each of these organizations – like state agencies - is in a different business, their IT plans will vary widely and cannot be forced into a single plan supporting the varying goals of all three organizations.

Organizational Model

Over time, the organizational model for IT has migrated from a totally central to a distributed and is now moving back to a more centralized model. The central model was highly efficient but too far removed from the customer its serves to a point that the services provided are inadequate. A highly centralized organization often fails to provide timely solutions and their hallmark is a huge list of requested projects. Excessive standardization limits local flexibility. Highly distributed IT organizations, will generally do a much better job at serving customers, however they tend to be very costly. In addition, they may support systems and data incompatible with other systems and data requiring separate interfaces, increasing costs and limiting enterprise synergies.

A third organizational level is the federated model that attempts to leverage the best of both through a framework of best practices, standards and policies. This model is built on trusted relationships and collaboration. This organizational model is promoted today to both ensure that standards are followed and advocated synergies can be achieved, at the same time it allows for local innovation, excellent customer services, and alignment with the mission of each agency.

Under the federated model, through a trusted relationship, agency CIOs together with the State CIO would develop decision making processes, best practices for IT procurement, standards for workstations, servers, security and networking, etc..

Like the UNC CIO the State CIO can assist agencies with negotiating large vendor discounts, creating a WIN-WIN situation for the agency when it opts to purchase off a state wide contract. However, agencies such as the UNC system do have special requirements and need to be allowed to purchase unique equipment when it better supports their goals.

While the State can provide enormous help with infrastructure issues, it should never inhibit agency innovation by imposing another layer of control and bureaucracy. Already, the state imposed bureaucracy is adding to the cost of 'doing business' for each agency that private organizations don't face. More centralization is likely to increase those costs by creating additional work without adding value.

The state CIO together with agency CIOs should develop interface standards that allow incompatible systems to interoperate and data standards that agency can use for reporting purposes to provide timely information to the legislature. For example: the current state of technology allows for software modules to be developed and shared on an as needed basis (web services) and the state could maintain a software library from which all agencies could draw when appropriate.

Instead of turning back the clock to the industrial model of management, the State CIO's office office should aim to become a valuable resource to the agencies it supports.

Funding:

It is generally agreed on that the current funding situation tends to result in unplanned spending. Agencies should get funded appropriately to meet their approved goals. But as mentioned above, it is up to each agency to determine the level at which they want to engage IT to meet their goals. To that end, the agency should allocate IT funds. Agencies should be allowed to carry over funds from one FY to the next to avoid year-end, often ill planned purchases. Budgeting for IT has two major components:

1. IT costs for new projects:

   These projects are driven by the agencies priorities and the budgets should clearly define initial start up and implementation costs as well as ongoing support costs.

For each major project, the state should require a Value On Investment (VOI) statement that defines not only the financial benefits (ROI) but also added value derived from the project such as improved customer services and/or better access to timely and accurate information. The project plan should include metrics on how projected outcomes will be measured.

Where appropriate (when a new system replaces an existing one), the plan should define which existing costs (personnel, maintenance for old equipment, ...) will be saved once the new project is in production.

2. Operational budget - Ongoing Infrastructure support

Based on the agency's equipment (replacement costs), contractual obligations, maintenance costs and staffing, the ongoing IT costs to maintain the status quo can be readily determined. These funds are essential for 'doing business'.

Once a new project is online, the operational budget should be reduced by the cost savings identified in the project plan. This strategy will hold agencies responsible for successful project implementation. Too often when a new system is implemented, the existing staffing and funding levels are never questioned resulting in spiraling operational budgets.

Role of the State CIO:

Instead of imposing controls, the state CIO needs to build a trust relationship with the agency CIOs and work with them collaboratively to determine appropriate state wide services that his office can provide to the agencies. Working together, they need to

Determine where common practices, equipment standards, software contracts will benefit all agencies,

Develop data and reporting standards to provision accurate and timely information that can be queried on an ad hoc basis by legislatures without requesting special reports,

Determine which components of the infrastructure can be shared without hampering the independence and innovative abilities of the agencies,

Develop interface standards that allow software modules to work together; for example: an agency e-payment application can use a published e-payment module. A software library of web services could be assembled and maintained by the CIO's office that agencies can readily use for their own applications,

Negotiate contracts with major hardware and software vendors for all state agencies to be able to take advantage of high volume based prices when appropriate,

Establish standards for IT disaster recovery and offering facilities that state agencies can use if they wish. Not all state agencies require the same recovery time and therefore each agency will need its own disaster recovery plan.

Develop security objectives and architecture. However, don't impose how security is implemented at each agency, as different agencies require various levels of openness to their networks and use different processes to achieve security objectives..

Summary

Centralized IT has failed in the past and will lead to higher costs and less agency innovation. Distributed IT has proven to be very costly but tends to deliver superior customer service. The federated model, based on collaborative agreements, promises to deliver the best of both worlds. Instead of exercising control and adding additional bureaucratic mandates, the State CIO should seek opportunities that will endorse collaboration and reduce costs and at the same time promotes innovation at the agency level. The UNC system has already successfully implemented this model and the resources provided through the UNC CIO's office result in significant savings at the campus level.

Control, more data collection and increased reporting are yesterday's answers, ongoing dialog, agreements on standards, best practices, standards, shared resources and measuring outcomes will pave the way for effective and efficient use of IT resources throughout the state. Most importantly, it can move North Carolina from using IT as a tool for achieving greater efficiency to becoming a leader in e-government based on the freedom to innovate at the agency level.

VISITOR REGISTRATION SHEET

Senate Committee on Information Technology — April 9, 2003

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Doug Miskew	Capital Strategies
W Rand	Senate Staff
R J Kennedy	ADC
Charles Marshall	Brooks, Pierce
Tom Newsome	OSBM
Sally Hunter	OSBM
Robyn Render	UNC
Alfred N Mays	UNC
Martin Vernon	DSA
Robert Powell	OSC
GEORGE BAKOLIA	ITS

VISITOR REGISTRATION SHEET

Senate Committee on Information Technology — April 9, 2003

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
BEN McLAWHORN	OSC
Lee Mandell	NCLM
Giovanni Maglieci	Capitol City Consulting
DENNY McGUIRE	ITS
LORI FULLER	AGO
WOODY YATES	IRMC
Hal Miller	DCACCT
CAROLINE JACKSON	DHHS
[signature]	NCEITA
Chris McClure	NCEITA
Jason Black	Hagan

VISITOR REGISTRATION SHEET

Senate Committee on Information Technology — April 9, 2003

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS

SENATE COMMITTEE ON INFORMATION TECHNOLOGY

AGENDA

MAY 14, 2003
12:00 PM
ROOM 414

Opening Remarks

Introduction Of Pages

HB 1003	***IT SECURITY CHANGES***	***REP. TOLSON***

Adjournment

SENATE COMMITTEE ON INFORMATION TECHNOLOGY

May 14, 2003
MINUTES

The Senate Committee on Information Technology met at 12:15 p.m. on Wednesday, May 14, 2003, in Room 414 of the Legislation Office Building. Six members of the committee were present, including Senator Carrington who presided. Staff members present were Mr. Peter Capriglione, Ms. Brenda Carter, and Kathy Davis, Committee Assistant

Representative Joe Tolson was recognized by Senator Carrington to explain House Bill 1003, IT Security Changes, which would make agency information technology liaisons subject to a criminal background check by the SBI. It would also require each State agency to develop and update a business and disaster recovery plan with respect to information technology. (See attachments, EXHIBIT I and EXHIBIT II)

Senator Rand motioned for a favorable report, the motion passed unanimously.

The committee adjourned at 12:35 p.m.

Senator Carrington, Co-Chair

Kathy Davis, Committee Asst.

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

INFORMATION TECHNOLOGY COMMITTEE REPORT
Senator John H. Carrington, Co-Chair
Senator Eric Miller Reeves, Co-Chair

Wednesday, May 14, 2003

SENATOR CARRINGTON,
submits the following with recommendations as to passage:

TOTAL REPORTED: 1

Committee Clerk Comments:

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

H **3**

HOUSE BILL 1003
Committee Substitute Favorable 4/22/03
Third Edition Engrossed 4/28/03

Short Title: IT Security Changes. (Public)

Sponsors:

Referred to:

April 10, 2003

A BILL TO BE ENTITLED

AN ACT RELATING TO STATE GOVERNMENT INFORMATION TECHNOLOGY SECURITY.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 147-33.82(f) reads as rewritten:

"(f) The head of each State agency shall cooperate with the State Chief Information Officer in the discharge of his or her duties by:

(1) Providing the full details of the agency's information technology and operational ~~requirements.~~requirements and of all the agency's information technology security incidents within 24 hours of confirmation.

(2) Providing comprehensive information concerning the information technology security employed to protect the agency's information technology.

(3) Forecasting the parameters of the agency's projected future information technology security needs and capabilities.

(4) Designating an agency liaison in the information technology area to coordinate with the State Chief Information Officer. The liaison shall be subject to a criminal background report from the State Repository of Criminal Histories, which shall be provided by the State Bureau of Investigation upon its receiving fingerprints from the liaison. If the liaison has been a resident of this State for less than five years, the background report shall include a review of criminal information from both the State and National Repositories of Criminal Histories. The criminal background report shall be provided to the State Chief Information Officer and the head of the agency. In addition, all personnel in the Office of State Auditor who are responsible for information technology security reviews pursuant to G.S.

147-64.6(c)(18) shall be subject to a criminal background report from the State Repository of Criminal Histories, which shall be provided by the State Bureau of Investigation upon receiving fingerprints from the personnel designated by the State Auditor. For designated personnel who have been residents of this State for less than five years, the background report shall include a review of criminal information from both the State and National Repositories of Criminal Histories. The criminal background reports shall be provided to the State Auditor.

The information provided by State agencies to the State Chief Information Officer under this subsection is protected from public disclosure pursuant to G.S. 132-6.1(c)."

