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Study: Broadband Providers Target Areas of Expected Economic Growth

[Broadband Data](#), [Broadband's Impact](#) January 15th, 2010

[Rahul Gaitonde](#), Reporter, [BroadbandBreakfast.com](#)

WASHINGTON, January 15, 2010 – Authors of a new study focus on California in their efforts to determine whether broadband boosts local economic development and found it's tough to determine because broadband providers target areas where they expect high economic growth anyway.

Researchers at the Public Policy Institute of California took a look at the expansion of broadband Internet service providers and reviewed the increase of jobs and wages to see if broadband affected employment. It became clear through research that the highest speeds are often in the most densely populated areas.

The researchers were able to determine that “broadband providers are explicitly targeting areas where they expect higher economic growth: Later employment growth does not predict earlier broadband growth. The evidence also indicates that population growth is not the main driver.”

However, the report “Does Broadband Boost Local Economic Development” does not dismiss the funding of broadband expansion. While there may not be a direct impact on jobs, it found that broadband does improve citizens’ overall quality of life and empowers them with overall better access to information.

To put together the study, researchers looked at maps dated Aug. 10, 2009, which show large rural and mountainous areas in the state without broadband access.

The fastest service, which is more than 100 mbps, is available in parts of the Sacramento metropolitan area. Service at speeds of 10 to 100 mbps is available throughout much of urban southern California, as well as Bakersfield and Napa and Solano counties. Speeds of 5 to 10 mbps are offered in most of the Bay Area, including Silicon Valley. These differences demonstrate that even among places with broadband availability, speeds can vary considerably. Much of the state appears to have no service at speeds of at least 500 kbps, which meets the definition of unserved or underserved.

The state has its own internal mapping initiative and broadband expansion programs that predate the recent American Recovery and Reinvestment Act. The original broadband expansion program was the Teleconnect Fund, which was established in 1996 to help get Internet access to schools, libraries and non-profits.

In 2006, the California Public Utilities Commission created the California Emerging Technology Fund and the California Advanced

Services Fund. AT&T and Verizon as a provision of their merger requests with SBC and MCI, respectively, funded the programs via a \$60 million contribution.

Taged with: [California broadband](#), [economic development](#), [Public Policy Institute of California](#)



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One Response to “Study: Broadband Providers Target Areas of Expected Economic Growth”

1. [dmower](#) Says:
[January 15th, 2010 at 6:39 pm](#)

I know from personal experience that this is not universally true. As the owner and operator of an ISP our target market is the niche that the big guys, – Telecoms, Cable outfits, etc. neglect or refuse to service—rural customers.

Such sweeping statements as this article presents, overlooks the “small businesses” that fill in the gaps.

We base our expansion plans more on the willingness and friendliness of county governments to provide us with a favorable environment than on other economic factors. We don’t even have to advertise...just drive our installation crew’s truck around and people run down the street after it to see if we will get them service.

In the 9 county area we are attempting to service, the county zoning regulations vary from ... no permit required to \$200 for a permit request and a county board of supervisors hearing plus 2 months to advertise the hearing, to install data poles we need to provide community (developments) with service. You can guess where we put our priority of effort – those jurisdictions which favor our expansion with the least cost and effort.

The fact is rural America is crying for wireless broadband service. The biggest barriers are:

1. Local government regulations both specifically to a county and consistently across counties in a region.
2. Lack of foilage penetration technology for wireless broadband
3. Available resources on which small ISPs can draw.

As I view it, all these stimulus awards are geared toward the larger ISPs who specialize in picking the low hanging fruit, not the smaller ISPs that actually are doing the drugery of bringing wireless broadband Internet to rural America.