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POLITICAL AND ISSUE BACKGROUND
Digital Bridge Trust Fund Act
HR 4477

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<u>**OVERVIEW**</u>

Why is federal legislation necessary to bridge the digital divide? Research shows that the gap between the proportions of different communities that have access to computers and the know-how of information technology is widening over time. Further, the quality of technological access and training is also widening between these communities. These disparities fall hardest along racial, ethnic, and income lines with poor and racial minorities having the least amount of access to computers and the Internet (see Appendix A). The Digital Bridge Trust Fund Act seeks to close these gaps by providing federal funding for community technology centers that will: 1) expand access to computers and the Internet in underserved rural, urban and Native American areas; and 2) provide the training necessary to effectively utilize computer technology.

The stakes are high.   The use of technology—particularly the Internet—has become a necessity for education, employment and information dissemination. As the gap between the technological "haves" and "have-nots" continues to widen, more and more people will lose out on jobs, economic development and civic participation. By providing free access to computers and the Internet, community access centers have the ability to provide minority groups, lower income, and less educated individuals with the same information tools as other connected Americans.

<u>**POLITICAL BACKGROUND**</u>

In 1995, the Commerce Department published its first report detailing disparities in computer and modem ownership. By early 1996, the term "digital divide" had became part of the lexicon. The first aspect of the divide to be addressed in the political arena concerned providing Internet access in public schools. During the Presidential election, President Clinton and Vice President Gore campaigned for a program that would subsidize school and library Internet access. This program, now known as E-rate, was signed into law as part of the Telecommunications Act of 1996 which preserved universal service.

Universal Service
The concept of universal service is relevant to the issue of the digital divide in that universal service is a telecommunications policy of complex phone subsidies that work to ensure all households have access to affordable telephone service. The policy has been in place since the 1950's. In 1996, Congress expanded the goal of this program to cover advances in telecommunications and information technologies, and required "reasonable comparability" of services and rates between rural and urban areas. The program includes four parts: 1) subsidies for schools and libraries; 2) subsidized phone service for low-income Americans; 3) funding to promote rural telemedicine via the Internet; and 4) subsidized phone service for Americans living in rural and isolated areas.

The E-rate program
The E-rate program requires telecommunications carriers to provide, upon request by an eligible school or library, commercially available telecommunications services at a discounted rate. Discounts range from 20 to 90 percent, with the highest discounts accruing to the most economically or geographically disadvantaged schools and libraries. According to figures from the Clinton Administration, the E-rate program is utilized by more than 80 percent of schools and provides Internet access for 30 million children in more than one million classrooms and 47,000 schools and libraries.

A bill has been introduced in the 106th Congress that would eliminate the E-rate program. The bill, HR 692, is currently in committee and is sponsored by Representative Tom Tancredo (R-CO) and co-sponsored by 38 Republicans.

Since December 1999, the Clinton Administration has made closing the digital divide a national priority through several administrative initiatives and budget proposals (see Appendix B). Under his lead, Democrats in the House and Senate have introduced a wide-range of bills on the digital divide. This year alone, twenty-two bills have been introduced in the House or the Senate. However, this flurry of activity does not mean there is strong bi-partisan support for federally funded programs that subsidize computer access. In fact, there are major differences in opinion on how the government should approach the problem of the digital divide.

POLITICAL ANALYSIS

Due to the newness of the "digital divide" issue, pinpointing supporters and opponents of programs aimed at narrowing the divide is particularly difficult. There is far from a consensus among policy-makers, think-tanks, civil rights groups and politicians—although traditional differences between the Republican and Democratic Party hold true (with Republicans preferring private market/free market solutions and Democrats preferring federally funded programs to help solve social inequalities). That being said, the key issues in the debate tend to concern the role of government in bridging the divide, the extent or existence of the problem, and the types of policies necessary to correct the problem.

Support and Opposition

Supporters
- The Clinton Administration
- Public Interest Advocates
- Members of Congress from the Democratic Party led by:
  - Representative Edolphus Towns (D-NY)
  - Representative Maxine Waters (D-CA)
  - Representative John Dingell (D-MI)
  - Senate Minority Leader Tom Daschle (D-SD)
- The Democratic party in general
- National Urban League
- Congressional Black Congress
- Civil Rights Groups
- Community Based Organizations

Opponents
- Republican Congressmembers
- The Republican party in general
- Conservative think-tanks, including the Cato Institute and the Heritage Foundation

Major Issues to Be Addressed
The following summaries are political generalizations (the lines are not so easily defined) of the arguments most cited against federal initiatives such as the Digital Bridge Trust Fund.

The Opponents' Perspective

- **"Divide" is an Exaggeration:** Access to the Internet is increasing in leaps and bounds. Over the last 5 years, the 'digital divide' has narrowed (not widened), and increasingly the demography of Internet users is

reflecting more and more the American population. Many proponents of this view cite that computer and Internet access has spread much more quickly than other similar technological advances such as televisions and radio. Another argument used to portray the divide as a 'sham' is the NTIA 1999 report that showed that between 1994 and 1998 computer ownership among blacks increased by 125%, while it increased only 72% among whites. Proponents of this view are generally considered politically conservative and include the Cato Institute, the Heritage Foundation and the Information Technology Association of America.