SECTION 2. Article 3D of Chapter 147 of the General Statutes is amended by adding a new section to read:

"**§ 147-33.89. Business continuity planning.**

(a) Each State agency shall develop and continually review and update as necessary a business and disaster recovery plan with respect to information technology. Each agency shall establish a disaster recovery planning team to develop the disaster recovery plan and to administer implementation of the plan. In developing the plan, the disaster recovery planning team shall do all of the following:

(1) Consider the organizational, managerial, and technical environments in which the disaster recovery plan must be implemented.

(2) Assess the types and likely parameters of disasters most likely to occur and the resultant impacts on the agency's ability to perform its mission.

(3) List protective measures to be implemented in anticipation of a natural or man-made disaster.

(b) Each State agency shall submit its disaster recovery plan on an annual basis to the Information Resource Management Commission and the State Chief Information Officer."

SECTION 3. This act is effective when it becomes law.

HOUSE BILL 1003: IT Security Changes

BILL ANALYSIS

Committee:	Senate Information Technology	**Introduced by:**	Rep. Tolson
Date:	May 14, 2003	**Summary by:**	Brenda J. Carter
Version:	3rd Edition		Committee Counsel

SUMMARY: House Bill 1003 would make agency information technology liaisons subject to a criminal background check by the SBI. It would also require each State agency to develop and update a business and disaster recovery plan with respect to information technology.

CURRENT LAW: G.S. 147-33.82 sets out the powers and duties of the State Chief Information Officer (CIO) and the Office of Information Technology Services (ITS). The head of each State agency is required to cooperate with the CIO in the discharge of his or her duties by providing full details of the agency's information technology and operational requirements, and by designating an agency liaison in the information technology area to coordinate with the CIO.

BILL ANALYSIS: **Section 1** of the bill would require the head of each State agency to provide the CIO with full details of all the agency's information technology security incidents within 24 hours of confirmation. The bill makes agency information technology liaisons as well as certain personnel in the Office of State Auditor subject to a criminal background check by the State Bureau of Investigation. If the employee has been a resident of this State for less than five years, the background report must include a review of criminal information from both the State and National Repositories of Criminal Histories. The criminal background report for agency liaisons will be provided to the State Chief Information Officer and the head of the agency, the criminal background report for State Auditor's personnel will be provided to the State Auditor.

Section 2 of the bill requires each State agency to develop and update as necessary a business and disaster recovery plan with respect to information technology. Each agency is to establish a disaster recovery planning team to develop and implement the plan. The team will consider the environment in which the disaster recovery plan will be implemented, assessing the types and extent of disasters most likely to occur along with the potential impact on the agency's ability to perform its mission, and will identify protective measures to be implemented in anticipation of a natural or man-made disaster. The bill requires each State agency to submit its disaster recovery plan on an annual basis to the Information Resource Management Commission and the CIO.

The bill will be effective when it becomes law.

H1003-SMRV-002

VISITOR REGISTRATION SHEET

INFORMATION TECHNOLOGY

Date: May 14, 2003

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE ASST.

NAME	FIRM OR AGENCY AND ADDRESS
Don Yelton	Citizen P.O. Box 837 Weaverville NC 28787
Deborah M. Yelton	P.O. Box 837 Weaverville, NC 28787
John Withrow	NC Statewatch
Caroline Jackson	DHHS-DIRM
Rob Hillman	OSA
Anthony Whitmore	AOC
Giovanni Marucci	CCC
Danny Limseny	ITS

SENATE COMMITTEE ON INFORMATION TECHNOLOGY

May 28, 2003
12:00 PM
ROOM 414

AGENDA

HB 941	**Study IT Legacy Systems**	**Rep. Miller**
HB 1194	**Establish e-NC Authority**	**Rep. Tolson**

Adjournment

SENATE COMMITTEE ON INFORMATION TECHNOLOGY

MAY 28, 2003
MINUTES

The Senate Committee on Information Technology met on Wednesday, May 28, 2003 at 12:00 p.m. in room 414 of the Legislative Office Building. Three members were present, including Senator Reeves, who presided.

Senator Reeves recognized Representative Miller to explain *HB 941 , Study IT Legacy Systems.* Senator Reeves moved a favorable report of the bill. The motion carried unanimously.

Senator Reeves called on Brenda Carter, Legislative Research Division staff member, to explain *HB 1194, Establish e-NC Authority.*

Senator Foxx expressed concerns with the bill and suggested that those opposed to the current version be allowed to address those concerns. Senator Reeves recognized Herb Crenshaw, with BellSouth, who had questions regarding the definition of high speed and who also spoke in support of sun setting the bill.

Dwight Allen, NC Telephone Cooperative Coalition, stated that he understood that the concerns of his group would be accommodated in the Senate.

Jane Patterson, Executive Director of the Rural Internet Access Authority, told of the difficulty raising money with a sunset in place.

Senator Holloman moved a favorable report of the bill. The motion carried.

The meeting was adjourned at 12:15 p.m.

Senator Eric Reeves, Co-Chair

Cornelia McMillan, Committee Asst.

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

INFORMATION TECHNOLOGY COMMITTEE REPORT
Senator Eric Miller Reeves, Co-Chair
Senator John H. Carrington, Co-Chair

Tuesday, June 03, 2003

SENATOR REEVES,
submits the following with recommendations as to passage:

FAVORABLE

H.B. **941** Study IT Legacy Systems.
Sequential Referral: None
Recommended Referral: None

TOTAL REPORTED: 1

Committee Clerk Comments:

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2003

HOUSE BILL 941

Short Title:	Study IT Legacy Systems.	(Public)
Sponsors:	Representative Miller.	
Referred to:	Science and Technology.	

April 8, 2003

A BILL TO BE ENTITLED

AN ACT PROVIDING FOR THE ANALYSIS OF THE STATE'S LEGACY INFORMATION TECHNOLOGY SYSTEMS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 3D of Chapter 147 of the General Statutes is amended by adding a new section to read:

"**§ 147-33.89. Analysis of State agency legacy systems.**

(a) The Office of Information Technology Services, in conjunction with the Information Resources Management Commission, shall analyze the State's legacy information technology systems and develop a plan to ascertain the needs, costs, and time frame required for State agencies to progress to more modern information technology systems.

(b) In conducting the legacy system assessment phase of the analysis, the Office shall:

(1) Examine the hierarchical structure and interrelated relationships within and between State agency legacy systems.

(2) Catalog and analyze the portfolio of legacy applications in use in State agencies and consider the extent to which new applications could be used concurrently with, or should replace, legacy systems.

(3) Consider issues related to migration from legacy environments to Internet-based and client/server environments, and related to the availability of programmers and other information technology professionals with the skills to migrate legacy applications to other environments.

(4) Study any other issue relative to the assessment of legacy information technology systems in State agencies.

By March 1, 2004, the Office shall complete the assessment phase of the analysis and shall make a report of the assessment to the Joint Legislative Commission on

Governmental Operations (Commission). Thereafter, the Office shall make an ongoing annual report on these matters to the Commission by March 1 of each year.

(c) Upon completion of the legacy system assessment phase of the analysis, the Office shall ascertain the needs, costs, and time frame required to modernize State agency information technology. The Office shall complete this phase of the assessment by January 31, 2005, and shall report its findings and recommendations to the 2005 General Assembly. The findings and recommendations shall include a cost estimate and time line for modernization of legacy information technology systems in State agencies. The Office shall submit an ongoing, updated report on modernization needs, costs, and time lines to the General Assembly on the opening day of each biennial session."

SECTION 2. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2003

H 3

HOUSE BILL 1194

Committee Substitute Favorable 4/24/03
Third Edition Engrossed 4/30/03

Short Title: Establish e-NC Authority. (Public)

Sponsors:

Referred to:

April 10, 2003

A BILL TO BE ENTITLED

AN ACT TO CREATE THE "E-NC" AUTHORITY TO CONTINUE THE WORK OF THE RURAL INTERNET ACCESS AUTHORITY.

The General Assembly of North Carolina enacts:

SECTION 1. Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 2F. e-NC Initiative.

"**§ 143B-437.44. Legislative findings.**

The General Assembly finds that:

(1) The North Carolina Rural Internet Advisory Authority (RIAA) was created by the General Assembly in S.L. 2000-149 and, in large measure, successfully accomplished the goals set forth for the RIAA and then dissolved as required by law.

(2) An organized effort must continue to ensure that the citizens of North Carolina keep pace with the ever faster technological changes in telecommunications and information networks in order to assure the economic competitiveness of North Carolina with special focus on rural and urban distressed areas.

(3) Affordable, high-speed Internet access is a key competitive factor for economic development and quality of life in the New Economy of the global marketplace.

(4) High-speed Internet access and the broadband applications it delivers are the necessary platforms that will support development of emerging technology-based sectors of great economic promise, for example, biotechnology and nanotechnology, as well as the continued competitiveness of traditional industries.

(5) The intent of the e-NC Authority is to continue the work of the North Carolina Rural Internet Access Authority and develop, promote, and

coordinate initiatives and public policy to foster and maintain universal broadband connectivity at affordable prices for all citizens and businesses of North Carolina.

"**§ 143B-437.45. Definitions.**

The following definitions apply in this Part:

(1) Authority. – The e-NC Authority.

(2) Commission. – The governing body of the Authority.

(3) High-speed broadband Internet access. – Internet access with transmission speeds of at least 256 kilobits per second for downloading and 128 kilobits per second for uploading for residential and business customers.

(4) Rural county. – A county with a density of fewer than 250 people per square mile based on the 2000 United States decennial census.

(5) Distressed urban areas. – Areas where at least one of the following requirements is met: (i) more than ten percent (10%) of children enrolled in public schools meet the requirements for the Food Stamp Program of the United States Department of Agriculture, (ii) ten percent (10%) of the citizens meet the TANF guidelines of the United States Department of Health and Human Services, or (iii) twenty-five percent (25%) of the children in the public school district meet the requirements for a federal government-sponsored free lunch.

