

## Minorities Leading the Broadband Revolution

A five-part series on broadband access, adoption and literacy,  
Digital inequality and minority media ownership

April 12, 2010, 10 am – 1 pm, The Center at the Cathedral Plaza

555 West Temple Street, Los Angeles,

Guest Speaker, Commissioner Ryan

### Introduction

- I would like to thank Faith Bautista and the MABUHAY Alliance for inviting me to this event. It is a great pleasure to be here.
- In my prepared remarks I will address the state of broadband in the nation and in California with an emphasis on the digital divide and efforts we are undertaking at the PUC to help close it.
  - I know that many of you may be interested in some of the other issues we are currently dealing with at the Commission.
  - Hopefully, we'll take those up during the question and answer period.
- As many of you know, my background is primarily in energy and advocacy on environmental issues.
  - As a Commissioner I have a new opportunity to have an impact in those areas.
  - But the best part of being a Commissioner for me is expanding my horizon and learning about the other industries we regulate.
  - So I am very excited to be here talking about broadband issues.

- I am currently the assigned Commissioner in two forward looking, twenty first century proceedings, Smart Grid and Electric Vehicles.
  - One of my main concerns, as we move forward to modernize our electricity system in an environmentally friendly manner is to ensure that the fruits of these investments and improvements will be fairly distributed among different socio-economic groups of our society.
  - Without universal access to a robust broadband network this task is almost impossible.
- To achieve our energy goals, we need a smart grid that goes all the way from the customer through the meter, the distribution and transmission systems to the power plants.
- Without broadband access or high-speed internet, without resources and consumer education to use these sophisticated devices, we are not going to succeed in the energy world either.
- Broadband access goes much further than just changing our energy usage pattern. In today's world, a country, a city, a community, a family, even an individual cannot flourish and prosper without meaningful access to broadband.
- Before, we go any further; let's define what digital divide is:

- The common definition of digital divide is the gap between people with effective access to digital and information technology and those with limited or no access at all.
- There are a number of factors involved in the digital divide issue:
  - First is broadband deployment: access to high-speed internet through an adequate broadband network infrastructure;
  - Second is Broadband penetration – making sure that people are taking advantage of the available broadband infrastructure; this requires resources, such as a computer, software and knowledge of how to use them effectively.
- I don't think I need to tell this audience that the digital divide follows many of the fault lines in American society:
  - Income
  - Education
  - Race
  - Ethnicity
  - And rural versus urban
- Every generation has its own infrastructure challenges.
  - During the last century; our communications challenge was to bring wireline telephone services to every household in the nation -- twentieth century universal service.
  - In the twenty first century we must meet the challenge to bring broadband, resources, and technical knowledge to

every household in the nation -- twenty first century universal access.

- We need to work together to figure out how to overcome the digital divide, as a nation, as a state, and as a community.

### Connecting America: The National Broadband Plan

- In January 2009, President Obama tasked the Federal Communications Commission (FCC) with developing and submitting to Congress a National Broadband Plan.
- Last month the FCC released its comprehensive report, titled “Connecting America: The National Broadband Plan”.
- The FCC’s survey of the broadband infrastructure confirms what we already knew to be the on-the-ground realities in our communities:
  - Nearly 100 million, almost one-third of the US population, lack broadband at home and 14 million people living in 7 million housing units do not have access to broadband due to lack of infrastructure.
  - Different socio-economic groups have adopted broadband at considerably different rates.
    - Income and education are the greatest factors when it comes to broadband deployment.
      - Almost everyone (93%) with household income above 75,000 per year uses broadband. This is

two times higher than the usage of broadband among people with income below \$20,000 per year.

- People with college education currently use broadband four times more than the people with less than high school education.
  - Race and age also play an important role in the broadband adoption.
  - Available data also suggests that less than 10% of residents on Tribal lands have broadband available, due to many factors, such as, high build-out costs, limited financial resources, and other factors.

So what should we do about it? The plan calls for a number of actions for the next decade and some of the major goals and recommendations are:

- Connect 100 million households to affordable 100-megabits-per-second service, building the world's largest market of high-speed broadband users and ensuring that new jobs and businesses are created in America.
- Provide affordable access in every American community to ultra-high-speed broadband of at least 1 gigabit per second at anchor institutions such as schools, hospitals, and military installations.

- Move our adoption rates from roughly 65% to over 90% and make sure that every child in America is digitally literate by the time she or he leaves high school.
- Bring affordable broadband to rural communities, schools, libraries, and vulnerable populations by transitioning existing Universal Service Fund support from yesterday's analog technologies to tomorrow's digital infrastructure.

