

College: Garrett Community College
Location: McHenry, Maryland
Practice: Garrett Rural Information Cooperative
 Creating a non-profit cooperative to provide affordable Internet access in rural area

<i>Year Started</i>	1995
<i>Budget</i>	\$575,000
<i>Program Participants</i>	2,500+
<i>College FTE</i>	700
<i>Target Sector</i>	Telecommunications
<i>Staff Size</i>	10
<i>Structure</i>	self-sufficient, non-profit cooperative (spun out of college)
<i>Key Outcomes</i>	2,500 members (in 1998, upon independence from GCC) Firms locating in Garrett County to utilize GRIC

Introduction

Infrastructure has always been critical to development in rural areas. Countless communities have invested in industrial parks, sewer systems, and public facilities, knowing that without such infrastructure, the community would face a competitive disadvantage. The information age, however, has birthed a new infrastructure requirement: advanced telecommunications and high-speed Internet access. Unfortunately, service providers often bypass rural areas, focusing instead on higher density, and thus higher-profit, urban areas. Consequently, many rural communities lack this now obligatory business tool.

To remedy that situation, Garrett Community College in western Maryland established a non-

profit telecommunications cooperative in 1995 to provide affordable Internet and Wide Area Network access to its service area. The Garrett Rural Information Cooperative (GRIC), now an independent organization, continues to provide an isolated, mountainous region with cutting-edge telecommunications services.

Community Background

The three counties comprising western Maryland account for only 4.5 percent of the state's population. Garrett County (population 30,000), home of the college and cooperative, is the westernmost and smallest of the three counties.

Agriculture and forestry have historically driven

Program focus	Sector specific	Economic condition	Economic base			Target populations
			Mfg	Agr	Svc	
Technology diffusion and transfer	No	Stable	19	4.2	31	General, small firms

<i>Service Area</i>	<i>Garrett County</i>
<i>Total Population</i>	30,000
<i>Median Household Income</i>	\$26,000
<i>% Below Poverty Level</i>	15.8
<i>% Unemployment Rate</i>	10.6
<i>% Minority Population</i>	0.7
<i>% Rural Population</i>	100
<i>% High School Graduates</i>	68.4
<i>% College Graduates</i>	9.5

the county's economy. But more recently the region's natural amenities (state forests and parks account for 18 percent of the county's land area) and its proximity to the Washington, DC/Baltimore metro area have spurred a burgeoning tourist trade, which is now the region's major growth industry. The region has become a popular spot for outdoor recreation activities, such as snow skiing, white-water rafting, hiking, and mountain climbing and a popular spot for vacation homes.

The influx of tourist dollars has not, however, brought a concomitant increase in standard of living for the county's permanent residents. In order to raise incomes, the region needed to generate jobs that pay better than the jobs being created in the tourism, agriculture, and forestry industries. And in order to do that, it needed to improve its telecommunications infrastructure. Prior to the GRIC, the only Internet access in the county was via long-distance, dial-up; given the difficulty of attracting telecom companies to a rural area, the county turned to Garrett Community College for help in creating its own advanced telecommunications system.

Program Description

Established in 1971, Garrett Community College (GCC), the smallest of Maryland's 16 community colleges, has an enrollment of nearly 500 full-time equivalent students. The GCC prides itself in individualized instruction, with a 15-to-1 student-to-faculty ratio and innovative programs tailored to local needs. For example, GCC offers the nation's only degree program in adventure sports management, and it created a non-profit organization to

prepare students for entrepreneurial careers in outdoor leadership endeavors. The GRIC is another such innovative example.

Common in agriculture but not in other industries, cooperatives enable individuals and/or firms to jointly own infrastructure that would be too expensive to purchase on their own. They also enable member-owners to get better terms of trade on many products.

At the time of the Rural Information Cooperative's founding, GCC was the most advanced technology organization in the county and was therefore in a good position to initiate such a project. With a desire to venture into new communications technologies for use in distance learning and information technology specialists on staff, GCC had the motivation, vision, and capacity to take the lead in creating a telecommunications cooperative.