(6) Regional Partnerships. – As defined in G.S. 143B-437.21(6).

"**§ 143B-437.46. e-NC Authority.**

(a) Creation. – The e-NC Authority is created within the Department of Commerce for organizational and budgetary purposes only, and the Commission shall exercise all of its statutory authority under this Part independent of the control of the Department of Commerce. The functions of the Secretary of Commerce are ministerial and shall be performed only pursuant to the direction and policy of the Commission.

The purpose of the Authority is to manage, oversee, promote, and monitor efforts to provide rural counties and distressed urban areas with high-speed broadband Internet access. The Authority shall also serve as the central rural and urban distressed areas Internet access policy planning body of the State and shall communicate and coordinate with State, regional, and local agencies and private entities in order to continue the development and facilitation of a coordinated Internet access policy for the citizens of North Carolina.

(b) Commission. – The Authority shall be governed by a Commission. The Commission shall consist of nine voting members and four voting ex officio members, as follows:

(1) Three members appointed by the Governor.

(2) Three members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121.

(3) Three members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121.

(4) Four ex officio, voting members to include the State Chief Information Officer, the President of the North Carolina Rural Economic Development Center, Inc., the Executive Director of the North Carolina League of Municipalities, the Executive Director of the North Carolina Association of County Commissioners, or their designees.

It is the intent of the General Assembly that the appointing authorities, in making appointments, shall consider members who represent the geographic, gender, and racial diversity of the State, members who represent rural counties, members who represent distressed urban areas, members who represent the regional partnerships, and members who represent the communications industry. For the purpose of this subsection, the term "communications industry" includes local telephone exchange companies, rural telephone cooperatives, Internet service providers, commercial wireless communications carriers, cable television companies, satellite companies, and other communications businesses.

(c) Oath. – As the holder of an office, each member of the Commission shall take the oath required by Section 7 of Article VI of the North Carolina Constitution before assuming the duties of a Commission member.

(d) Terms; Commencement; Staggering. – Except as provided in subsection (f) of this section, all terms of office shall commence on January 1, 2004. Each appointing officer shall designate one appointee to serve a one-year term. Members may serve up to four consecutive one-year terms. The appointing officers shall designate their remaining appointees to serve three-year terms. Members may serve up to two consecutive three-year terms.

(e) Chair. – The Governor shall designate one of the members appointed by the Governor as the Chair of the Commission.

(f) Vacancies. – All members of the Commission shall remain in office until their successors are appointed and qualify. A vacancy in an appointment made by the Governor shall be filled by the Governor for the remainder of the unexpired term. A vacancy in an appointment made by the General Assembly shall be filled in accordance with G.S. 120-122. A person appointed to fill a vacancy shall qualify in the same manner as a person appointed for a full term.

(g) Removal of Commission Members. – The Governor may remove any member of the Commission for misfeasance, malfeasance, or nonfeasance in accordance with G.S. 143B-13(d). The Governor or the person who appointed a member may remove the member for using improper influence in accordance with G.S. 143B-13(c).

(h) Compensation of the Commission. – No part of the revenues or assets of the Authority shall inure to the benefit of or be distributable to the members of the Commission or officers or other private persons. The members of the Commission shall receive no salary for their services but may receive per diem and allowances in accordance with G.S. 138-5.

(i) Staff. – The North Carolina Rural Economic Development Center, Inc., shall provide administrative and professional staff support for the Authority under contract.

(j) Conflicts of Interest. – Members of the Authority shall comply with the provisions of G.S. 14-234 prohibiting conflicts of interest. In addition, if any member, officer, or employee of the Authority is interested either directly or indirectly, or is an officer or employee of or has an ownership interest in any firm or corporation, not including units of local government, interested directly or indirectly, in any contract with the Authority, the member, officer, or employee shall disclose the interest to the Commission, which shall set forth the disclosure in the minutes of the Commission. The member, officer, or employee having an interest may not participate on behalf of the Authority in the authorization of any contract.

"**§ 143B-437.47. Powers, duties, and goals of the Authority.**

(a) Powers. – The Authority shall have the following powers:

(1) To employ, contract with, direct, and supervise all personnel and consultants.

(2) To apply for, accept, and utilize grants, contributions, and appropriations in order to carry out its duties and goals as defined in this Part.

(3) To enter into contracts and to provide support and assistance to local governments, nonprofit entities, for-profit entities, Regional Partnerships, and Business and Technology Centers in carrying out its duties and goals under this Part.

(4) To review and recommend changes in all laws, rules, programs, and policies of this State or any agency or subdivision thereof to further the goals of rural and distressed urban area Internet access.

(b) Duties. – The Authority shall have the following duties:

(1) To monitor and safeguard the investments made and contracts negotiated by the Rural Internet Access Authority in carrying out its functions under S.L. 2000-149 until such time as all contracts negotiated by the RIAA are complete.

(2) To maintain a web site with accurate, current, and complete information about the availability of present telecommunications and Internet services with periodic updates on the deployment of new telecommunications and broadband Internet services, as well as information on public access sites and digital literacy training programs in North Carolina.

(3) To continue efforts to ensure that high-speed broadband Internet access remains available to every citizen of North Carolina at affordable prices in rural counties and urban distressed areas.

(4) To attract and coordinate funding of federal, foundation, and corporate dollars for regional and Statewide technology initiatives and to assist local government, including e-communities (the 85 rural counties and the Eastern Band of the Cherokee who have completed the

e-communities process), in obtaining grants to further enhance their technology infrastructure.

(5) To propose funding from other appropriate sources for incentives without technology bias for the private sector to make necessary investments to achieve the Authority's goals and objectives.

(6) To provide leadership, coordination, and support for grassroots efforts targeting technology-based economic development.

(7) To provide leadership, coordination, and support for telecommunications policy assessment as it relates to providing high-speed Internet access in rural counties and urban distressed areas.

(8) To promote collaborative technology projects, programs, and activities that reflect comprehensive efforts to develop technology-based economic development initiatives that utilize high-speed broadband Internet as a platform.

(9) To encourage replicable and scalable Internet applications in government, health care, education, and business that will assist the communities of North Carolina to remain competitive with respect to knowledge of, and use of, as well as affordable access to the high-speed Internet.

(10) To promote the use of constitutionally valid protective actions to limit the electronic distribution of material that is considered obscene, as defined by G.S. 14-190.1(b), to children via the Internet.

(d) Limitations. – The Authority shall not have the power of eminent domain or the power to levy any tax.

(e) Reports. – The Authority shall submit quarterly reports to the Governor, the Joint Select Committee on Information Technology, and the Joint Legislative Commission on Governmental Operations. The reports shall summarize the Authority's activities during the quarter and contain any information about the Authority's activities that is requested by the Governor, the Committee, or the Commission."

SECTION 2. G.S. 120-123 is amended by adding a new subdivision to read:

"(77) The e-NC Authority created in Part 2F of Article 10 of Chapter 143B of the General Statutes."

SECTION 3. Section 5 of S.L. 2000-149 reads as rewritten:

"**SECTION 5.** This act is effective when it becomes law. The North Carolina Rural Internet Access Authority created in this act is dissolved effective December 31, 2003. This act is repealed effective December 31, 2003. Part 2E of Article 10 of Chapter 143B of the General Statutes and G.S. 120-123(71), as enacted by this act, are repealed effective ~~December 1, 2003.~~December 31, 2003."

SECTION 4. Sections 1 and 2 of this act become effective December 31, 2003, with the e-NC Authority hereby designated as the successor entity of the Rural Internet Access Authority that will dissolve on that date, as provided by Section 5 of S.L. 2000-149. The remainder of this act is effective when it becomes law.

VISITOR REGISTRATION SHEET

Senate Committee on Information Technology — May 28, 2003

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mildred Spearman	NC. Dept. of Correction
Jane Patterson	RIAA
Amy Dobson	NC StateWatch.
Dwight Allen	NC Telephone Coop. Coalition
Pam Wescott	Sprint
Herb Crumbaw	BellSouth
Stan Pace	Verizon
Lee Mandell	NCLM
Agness Gunter	OSBM
Martin Vernon	OSA
Andrew Meehan	NC Assn. Elec. Coops

VISITOR REGISTRATION SHEET

Senate Committee on Information Technology — May 28, 2003

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ryan Ramo	Admin Office of the Courts

SENATE COMMITTEE ON INFORMATION TECHNOLOGY

JUNE 24, 2003
9:00 AM
ROOM 414

AGENDA

HB 1194	**Establish e-NC Authority**	**Rep. Tolson**

Adjournment

SENATE COMMITTEE ON INFORMATION TECHNOLOGY

JUNE 24, 2003
MINUTES

The Senate Committee on Information Technology met on Tuesday, June 24, 2003 at 10:30 a.m. in room 414 of the Legislative Office Building. Six members were present, including Senator Reeves, who presided.

Senator Reeves recognized Representative Tolson to explain *HB 1194, Establish e-NC Authority*. Representative Tolson explained that the purpose of the bill is to set up an entity to continue the work of the Rural Internet Access Authority.

Speaking from the public in support of the bill were the following: Billy Ray Hall, NC Rural Center; Stan Crowe, Chair of Martin County Economic Development Board; Bo McNeill, Mayor of Lake Waccamaw and RIAA Board member.

Jon Hamm, from Sprint, was called on to voice his concerns with HB 1194. He stated that Sprint had been very supportive of the RIAA and that he supports the intent of the original bill to meet certain objectives and then to conclude. Mr. Hamm suggested a two-year sunset.

Senator Reeves called for adjournment at 11:00 a.m. and announced a meeting the following day to conclude the discussion of HB 1194.