### Broadband in California

- What needs to be done in California and what should be the role of the Commission?
  - A recent study by *Public Policy Institute of California* on California's digital divide in June 2009 found patterns similar to the nation as a whole:
    - Nearly 1/3 of Californians are not using broadband
    - And education, income, and race play major roles in digital divide.
- We need to do better!
- California is the home of high tech industry. California has always been on the forefront of innovation, whether it's organic farming, civil rights, improving air quality or protecting our natural environment; we can not afford to fall behind!
- This is not just a moral imperative. It is a matter of economic survival.

## What have we (CPUC) done so far and what we are going to do?

- What is the PUC doing about this?
- Before I lay out the specifics, I need to emphasize that our jurisdiction in this area is very limited. But the Commission has not let this be an impediment to action.
- Over the last several years the Commission has undertaken several initiatives to address the expansion of broadband infrastructure.

## California Emerging Technology Fund (CETF)

- In 2005, the Commission ordered the establishment of California Emerging Technology Fund (CETF) as part of the mergers between SBC-AT&T and Verizon-MCI.
- As a condition of approval of the mergers, AT&T and Verizon were required to contribute to CETF a total of \$60 million over 5 years:
  - “for the purpose of achieving ubiquitous access to broadband and advanced services in California, particularly in underserved communities, through the use of emerging technologies by 2010”.
- CETF follows the principles of “venture philanthropy” and seeking partnership with stakeholders.

- CETF's goal is to quadruple its \$60 million in seed capital to achieve an impact of at least \$240 million by seeking an average of 1:3 matching funds across the entire portfolio.
- Through the end of 2008, the CETF board of directors has committed \$20 million of its seed capital and has released \$6.7 million in grant payments.

### California Advanced Services Fund (CASF)

- In 2007, the Commission established the California Advanced Services Fund as a two-year program to encourage deployment of high-quality advanced communications services to all Californians.
- The CSAF program provides matching funds of up to 40% of total project costs for broadband deployment in unserved and underserved areas.
- Later, senate bill 1193 (authored by Senator Alex Padilla) codified CASF and authorized up to \$100 million for the program, to be collected as a surcharge on end-users' telecommunications intrastate bills through the end of 2012.
- In 2009, the state Legislature, at the CPUC 's request, amended the statute to enable CASF funds to be used more effectively to leverage federal ARRA /Recovery Act grants.
- As of February 2010, the CPUC has approved 42 projects totaling \$87 million and more applications are pending.

- Currently pending is another bill by Senator Padilla, SB 1040. It would extend the sunset date of CASF to January 1, 2018 and increase the fund by \$125 million.
- The Commission's legislative sub-committee, to which I belong, has recommended that the entire Commission vote to co-sponsor this important bill.

### Digital Infrastructure and Video Competition Act (DIVCA)

- In 2006, the Governor signed into law AB 2987, the Digital Infrastructure and Video Competition Act (DIVCA).
  - DIVCA designated the Commission as the sole franchising authority for issuing state video franchises as of January 2007.
  - Among many other responsibilities, the Commission was tasked with gathering yearly data from franchise holders on their deployment of video and broadband services.
- DIVCA was intended to facilitate video competition for more California households, and promote deployment of broadband services.
  - Already more than 3,000,000 households now have video services available from AT&T or Verizon, in addition to the incumbent cable operator.

- In addition, with the support of a \$2.3 million ARRA mapping grant, the Commission is now collecting Availability data from all broadband providers in California by Census Block.
  - This effort will yield much more accurate broadband information from all broadband providers in the state, not just video franchisees.
  - The additional information will be useful to federal and state policymakers' decisions on regulatory and subsidy issues, and for evaluating broadband grant applications.
  - The Commission will also use funding from the grant to create a web-based, publicly available broadband availability map, searchable by address. People will be able to enter their address and be told who provides broadband service there, the maximum available speed, and the technology used.

### Conclusion

- In conclusion, during the last six years, the Commission has been taking initiatives to use every opportunity to expand high-quality broadband and make it more accessible to Californians.
- Although the Commission's jurisdiction is very limited, it has done quite a bit to expand broadband deployment and penetration through the CASF and CETF respectively
- But our work is far from done.

- Although most California households have access to broadband, we still need to figure out how we can increase utilization of this infrastructure. And in particular, we need to figure out how to support and encourage more broadband uptake in the low income and minority communities.
  - The Commission staff is currently in process of reviewing and digesting the FCC's Broadband National Plan report to identify how the federal mandates affect California and the role that we can play in achieving them.
  - We also need to hear from you. That's why I'm here today. And I should note that with me is Sepideh Khosrowjah, my Chief of Staff.
- We all need to put our minds together to figure out how each one of us -- me as a Commissioner and you as representatives of your communities -- can move forward toward this critical objective.
- I very much appreciate the opportunity to speak to you today, and look forward to hearing from you in the rest of the program and after.
- Thank you.