From the outset, the plan was to build a state-of-the-art telecommunications system specifically designed for a rural area. To achieve its goals, the college hired a telecom consulting company to work with original equipment manufacturers and design a system with multiple T-1 lines (subsequently upgraded to T-3 lines). The resulting Community Wide Area Network system—designed with cooperation from Hewlett-Packard, VTEL Corporation, Ascend Communications, and Galacti-comm—links GRIC's business and individual clients. The hardware is housed at GCC.

GCC created the cooperative as an auxiliary enterprise within the college and acted as fiduciary the first three years, with the intention of spinning off the cooperative as a private 501 (c)(12) organization when it became self-sustaining. Ramp-up costs were substantial, and the college's acting as a fiduciary for the fledgling cooperative helped to ensure that it would get appropriate funding. General Electric Capital provided GRIC with a five-year no-recourse lease-purchase agreement for hardware acquisition of the network/server, thus enabling the college to enter into a risk-free lease.

However, to enter into the lease agreement, the college had to secure start-up funding. The state of Maryland gave a \$90,000 grant to the college in 1996, as well as \$100,000 in the following year to cover one full year of lease payments. Additionally, in 1997 the non-profit Maryland Information Technology Center presented GRIC with a \$25,000 grant. Thus, the lease arrangement and grants supported the establishment and early operation of

GRIC while membership and service fees increasingly supported subsequent operation. The cooperative became a self-sustaining independent non-profit organization in 1998 and remains that way today. It now serves neighboring Allegany County as well as bordering areas of West Virginia and Pennsylvania.

A volunteer board of directors elected by the cooperative's members oversees policy, planning, and pricing. Members vote on the organization's future direction and services. GRIC bills itself as a public service organization rather than the profit-motivated business typical of the telecom industry. As such it maintains a greater commitment to its customers and community than would otherwise be possible.

While service costs have increased since the cooperative's inception (then \$9.95/month, unlimited access), it is still competitive with major metropolitan Internet rates. The price increases, approved by members, were initiated to finance system improvements.

Outcomes

By all indications, the Garrett Rural Information Cooperative has been both innovative and successful. By the end of 1997, GRIC attracted 1,200 members, and as of August 1998, the network had 2,500 members. A Maryland State Delegate said of the program: "...the business climate to support information based businesses was transformed, and entrepreneurs began to surface."

The businesses that have expanded or have been influenced to locate in Garrett County because of the telecommunication capabilities provided by GRIC are diverse. For example, a construction company uses GRIC's infrastructure to market welding and construction services worldwide, to keep in touch with its field engineers, and to communicate by e-mail with its customers. An aquatic center, a snail-raising business, a branch of a national real estate company, and a hobby-related magazine printer all use e-commerce extensively to market their products. A company that uses financial software to guide and counsel investors requires sophisticated telecommunications support, which GRIC was able to provide at competitive rates.

With the Internet becoming an increasingly essential business tool, localities throughout the

world realize that affordable and reliable communications systems are critical to attracting and retaining businesses. This is especially true in rural areas, where electronic communications can break down barriers of distance and transportation. However, because private telecom companies do not always act in communities' best interests, public sector action is often needed. GRIC is proof that the public sector can identify a need, envision a solution, and execute its own plan.

Strengths, Challenges, and Replicability

Although competition has emerged, resulting in a period of flat growth, GRIC continues to be the leading provider of telecommunications services in Garrett County. GCC will be constructing an information incubator to house up to 20 start-up information businesses on campus. They expect GRIC to be the leading provider of telecommunications services to these businesses.

Similar programs have the potential to succeed in many rural areas, if community cooperation and commitment is present. In a news report about the cooperative, the current GCC President stated: "If this experiment with as tiny a population base as Garrett County's can succeed, then any community can succeed."

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