Senator Eric Reeves, Co-Chair

Cornelia McMillan, Committee Asst.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2003

H 3

HOUSE BILL 1194

Committee Substitute Favorable 4/24/03
Third Edition Engrossed 4/30/03

Short Title: Establish e-NC Authority. (Public)

Sponsors:

Referred to:

April 10, 2003

A BILL TO BE ENTITLED

AN ACT TO CREATE THE "E-NC" AUTHORITY TO CONTINUE THE WORK OF THE RURAL INTERNET ACCESS AUTHORITY.

The General Assembly of North Carolina enacts:

SECTION 1. Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 2F. e-NC Initiative.

"**§ 143B-437.44. Legislative findings.**

The General Assembly finds that:

(1) The North Carolina Rural Internet Advisory Authority (RIAA) was created by the General Assembly in S.L. 2000-149 and, in large measure, successfully accomplished the goals set forth for the RIAA and then dissolved as required by law.

(2) An organized effort must continue to ensure that the citizens of North Carolina keep pace with the ever faster technological changes in telecommunications and information networks in order to assure the economic competitiveness of North Carolina with special focus on rural and urban distressed areas.

(3) Affordable, high-speed Internet access is a key competitive factor for economic development and quality of life in the New Economy of the global marketplace.

(4) High-speed Internet access and the broadband applications it delivers are the necessary platforms that will support development of emerging technology-based sectors of great economic promise, for example, biotechnology and nanotechnology, as well as the continued competitiveness of traditional industries.

(5) The intent of the e-NC Authority is to continue the work of the North Carolina Rural Internet Access Authority and develop, promote, and

coordinate initiatives and public policy to foster and maintain universal broadband connectivity at affordable prices for all citizens and businesses of North Carolina.

"**§ 143B-437.45. Definitions.**

The following definitions apply in this Part:

(1) Authority. – The e-NC Authority.

(2) Commission. – The governing body of the Authority.

(3) High-speed broadband Internet access. – Internet access with transmission speeds of at least 256 kilobits per second for downloading and 128 kilobits per second for uploading for residential and business customers.

(4) Rural county. – A county with a density of fewer than 250 people per square mile based on the 2000 United States decennial census.

(5) Distressed urban areas. – Areas where at least one of the following requirements is met: (i) more than ten percent (10%) of children enrolled in public schools meet the requirements for the Food Stamp Program of the United States Department of Agriculture, (ii) ten percent (10%) of the citizens meet the TANF guidelines of the United States Department of Health and Human Services, or (iii) twenty-five percent (25%) of the children in the public school district meet the requirements for a federal government-sponsored free lunch.

(6) Regional Partnerships. – As defined in G.S. 143B-437.21(6).

"**§ 143B-437.46. e-NC Authority.**

(a) Creation. – The e-NC Authority is created within the Department of Commerce for organizational and budgetary purposes only, and the Commission shall exercise all of its statutory authority under this Part independent of the control of the Department of Commerce. The functions of the Secretary of Commerce are ministerial and shall be performed only pursuant to the direction and policy of the Commission.

The purpose of the Authority is to manage, oversee, promote, and monitor efforts to provide rural counties and distressed urban areas with high-speed broadband Internet access. The Authority shall also serve as the central rural and urban distressed areas Internet access policy planning body of the State and shall communicate and coordinate with State, regional, and local agencies and private entities in order to continue the development and facilitation of a coordinated Internet access policy for the citizens of North Carolina.

(b) Commission. – The Authority shall be governed by a Commission. The Commission shall consist of nine voting members and four voting ex officio members, as follows:

(1) Three members appointed by the Governor.

(2) Three members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121.

(3) Three members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121.

(4) Four ex officio, voting members to include the State Chief Information Officer, the President of the North Carolina Rural Economic Development Center, Inc., the Executive Director of the North Carolina League of Municipalities, the Executive Director of the North Carolina Association of County Commissioners, or their designees.

It is the intent of the General Assembly that the appointing authorities, in making appointments, shall consider members who represent the geographic, gender, and racial diversity of the State, members who represent rural counties, members who represent distressed urban areas, members who represent the regional partnerships, and members who represent the communications industry. For the purpose of this subsection, the term "communications industry" includes local telephone exchange companies, rural telephone cooperatives, Internet service providers, commercial wireless communications carriers, cable television companies, satellite companies, and other communications businesses.

(c) Oath. – As the holder of an office, each member of the Commission shall take the oath required by Section 7 of Article VI of the North Carolina Constitution before assuming the duties of a Commission member.

(d) Terms; Commencement; Staggering. – Except as provided in subsection (f) of this section, all terms of office shall commence on January 1, 2004. Each appointing officer shall designate one appointee to serve a one-year term. Members may serve up to four consecutive one-year terms. The appointing officers shall designate their remaining appointees to serve three-year terms. Members may serve up to two consecutive three-year terms.

(e) Chair. – The Governor shall designate one of the members appointed by the Governor as the Chair of the Commission.

(f) Vacancies. – All members of the Commission shall remain in office until their successors are appointed and qualify. A vacancy in an appointment made by the Governor shall be filled by the Governor for the remainder of the unexpired term. A vacancy in an appointment made by the General Assembly shall be filled in accordance with G.S. 120-122. A person appointed to fill a vacancy shall qualify in the same manner as a person appointed for a full term.

(g) Removal of Commission Members. – The Governor may remove any member of the Commission for misfeasance, malfeasance, or nonfeasance in accordance with G.S. 143B-13(d). The Governor or the person who appointed a member may remove the member for using improper influence in accordance with G.S. 143B-13(c).

(h) Compensation of the Commission. – No part of the revenues or assets of the Authority shall inure to the benefit of or be distributable to the members of the Commission or officers or other private persons. The members of the Commission shall receive no salary for their services but may receive per diem and allowances in accordance with G.S. 138-5.

(i) Staff. – The North Carolina Rural Economic Development Center, Inc., shall provide administrative and professional staff support for the Authority under contract.

(j) Conflicts of Interest. – Members of the Authority shall comply with the provisions of G.S. 14-234 prohibiting conflicts of interest. In addition, if any member, officer, or employee of the Authority is interested either directly or indirectly, or is an officer or employee of or has an ownership interest in any firm or corporation, not including units of local government, interested directly or indirectly, in any contract with the Authority, the member, officer, or employee shall disclose the interest to the Commission, which shall set forth the disclosure in the minutes of the Commission. The member, officer, or employee having an interest may not participate on behalf of the Authority in the authorization of any contract.

"**§ 143B-437.47. Powers, duties, and goals of the Authority.**

(a) Powers. – The Authority shall have the following powers:

(1) To employ, contract with, direct, and supervise all personnel and consultants.

(2) To apply for, accept, and utilize grants, contributions, and appropriations in order to carry out its duties and goals as defined in this Part.

(3) To enter into contracts and to provide support and assistance to local governments, nonprofit entities, for-profit entities, Regional Partnerships, and Business and Technology Centers in carrying out its duties and goals under this Part.

(4) To review and recommend changes in all laws, rules, programs, and policies of this State or any agency or subdivision thereof to further the goals of rural and distressed urban area Internet access.

(b) Duties. – The Authority shall have the following duties:

(1) To monitor and safeguard the investments made and contracts negotiated by the Rural Internet Access Authority in carrying out its functions under S.L. 2000-149 until such time as all contracts negotiated by the RIAA are complete.

(2) To maintain a web site with accurate, current, and complete information about the availability of present telecommunications and Internet services with periodic updates on the deployment of new telecommunications and broadband Internet services, as well as information on public access sites and digital literacy training programs in North Carolina.

(3) To continue efforts to ensure that high-speed broadband Internet access remains available to every citizen of North Carolina at affordable prices in rural counties and urban distressed areas.

(4) To attract and coordinate funding of federal, foundation, and corporate dollars for regional and Statewide technology initiatives and to assist local government, including e-communities (the 85 rural counties and the Eastern Band of the Cherokee who have completed the

e-communities process), in obtaining grants to further enhance their technology infrastructure.

(5) To propose funding from other appropriate sources for incentives without technology bias for the private sector to make necessary investments to achieve the Authority's goals and objectives.

(6) To provide leadership, coordination, and support for grassroots efforts targeting technology-based economic development.

(7) To provide leadership, coordination, and support for telecommunications policy assessment as it relates to providing high-speed Internet access in rural counties and urban distressed areas.

(8) To promote collaborative technology projects, programs, and activities that reflect comprehensive efforts to develop technology-based economic development initiatives that utilize high-speed broadband Internet as a platform.

(9) To encourage replicable and scalable Internet applications in government, health care, education, and business that will assist the communities of North Carolina to remain competitive with respect to knowledge of, and use of, as well as affordable access to the high-speed Internet.

(10) To promote the use of constitutionally valid protective actions to limit the electronic distribution of material that is considered obscene, as defined by G.S. 14-190.1(b), to children via the Internet.

(d) Limitations. – The Authority shall not have the power of eminent domain or the power to levy any tax.

(e) Reports. – The Authority shall submit quarterly reports to the Governor, the Joint Select Committee on Information Technology, and the Joint Legislative Commission on Governmental Operations. The reports shall summarize the Authority's activities during the quarter and contain any information about the Authority's activities that is requested by the Governor, the Committee, or the Commission."

SECTION 2. G.S. 120-123 is amended by adding a new subdivision to read:

"(77) The e-NC Authority created in Part 2F of Article 10 of Chapter 143B of the General Statutes."

SECTION 3. Section 5 of S.L. 2000-149 reads as rewritten:

"**SECTION 5.** This act is effective when it becomes law. The North Carolina Rural Internet Access Authority created in this act is dissolved effective December 31, 2003. This act is repealed effective December 31, 2003. Part 2E of Article 10 of Chapter 143B of the General Statutes and G.S. 120-123(71), as enacted by this act, are repealed effective ~~December 1, 2003.~~December 31, 2003."

SECTION 4. Sections 1 and 2 of this act become effective December 31, 2003, with the e-NC Authority hereby designated as the successor entity of the Rural Internet Access Authority that will dissolve on that date, as provided by Section 5 of S.L. 2000-149. The remainder of this act is effective when it becomes law.

HOUSE BILL 1194:
Establish e-NC Authority

BILL ANALYSIS

Committee:	Senate Information Technology	**Introduced by:**	Rep. Tolson
Date:	May 28, 2003	**Summary by:**	Brenda J. Carter
Version:	3rd Edition		Committee Counsel

SUMMARY: ***House Bill 1194 would create the e-NC authority to continue the work of the Rural Internet Access Authority.***

CURRENT LAW: Chapter 149 of the 2000 Session Laws created the North Carolina Rural Internet Access Authority within the Department of Commerce to oversee statewide efforts to provide rural counties with high-speed broadband Internet access. The Authority was intended to serve as the central rural Internet access policy planning body of the State, working with State, regional, and local agencies and with private entities to implement a coordinated rural Internet access policy. A Commission consisting of 21 members was appointed to govern the Authority. Among the Authority's goals and objectives were the following:

- Within 1 year, local dial-up Internet access available from every telephone exchange;
- Within 3 years, high-speed Internet access available to every citizen at rates comparable throughout the State;
- By January 1, 2002, establish two model Telework centers;
- Development of government Internet applications to facilitate citizen interaction with government agencies and services;
- Significant increases in ownership of computers, related web devices, and Internet subscriptions promoted throughout the State.

The Authority was directed to submit quarterly reports to the Governor, the Joint Select Committee on Information Technology, and the Joint Legislative Commission on Governmental Operations. Each of seven regional partnerships designated in the North Carolina Rural Redevelopment Authority Act were directed to study the information technology infrastructure and information technology needs of each county within its particular region. The regional partnerships were authorized to contract with the North Carolina Rural Economic Development Center as needed, and to report the results of its study to the Joint Select Committee on Information Technology. The act became effective August 2, 2000, and is repealed effective December 31, 2003.

BILL ANALYSIS: **Section 1** of the bill creates the e-NC Authority within the Department of Commerce. The stated purpose of the Authority is to promote, manage, oversee, and monitor efforts to provide rural counties and distressed urban areas with high-speed broadband Internet access. A Commission consisting of 13 voting members will govern the Authority. The Governor will appoint 3 members of the Commission and 6 members will be appointed by the General Assembly. The State Chief Information Officer, the President of the North Carolina Rural Economic Development Center, the Executive Director of the N.C. League of Municipalities, and the Executive Director of the N.C. Association of County Commissioners will serve as ex officio, voting members. Terms of office for members of the Commission begin January 1, 2004. The Governor will designate one of his appointees to serve as chair of the Commission

The bill provides that the Authority is created within the Department of Commerce for organizational and budgetary purposes only, and the Commission is authorized to exercise all of its statutory authority independent of the control of the Department of Commerce. The North Carolina Rural Economic Development Center will provide administrative and professional staff support for the Authority under contract.

The bill sets out specific powers, duties, and goals of the Authority, including the monitoring and safeguarding of the investments made by the Rural Internet Access Authority in carrying out its functions under Chapter 149 of the 2000 Session Laws. The Authority is required to submit quarterly reports to the Governor, the Joint Select Committee on Information Technology, and the Joint Legislative Commission on Governmental Operations. The reports will summarize the Authority's activities during the quarter.

Section 2 of the bill amends G.S. 120-123 to provide that no member of the General Assembly may serve on the e-NC Authority.

Section 3 of the bill makes the repeal of the existing statutes governing the North Carolina Rural Internet Access Authority effective December 31, 2003, rather than December 1. This change makes repeal of the statutes consistent with the date the existing Authority will expire.

Provisions regarding the e-NC Authority would become effective December 31, 2003, with the e-NC Authority designated as the successor entity of the Rural Internet Access Authority, which is set to expire and dissolve on that date.

VISITOR REGISTRATION SHEET

Senate Committee on Information Technology — June 24, 2003

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Billy Roy Hall	NC Rural Ctr
Stan Crowe	Martin County EDC
JANE PATTERSON	RuralIA
Deb Watts	RIAA
Angie Bailey	RIAA
Lee Mandell	NCLM
PAUL Myer	NCACC
Al Adams	Parker, Poe, Adams & Bernstein, LLP
Elizabeth Dalton	Bone & Assoc. / Sprint
Josh Mhf	GOVDYNICS

VISITOR REGISTRATION SHEET

Senate Committee on Information Technology — June 24, 2003

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Butch Gunnells	NCSDA
Joe W. Foster	Verizon South
Dwight Allen	NC Telephone Coalition
Bob Wells	N.C. Independent Telcos
Dana Simpson	Smith Anderson
Jon Hamm	Sprint
Herb Crenshaw	BellSouth
Maya Sirus	RIAA
Jonathan Bernsuder	RIAA
Charlie Queen	RIAA
Vicky Young	OSA

VISITOR REGISTRATION SHEET

Senate Committee on Information Technology — June 24, 2003

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Renee Vaughn	Duke's Public Policy Department
Rebecca Canan	Duke Public Policy Dept.
Cliff Hughes	InterAct Public Safety System Martin County 911 Center

SENATE COMMITTEE ON INFORMATION TECHNOLOGY

JUNE 25, 2003
12:00 PM
ROOM 414

AGENDA

HB 1194	**Establish e-NC Authority**	**Rep. Tolson**

Adjournment

SENATE COMMITTEE ON INFORMATION TECHNOLOGY

JUNE 25, 2003
MINUTES

The Senate Committee on Information Technology met on Wednesday, June 25, 2003, at 12:15 p.m. in room 414 of the Legislative Office Building. Six members were present, including Senator Reeves, who presided.

Senator Reeves recognized Billy Ray Hall, President of the Rural Center and commission member of the RIAA, to speak to the proposed amendments to *HB 1194, Establish e-NC Authority.* Mr. Hall stated that the interested parties were in agreement with the proposed changes.

Also speaking from the public in support of the amendments were the following: Tom Morrow, Sprint; Jay Rouse, NC Electric Co-Ops; Patrick Woodie, Alleghany County Blue Ridge Business Development Center and Alleghany County Commissioner; and Woody Brinson, Duplin County Economic Development and acting Director of the Duplin County Business Technology Center.

Representative Tolson, the bill sponsor, expressed his support for the changes.

Senator Holloman moved to amend the bill on page 5, line 24, by rewriting that line to read: "the power to levy any tax, or to impose any charge, surcharge, or fees on telephone or telecommunications services." The motion carried unanimously.

Senator Holloman moved to amend the bill on page 2, lines 9-11, by rewriting those lines to read: "transmission speeds that are consistent with requirements for high-speed broadband Internet access as defined by the Federal Communications Commission from time to time." The motion carried unanimously.

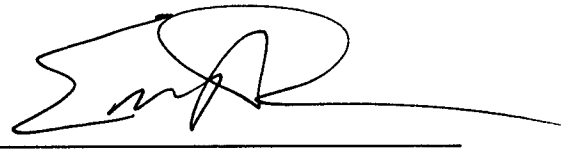
Senator Holloman moved to amend the bill on page 3, lines 4-8, by rewriting those lines to read: "Six ex officio, voting members to include the Secretary of Commerce, the State Chief Information Officer, the President of the North Carolina Rural Economic Development Center, Inc., the Executive Director of the North Carolina Justice and Community Development Center, the Executive Director of the North Carolina League of Municipalities, the Executive Director of the North Carolina Association of County Commissioners, or their designees." The motion carried unanimously.

Senator Holloman moved to amend the bill on page 5, line 42, by adding at the end of that line the following: "The e-NC Authority created in this act is dissolved effective December 31, 2006. This act is repealed effective December 31, 2006. Part 2F of Article 10 of Chapter 143B of the General Statutes and G.S. 120-123(77), as enacted by this act, are repealed effective December 31, 2006." The motion carried unanimously.

Senator Foxx moved to amend the bill on page 1, lines 27-28 and page 2, lines 1-3, by rewriting those lines to read: "The intent of the e-NC Authority is to continue and conclude the work of the North Carolina Rural Internet Access Authority, as specified in G.S. 143B-347.47." The motion carried unanimously.

Senator Holloman moved to roll the amendments into a Committee Substitute and to give the Committee Substitute a favorable report. The motion carried unanimously.

The meeting was adjourned at 1:00 p.m.



Senator Eric Reeves, Co-Chair

Cornelia McMillan, Committee Asst.

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

INFORMATION TECHNOLOGY COMMITTEE REPORT
Senator Eric Miller Reeves, Co-Chair
Senator John H. Carrington, Co-Chair

Thursday, June 26, 2003

SENATOR REEVES,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 1, BUT FAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL

H.B.(CS #1) **1194** Establish E-NC Authority.

Draft Number:	PCS30398
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 1

Committee Clerk Comments: None

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2003

H 3

HOUSE BILL 1194

Committee Substitute Favorable 4/24/03
Third Edition Engrossed 4/30/03

Short Title: Establish e-NC Authority. (Public)

Sponsors:

Referred to:

April 10, 2003

A BILL TO BE ENTITLED

AN ACT TO CREATE THE "E-NC" AUTHORITY TO CONTINUE THE WORK OF THE RURAL INTERNET ACCESS AUTHORITY.

The General Assembly of North Carolina enacts:

SECTION 1. Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 2F. e-NC Initiative.

"**§ 143B-437.44. Legislative findings.**

The General Assembly finds that:

(1) The North Carolina Rural Internet Advisory Authority (RIAA) was created by the General Assembly in S.L. 2000-149 and, in large measure, successfully accomplished the goals set forth for the RIAA and then dissolved as required by law.

(2) An organized effort must continue to ensure that the citizens of North Carolina keep pace with the ever faster technological changes in telecommunications and information networks in order to assure the economic competitiveness of North Carolina with special focus on rural and urban distressed areas.

(3) Affordable, high-speed Internet access is a key competitive factor for economic development and quality of life in the New Economy of the global marketplace.

(4) High-speed Internet access and the broadband applications it delivers are the necessary platforms that will support development of emerging technology-based sectors of great economic promise, for example, biotechnology and nanotechnology, as well as the continued competitiveness of traditional industries.

(5) The intent of the e-NC Authority is to continue the work of the North Carolina Rural Internet Access Authority and develop, promote, and

coordinate initiatives and public policy to foster and maintain universal broadband connectivity at affordable prices for all citizens and businesses of North Carolina.

"**§ 143B-437.45. Definitions.**

The following definitions apply in this Part:

(1) Authority. – The e-NC Authority.

(2) Commission. – The governing body of the Authority.

(3) High-speed broadband Internet access. – Internet access with transmission speeds of at least 256 kilobits per second for downloading and 128 kilobits per second for uploading for residential and business customers.

(4) Rural county. – A county with a density of fewer than 250 people per square mile based on the 2000 United States decennial census.

(5) Distressed urban areas. – Areas where at least one of the following requirements is met: (i) more than ten percent (10%) of children enrolled in public schools meet the requirements for the Food Stamp Program of the United States Department of Agriculture, (ii) ten percent (10%) of the citizens meet the TANF guidelines of the United States Department of Health and Human Services, or (iii) twenty-five percent (25%) of the children in the public school district meet the requirements for a federal government-sponsored free lunch.

(6) Regional Partnerships. – As defined in G.S. 143B-437.21(6).

"**§ 143B-437.46. e-NC Authority.**

(a) Creation. – The e-NC Authority is created within the Department of Commerce for organizational and budgetary purposes only, and the Commission shall exercise all of its statutory authority under this Part independent of the control of the Department of Commerce. The functions of the Secretary of Commerce are ministerial and shall be performed only pursuant to the direction and policy of the Commission.

The purpose of the Authority is to manage, oversee, promote, and monitor efforts to provide rural counties and distressed urban areas with high-speed broadband Internet access. The Authority shall also serve as the central rural and urban distressed areas Internet access policy planning body of the State and shall communicate and coordinate with State, regional, and local agencies and private entities in order to continue the development and facilitation of a coordinated Internet access policy for the citizens of North Carolina.

(b) Commission. – The Authority shall be governed by a Commission. The Commission shall consist of nine voting members and four voting ex officio members, as follows:

(1) Three members appointed by the Governor.

(2) Three members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121.

(3) Three members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121.

(4) Four ex officio, voting members to include the State Chief Information Officer, the President of the North Carolina Rural Economic Development Center, Inc., the Executive Director of the North Carolina League of Municipalities, the Executive Director of the North Carolina Association of County Commissioners, or their designees.

It is the intent of the General Assembly that the appointing authorities, in making appointments, shall consider members who represent the geographic, gender, and racial diversity of the State, members who represent rural counties, members who represent distressed urban areas, members who represent the regional partnerships, and members who represent the communications industry. For the purpose of this subsection, the term "communications industry" includes local telephone exchange companies, rural telephone cooperatives, Internet service providers, commercial wireless communications carriers, cable television companies, satellite companies, and other communications businesses.

(c) Oath. – As the holder of an office, each member of the Commission shall take the oath required by Section 7 of Article VI of the North Carolina Constitution before assuming the duties of a Commission member.

(d) Terms; Commencement; Staggering. – Except as provided in subsection (f) of this section, all terms of office shall commence on January 1, 2004. Each appointing officer shall designate one appointee to serve a one-year term. Members may serve up to four consecutive one-year terms. The appointing officers shall designate their remaining appointees to serve three-year terms. Members may serve up to two consecutive three-year terms.

(e) Chair. – The Governor shall designate one of the members appointed by the Governor as the Chair of the Commission.

(f) Vacancies. – All members of the Commission shall remain in office until their successors are appointed and qualify. A vacancy in an appointment made by the Governor shall be filled by the Governor for the remainder of the unexpired term. A vacancy in an appointment made by the General Assembly shall be filled in accordance with G.S. 120-122. A person appointed to fill a vacancy shall qualify in the same manner as a person appointed for a full term.

(g) Removal of Commission Members. – The Governor may remove any member of the Commission for misfeasance, malfeasance, or nonfeasance in accordance with G.S. 143B-13(d). The Governor or the person who appointed a member may remove the member for using improper influence in accordance with G.S. 143B-13(c).

(h) Compensation of the Commission. – No part of the revenues or assets of the Authority shall inure to the benefit of or be distributable to the members of the Commission or officers or other private persons. The members of the Commission shall receive no salary for their services but may receive per diem and allowances in accordance with G.S. 138-5.

(i) Staff. – The North Carolina Rural Economic Development Center, Inc., shall provide administrative and professional staff support for the Authority under contract.

(j) Conflicts of Interest. – Members of the Authority shall comply with the provisions of G.S. 14-234 prohibiting conflicts of interest. In addition, if any member, officer, or employee of the Authority is interested either directly or indirectly, or is an officer or employee of or has an ownership interest in any firm or corporation, not including units of local government, interested directly or indirectly, in any contract with the Authority, the member, officer, or employee shall disclose the interest to the Commission, which shall set forth the disclosure in the minutes of the Commission. The member, officer, or employee having an interest may not participate on behalf of the Authority in the authorization of any contract.

"**§ 143B-437.47. Powers, duties, and goals of the Authority.**

(a) Powers. – The Authority shall have the following powers:

(1) To employ, contract with, direct, and supervise all personnel and consultants.

(2) To apply for, accept, and utilize grants, contributions, and appropriations in order to carry out its duties and goals as defined in this Part.

(3) To enter into contracts and to provide support and assistance to local governments, nonprofit entities, for-profit entities, Regional Partnerships, and Business and Technology Centers in carrying out its duties and goals under this Part.

(4) To review and recommend changes in all laws, rules, programs, and policies of this State or any agency or subdivision thereof to further the goals of rural and distressed urban area Internet access.

(b) Duties. – The Authority shall have the following duties:

(1) To monitor and safeguard the investments made and contracts negotiated by the Rural Internet Access Authority in carrying out its functions under S.L. 2000-149 until such time as all contracts negotiated by the RIAA are complete.

(2) To maintain a web site with accurate, current, and complete information about the availability of present telecommunications and Internet services with periodic updates on the deployment of new telecommunications and broadband Internet services, as well as information on public access sites and digital literacy training programs in North Carolina.

(3) To continue efforts to ensure that high-speed broadband Internet access remains available to every citizen of North Carolina at affordable prices in rural counties and urban distressed areas.

(4) To attract and coordinate funding of federal, foundation, and corporate dollars for regional and Statewide technology initiatives and to assist local government, including e-communities (the 85 rural counties and the Eastern Band of the Cherokee who have completed the

e-communities process), in obtaining grants to further enhance their technology infrastructure.

(5) To propose funding from other appropriate sources for incentives without technology bias for the private sector to make necessary investments to achieve the Authority's goals and objectives.

(6) To provide leadership, coordination, and support for grassroots efforts targeting technology-based economic development.

(7) To provide leadership, coordination, and support for telecommunications policy assessment as it relates to providing high-speed Internet access in rural counties and urban distressed areas.

(8) To promote collaborative technology projects, programs, and activities that reflect comprehensive efforts to develop technology-based economic development initiatives that utilize high-speed broadband Internet as a platform.

(9) To encourage replicable and scalable Internet applications in government, health care, education, and business that will assist the communities of North Carolina to remain competitive with respect to knowledge of, and use of, as well as affordable access to the high-speed Internet.

(10) To promote the use of constitutionally valid protective actions to limit the electronic distribution of material that is considered obscene, as defined by G.S. 14-190.1(b), to children via the Internet.

(d) Limitations. – The Authority shall not have the power of eminent domain or the power to levy any tax.

(e) Reports. – The Authority shall submit quarterly reports to the Governor, the Joint Select Committee on Information Technology, and the Joint Legislative Commission on Governmental Operations. The reports shall summarize the Authority's activities during the quarter and contain any information about the Authority's activities that is requested by the Governor, the Committee, or the Commission."

SECTION 2. G.S. 120-123 is amended by adding a new subdivision to read:

"(77) The e-NC Authority created in Part 2F of Article 10 of Chapter 143B of the General Statutes."

SECTION 3. Section 5 of S.L. 2000-149 reads as rewritten:

"**SECTION 5.** This act is effective when it becomes law. The North Carolina Rural Internet Access Authority created in this act is dissolved effective December 31, 2003. This act is repealed effective December 31, 2003. Part 2E of Article 10 of Chapter 143B of the General Statutes and G.S. 120-123(71), as enacted by this act, are repealed effective ~~December 1, 2003.~~December 31, 2003."

SECTION 4. Sections 1 and 2 of this act become effective December 31, 2003, with the e-NC Authority hereby designated as the successor entity of the Rural Internet Access Authority that will dissolve on that date, as provided by Section 5 of S.L. 2000-149. The remainder of this act is effective when it becomes law.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1194

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

H1194-ARV-19 [v.1]

Date _____,2003

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Senator _____

moves to amend the bill on page 5, line 24,
by rewriting that line to read:
"the power to levy any tax, or to impose any charge, surcharge, or fees on telephone or telecommunications services."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1194

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

H1194-ARV-14 [v.1]

Date _____,2003

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Senator _____

moves to amend the bill on page 2, lines 9-11,
by rewriting those lines to read:
"transmission speeds that are consistent with requirements for high-speed broadband Internet access as defined by the Federal Communications Commission from time to time."

SIGNED Robert L. Holloman
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1194

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

H1194-ARV-15 [v.1]

Date _____,2003

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Senator _____

moves to amend the bill on page 3, lines 4-8,
by rewriting those lines to read:

"(4) Six ex officio, voting members to include the Secretary of Commerce, the State Chief Information Officer, the President of the North Carolina Rural Economic Development Center, Inc., the Executive Director of the North Carolina Justice and Community Development Center, the Executive Director of the North Carolina League of Municipalities, the Executive Director of the North Carolina Association of County Commissioners, or their designees."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1194

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

H1194-ARV-13 [v.2]

Date _____,2003

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Senator _____

moves to amend the bill on page 5, line 42,
by adding at the end of that line the following:
"The e-NC Authority created in this act is dissolved effective December 31, 2006. This act is repealed effective December 31, 2006. Part 2F of Article 10 of Chapter 143B of the General Statutes and G.S. 120-123(77), as enacted by this act, are repealed effective December 31, 2006."

SIGNED Robert F. Holloman
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1194

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

H1194-ARV-16 [v.1]

Date _____,2003

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Senator Foxx

moves to amend the bill on page 1, lines 27-28 and page 2, lines 1-3, by rewriting those lines to read:

"(5) The intent of the e-NC Authority is to continue and conclude the work of the North Carolina Rural Internet Access Authority, as specified in G.S. 143B-347.47. "

SIGNED Virginia Foxx
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2003

H D

HOUSE BILL 1194

Committee Substitute Favorable 4/24/03
Third Edition Engrossed 4/30/03
PROPOSED SENATE COMMITTEE SUBSTITUTE H1194-PCS30398-RV-30

Short Title: Establish e-NC Authority. (Public)

Sponsors:

Referred to:

April 10, 2003

A BILL TO BE ENTITLED

AN ACT TO CREATE THE "E-NC" AUTHORITY TO CONTINUE THE WORK OF THE RURAL INTERNET ACCESS AUTHORITY.

The General Assembly of North Carolina enacts:

SECTION 1. Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 2F. e-NC Initiative.

"**§ 143B-437.44. Legislative findings.**

The General Assembly finds that:

(1) The North Carolina Rural Internet Advisory Authority (RIAA) was created by the General Assembly in S.L. 2000-149 and, in large measure, successfully accomplished the goals set forth for the RIAA and then dissolved as required by law.

(2) An organized effort must continue to ensure that the citizens of North Carolina keep pace with the ever faster technological changes in telecommunications and information networks in order to assure the economic competitiveness of North Carolina with special focus on rural and urban distressed areas.

(3) Affordable, high-speed Internet access is a key competitive factor for economic development and quality of life in the New Economy of the global marketplace.

(4) High-speed Internet access and the broadband applications it delivers are the necessary platforms that will support development of emerging technology-based sectors of great economic promise, for example, biotechnology and nanotechnology, as well as the continued competitiveness of traditional industries.

(5) The intent of the e-NC Authority is to continue and conclude the work of the North Carolina Rural Internet Access Authority, as specified in G.S. 143B-347.47.

"**§ 143B-437.45. Definitions.**

The following definitions apply in this Part:

(1) Authority. – The e-NC Authority.

(2) Commission. – The governing body of the Authority.

(3) High-speed broadband Internet access. – Internet access with transmission speeds that are consistent with requirements for high-speed broadband Internet access as defined by the Federal Communications Commission from time to time.

(4) Rural county. – A county with a density of fewer than 250 people per square mile based on the 2000 United States decennial census.

(5) Distressed urban areas. – Areas where at least one of the following requirements is met: (i) more than ten percent (10%) of children enrolled in public schools meet the requirements for the Food Stamp Program of the United States Department of Agriculture, (ii) ten percent (10%) of the citizens meet the TANF guidelines of the United States Department of Health and Human Services, or (iii) twenty-five percent (25%) of the children in the public school district meet the requirements for a federal government-sponsored free lunch.

(6) Regional Partnerships. – As defined in G.S. 143B-437.21(6).

"**§ 143B-437.46. e-NC Authority.**

(a) Creation. – The e-NC Authority is created within the Department of Commerce for organizational and budgetary purposes only, and the Commission shall exercise all of its statutory authority under this Part independent of the control of the Department of Commerce. The functions of the Secretary of Commerce are ministerial and shall be performed only pursuant to the direction and policy of the Commission.

The purpose of the Authority is to manage, oversee, promote, and monitor efforts to provide rural counties and distressed urban areas with high-speed broadband Internet access. The Authority shall also serve as the central rural and urban distressed areas Internet access policy planning body of the State and shall communicate and coordinate with State, regional, and local agencies and private entities in order to continue the development and facilitation of a coordinated Internet access policy for the citizens of North Carolina.

(b) Commission. – The Authority shall be governed by a Commission. The Commission shall consist of nine voting members and four voting ex officio members, as follows:

(1) Three members appointed by the Governor.

(2) Three members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121.

(3) Three members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121.

(4) Six ex officio, voting members to include the Secretary of Commerce, the State Chief Information Officer, the President of the North Carolina Rural Economic Development Center, Inc., the Executive Director of the North Carolina Justice and Community Development Center, the Executive Director of the North Carolina League of Municipalities, the Executive Director of the North Carolina Association of County Commissioners, or their designees.

It is the intent of the General Assembly that the appointing authorities, in making appointments, shall consider members who represent the geographic, gender, and racial diversity of the State, members who represent rural counties, members who represent distressed urban areas, members who represent the regional partnerships, and members who represent the communications industry. For the purpose of this subsection, the term "communications industry" includes local telephone exchange companies, rural telephone cooperatives, Internet service providers, commercial wireless communications carriers, cable television companies, satellite companies, and other communications businesses.

(c) Oath. – As the holder of an office, each member of the Commission shall take the oath required by Section 7 of Article VI of the North Carolina Constitution before assuming the duties of a Commission member.

(d) Terms; Commencement; Staggering. – Except as provided in subsection (f) of this section, all terms of office shall commence on January 1, 2004. Each appointing officer shall designate one appointee to serve a one-year term. Members may serve up to four consecutive one-year terms. The appointing officers shall designate their remaining appointees to serve three-year terms. Members may serve up to two consecutive three-year terms.

(e) Chair. – The Governor shall designate one of the members appointed by the Governor as the Chair of the Commission.

(f) Vacancies. – All members of the Commission shall remain in office until their successors are appointed and qualify. A vacancy in an appointment made by the Governor shall be filled by the Governor for the remainder of the unexpired term. A vacancy in an appointment made by the General Assembly shall be filled in accordance with G.S. 120-122. A person appointed to fill a vacancy shall qualify in the same manner as a person appointed for a full term.

(g) Removal of Commission Members. – The Governor may remove any member of the Commission for misfeasance, malfeasance, or nonfeasance in accordance with G.S. 143B-13(d). The Governor or the person who appointed a member may remove the member for using improper influence in accordance with G.S. 143B-13(c).

(h) Compensation of the Commission. – No part of the revenues or assets of the Authority shall inure to the benefit of or be distributable to the members of the Commission or officers or other private persons. The members of the Commission shall

receive no salary for their services but may receive per diem and allowances in accordance with G.S. 138-5.

(i) Staff. – The North Carolina Rural Economic Development Center, Inc., shall provide administrative and professional staff support for the Authority under contract.

(j) Conflicts of Interest. – Members of the Authority shall comply with the provisions of G.S. 14-234 prohibiting conflicts of interest. In addition, if any member, officer, or employee of the Authority is interested either directly or indirectly, or is an officer or employee of or has an ownership interest in any firm or corporation, not including units of local government, interested directly or indirectly, in any contract with the Authority, the member, officer, or employee shall disclose the interest to the Commission, which shall set forth the disclosure in the minutes of the Commission. The member, officer, or employee having an interest may not participate on behalf of the Authority in the authorization of any contract.

"**§ 143B-437.47. Powers, duties, and goals of the Authority.**

(a) Powers. – The Authority shall have the following powers:

(1) To employ, contract with, direct, and supervise all personnel and consultants.

(2) To apply for, accept, and utilize grants, contributions, and appropriations in order to carry out its duties and goals as defined in this Part.

(3) To enter into contracts and to provide support and assistance to local governments, nonprofit entities, for-profit entities, regional partnerships, and business and technology centers in carrying out its duties and goals under this Part.

(4) To review and recommend changes in all laws, rules, programs, and policies of this State or any agency or subdivision thereof to further the goals of rural and distressed urban area Internet access.

(b) Duties. – The Authority shall have the following duties:

(1) To monitor and safeguard the investments made and contracts negotiated by the Rural Internet Access Authority in carrying out its functions under S.L. 2000-149 until such time as all contracts negotiated by the RIAA are complete.

(2) To maintain a web site with accurate, current, and complete information about the availability of present telecommunications and Internet services with periodic updates on the deployment of new telecommunications and broadband Internet services, as well as information on public access sites and digital literacy training programs in North Carolina.

(3) To continue efforts to ensure that high-speed broadband Internet access remains available to every citizen of North Carolina at affordable prices in rural counties and urban distressed areas.

(4) To attract and coordinate funding of federal, foundation, and corporate dollars for regional and Statewide technology initiatives and to assist local government, including e-communities (the 85 rural counties and

the Eastern Band of the Cherokee who have completed the e-communities process), in obtaining grants to further enhance their technology infrastructure.

(5) To propose funding from other appropriate sources for incentives without technology bias for the private sector to make necessary investments to achieve the Authority's goals and objectives.

(6) To provide leadership, coordination, and support for grassroots efforts targeting technology-based economic development.

(7) To provide leadership, coordination, and support for telecommunications policy assessment as it relates to providing high-speed Internet access in rural counties and urban distressed areas.

(8) To promote collaborative technology projects, programs, and activities that reflect comprehensive efforts to develop technology-based economic development initiatives that utilize high-speed broadband Internet as a platform.

(9) To encourage replicable and scalable Internet applications in government, health care, education, and business that will assist the communities of North Carolina to remain competitive with respect to knowledge of, and use of, as well as affordable access to the high-speed Internet.

(10) To promote the use of constitutionally valid protective actions to limit the electronic distribution of material that is considered obscene, as defined by G.S. 14-190.1(b), to children via the Internet.

(d) Limitations. – The Authority shall not have the power of eminent domain or the power to levy any tax, or to impose any charge, surcharge, or fees on telephone or telecommunications services..

(e) Reports. – The Authority shall submit quarterly reports to the Governor, the Joint Select Committee on Information Technology, and the Joint Legislative Commission on Governmental Operations. The reports shall summarize the Authority's activities during the quarter and contain any information about the Authority's activities that is requested by the Governor, the Committee, or the Commission."

SECTION 2. G.S. 120-123 is amended by adding a new subdivision to read:

"(77) The e-NC Authority created in Part 2F of Article 10 of Chapter 143B of the General Statutes."

SECTION 3. Section 5 of S.L. 2000-149 reads as rewritten:

"**SECTION 5.** This act is effective when it becomes law. The North Carolina Rural Internet Access Authority created in this act is dissolved effective December 31, 2003. This act is repealed effective December 31, 2003. Part 2E of Article 10 of Chapter 143B of the General Statutes and G.S. 120-123(71), as enacted by this act, are repealed effective ~~December 1, 2003.~~December 31, 2003."

SECTION 4. Sections 1 and 2 of this act become effective December 31, 2003, with the e-NC Authority hereby designated as the successor entity of the Rural Internet Access Authority that will dissolve on that date, as provided by Section 5 of S.L. 2000-149. The remainder of this act is effective when it becomes law. The e-NC

Authority created in this act is dissolved effective December 31, 2006. This act is repealed effective December 31, 2006. Part 2F of Article 10 of Chapter 143B of the General Statutes and G.S. 120-123(77), as enacted by this act, are repealed effective December 31, 2006.

HOUSE BILL 1194:
Establish e-NC Authority

BILL ANALYSIS

Committee:	Senate Information Technology	**Introduced by:**	Rep. Tolson
Date:	May 28, 2003	**Summary by:**	Brenda J. Carter
Version:	3rd Edition		Committee Counsel

SUMMARY: House Bill 1194 would create the e-NC authority to continue the work of the Rural Internet Access Authority.

CURRENT LAW: Chapter 149 of the 2000 Session Laws created the North Carolina Rural Internet Access Authority within the Department of Commerce to oversee statewide efforts to provide rural counties with high-speed broadband Internet access. The Authority was intended to serve as the central rural Internet access policy planning body of the State, working with State, regional, and local agencies and with private entities to implement a coordinated rural Internet access policy. A Commission consisting of 21 members was appointed to govern the Authority. Among the Authority's goals and objectives were the following:

- Within 1 year, local dial-up Internet access available from every telephone exchange;
- Within 3 years, high-speed Internet access available to every citizen at rates comparable throughout the State;
- By January 1, 2002, establish two model Telework centers;
- Development of government Internet applications to facilitate citizen interaction with government agencies and services;
- Significant increases in ownership of computers, related web devices, and Internet subscriptions promoted throughout the State.

The Authority was directed to submit quarterly reports to the Governor, the Joint Select Committee on Information Technology, and the Joint Legislative Commission on Governmental Operations. Each of seven regional partnerships designated in the North Carolina Rural Redevelopment Authority Act were directed to study the information technology infrastructure and information technology needs of each county within its particular region. The regional partnerships were authorized to contract with the North Carolina Rural Economic Development Center as needed, and to report the results of its study to the Joint Select Committee on Information Technology. The act became effective August 2, 2000, and is repealed effective December 31, 2003.

BILL ANALYSIS: **Section 1** of the bill creates the e-NC Authority within the Department of Commerce. The stated purpose of the Authority is to promote, manage, oversee, and monitor efforts to provide rural counties and distressed urban areas with high-speed broadband Internet access. A Commission consisting of 13 voting members will govern the Authority. The Governor will appoint 3 members of the Commission and 6 members will be appointed by the General Assembly. The State Chief Information Officer, the President of the North Carolina Rural Economic Development Center, the Executive Director of the N.C. League of Municipalities, and the Executive Director of the N.C. Association of County Commissioners will serve as ex officio, voting members. Terms of office for members of the Commission begin January 1, 2004. The Governor will designate one of his appointees to serve as chair of the Commission

The bill provides that the Authority is created within the Department of Commerce for organizational and budgetary purposes only, and the Commission is authorized to exercise all of its statutory authority independent of the control of the Department of Commerce. The North Carolina Rural Economic Development Center will provide administrative and professional staff support for the Authority under contract.

The bill sets out specific powers, duties, and goals of the Authority, including the monitoring and safeguarding of the investments made by the Rural Internet Access Authority in carrying out its functions under Chapter 149 of the 2000 Session Laws. The Authority is required to submit quarterly reports to the Governor, the Joint Select Committee on Information Technology, and the Joint Legislative Commission on Governmental Operations. The reports will summarize the Authority's activities during the quarter.

Section 2 of the bill amends G.S. 120-123 to provide that no member of the General Assembly may serve on the e-NC Authority.

Section 3 of the bill makes the repeal of the existing statutes governing the North Carolina Rural Internet Access Authority effective December 31, 2003, rather than December 1. This change makes repeal of the statutes consistent with the date the existing Authority will expire.

Provisions regarding the e-NC Authority would become effective December 31, 2003, with the e-NC Authority designated as the successor entity of the Rural Internet Access Authority, which is set to expire and dissolve on that date.

COMMENTS OF
WOODY BRINSON
EXECUTIVE DIRECTOR
DUPLIN COUNTY ECONOMIC DEVELOPMENT COMMISSION
TO
SENATE INFORMATION TECHNOLOGY COMMITTEE
JUNE 25, 2003

Chairman Reeves and other Committee Members

I am Woody Brinson, Executive Director of the Duplin County Economic Development Commission.

Thank you for giving me this opportunity to address you concerning House Bill 1194.

Prior to 1990, Duplin County was not connected to the rest of the world. But with the opening of I-40 through Duplin County and later the 4-laning of NC 24 from I-40 in Duplin County to the port of Morehead City, we became connected with a highway network.

But today to compete in a global economy you must have high-speed Internet connectivity. Because we were selected as one of the Telecenter projects of the RIAA, we are now getting connected again to the rest of the world. However we still have a long way to go and therefore encourage you and the General Assembly to approve House Bill 1194. Even though we operate public access sites in Duplin, Jones, and Onslow counties, where we had over 12,400 public access users in the first year, we still have many areas of our counties unserved. Over 40% of Duplin County is not served with anything other than basic dial-up, over 60% of Jones County only has basic dial-up, and even parts of an urban county such as Onslow still has many areas within high-speed access. If we are to have economic growth in our rural areas then we must have high-speed access available throughout all of North Carolina. The continuation of the efforts that have been started by the RIAA with the formation of the e-NC Authority is desperately needed.

Much has been said about the leadership of rural North Carolina. Our leadership is good but we still need ideas brought to us from Raleigh and even Washington. In rural areas we have a tendency to not think outside the box. What is even worse is that all too often we are only thinking inside of a very small box. We must first make the box bigger and then start thinking outside the box. Sometimes it does take an expert with a brief case traveling from Raleigh to get rural leaders to think outside the box and especially to think outside a larger box. The RIAA has gotten us to do this.

Because of assistance by the RIAA and our Telecenter grant we were able to land a company that was previously only looking at urban areas. However because we had the leadership support of the RIAA we were able to put together an effort that allowed the National Association of Safety Professionals to locate their North American Training headquarters in Wallace, North Carolina. All of their other operations are in Washington, DC (I did not name the company during my comments on Wednesday but you are welcome to use the name if you want to). Also we are presently working on recruiting another company from up north that is considering us because of this T1 connection.

However the cost is still too high – we have to pay $1650 per month for this service, which is about a mile from the central office of the local telephone company. The cost of such service needs to be addressed by the proper authorities (I may not have said this on Wednesday but had mentioned it in my email message to the Senate IT Committee members earlier in the week).

We need your help in rural areas. We have too much lack of cooperation – some of which can be traced back to high school football rivalries. We encourage you to continue to work to help rural areas of our great State to find a level playing field. If I can assist you and the Senate IT Committee please call on me. Thank you.

VISITOR REGISTRATION SHEET

Senate Committee on Information Technology — June 25, 2003

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
STAN PACE	VERIZON
Dwight Allen	NC Telephone Coalition
Dana Simpson	Smith Anderson
Bob Wells	N.C. Telephone Alliance
Camille Stell	KCLH
Margaret Westbrook	Kennedy Covington
TERRY LAWLER	MCI
Maya Sirur	RIAA
Malicia Lowman	RIAA
Pam Wescott	Sprint
Elizabeth Dalton	Bonet Assoc. / Sprint

VISITOR REGISTRATION SHEET

Senate Committee on Information Technology — June 25, 2003

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Vicky Young	OSA
KEVIN HUTCHINSON	OFFICE OF THE GOVERNOR
Patrick Woodie	Alleghany County Commissioner
Woody Brinson	Duplin County Economic Development Commission
Scotty Summerlin	Duplin County Econ. Dev. Comm.
Joanna Wright	RIAA
Charles Pittman	RIAA
Andrew Meehan	NC Assn. Elec. Cooperatives

VISITOR REGISTRATION SHEET

Senate Committee on Information Technology — June 25, 2003

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Charlie Queen Intern	RIAA
Jonathan Burnside Intern	RIAA
Jane Patterson	RIAA
Deborah T Watts	RIAA
Lee Mandell	NCLM
Marc Meyer	NC Assoc County Cmrs
John McHugh	Gov Office
[illegible]	[illegible] Assoc -
Don Herbert	NC DOC
[illegible]	[illegible]
Joe Foster	Verizon