- **Market will Correct:** Over time the market will correct any divide (with competition, and hence price reduction) as broadband infrastructure is put in place and costs become even lower. Therefore, policies should focus on aiding free market practices and reducing regulatory hurdles that impede private investment in broadband deployment. Part of the free market argument points to the fact that the private market is already doing a good job of getting lower priced products to the market, that there are many free Internet services and that many PCs are now lower in cost than TVs. "If Americans really want a personal computer and access to the Internet, they can obtain them at very low cost" (Theirer, fellow at Heritage Foundation). Proponents of this view tend to be conservative and/or Republican and include the Cato Institute and the Heritage Foundation.

- **Offline by Choice:** Many who fall on the disadvantaged side of the digital divide do so by choice in the same way that many choose not to have a TV in their house. This argument is mentioned in an Heritage Foundation policy brief.

- **Education is the Real Issue:** Education is at the root of digital divide. Proponents of this view cite the NTIA's report that those with a college degree or higher are over eight times more likely to have a computer than the least educated and nearly sixteen times more likely to have home Internet access. Instead of focusing on providing the poor with computers, policies should focus on improving education (through school-choice policies such as vouchers). Proponents of this view are the Heritage Foundation and Daniel Akst of the Wall Street Journal. Some civil rights groups mention education as part of a broader argument that the digital divide is indicative of deeper structural/social problems that include discrimination (particularly in regards to infrastructure development in low-income communities).

Addressing the Issues

To ensure that the Community Technology Centers program receives wide-spread gubernatorial support, (the majority of governors are Republican) it is essential that the program design address the following issues:

- **Access is only the starting point:** Policies to increase access need to remember that 'access' is not an end in and of itself. In this sense, programs that address these needs can be viewed as one of many in a broader policy objective to reduce social isolation, reduce poverty and improve socioeconomic mobility. In order to effectively bridge the digital divide, programs that serve to increase access must include computer training not only on how to use software or the web, but on how these technologies are relevant to the user's life (ie., job skills, employment, information gathering, civic participation, etc.)

- **Regulatory ease:** The program must be able to accomplish the goals of improving access in rural and urban areas with as little administrative burden on the states as possible.

- **Community centers are cost-effective:** Research suggests that community access points are a cost-effective solution, since Americans without home Internet access are almost twice as likely to use public facilities than those with. The program's administrators need to outline the key benefits of opening community technology centers in underserved areas.

AREAS OF DISCRETION

While the Digital Bridge Trust establishes a Board of Trustees made up of 11 members from five different federal government departments, the law does not specify a *funding structure*, set *eligibility criteria* or provide mechanisms for *oversight* and *enforcement*. However, the Board is responsible for preparing and submitting an annual report to the President and Congress which entails that some level of federal oversight will be necessary. In implementing the Community Technology Centers program, the challenge will then be to provide the states' programmatic flexibility while allowing for some amount of federal oversight and programmatic guidelines. The key issues to be resolved are outlined below.

Funding Structure

The current trend in Congress is toward using block grants to implement federal programs. The advantage of block grants is that they allow for more local flexibility to tailor programmatic needs to their populations. The key disadvantage is that they make enforcement and oversight more difficult. No matter what funding structure is implemented (i.e., block grant to states, federal allocation directly to organizations, or some other scheme) there are key questions to be resolved:

1. Will there be a matching requirement?

    For example, the Department of Commerce's National Telecommunications and Information Infrastructure Assistance Program (TIIAP) funds Computer Access Centers by providing matching grants to a wide range of nonprofit organizations including schools, libraries, hospitals, public safety entities and state and local governments.

    (See Appendix B and C for more details.)

2. Who will cover the administrative costs involved if state-based implementation is chosen? One option is to identify a certain amount of the award to be used for administrative costs.

3. The law also requires that the funds be allocated in a way that rural and urban areas, and Native Americans, are each fairly served. What parameters will be establish to ensure fairness? How will technological barriers on Native American reservations and rural communities (i.e., no phone lines or electricity) affect the ability to open computer access centers?

Eligibility Decisions

1. What should be the requirements for eligibility? For example, should only certain types of organizations such as schools and non-profit organizations be eligible for the program funds? Should for-profit businesses be allowed to apply for the funds?

    For example, schools are not eligible for funding under the Department of Education's Community Technology Centers program (although the centers may be located at schools if they are dedicated to broad community use.) Instead, local and state education agencies are encouraged to apply.

    (See appendix C for complete details on the program.)

2. What kinds of activities can the funds be used for? Are there any restrictions? Is there a programmatic focus required, such as computer literacy or career skills development?

3. Should the program seek collaboration with existing partnerships or function independently?

There are several large private/public ventures aimed at increasing access to computer technologies in underserved communities. For example, PowerUp is a partnership of more than a dozen nonprofit organization and major corporations (including AOL) that have joined together open access centers in schools and community centers around the country. The states of Virginia and Illinois have allocated money to build PowerUp sites.

Another possibility may be to collaborate with a membership organization, such as The Community Technology Centers' Network (CTCNet), that acts as a resource for non-profit and community-based organizations seeking to establish community technology centers. CTCNet represents 250 affiliates with locations in 33 states and has consulted with HUD on its Neighborhood Network program.

Oversight

1. What federal agency should be responsible for overseeing the implementation of this program? The Office of Education Technology seems logical, but are there others that may be more suitable?

2. What kinds of bodies will need to be established to oversee local implementation? For example, should each State be required to establish a Community Technology Centers task force?

Enforcement

1. What will be the requirements for grant recipients to be in compliance with the programmatic guidelines? What programmatic measures will signal that goals are being met?

The Department of Commerce TIIAP program utilized site visits to increase the level of its onsite grants monitoring.

2. Should there be any penalties for non-compliance or misuse of funds?

3. What will be the States' or grantees reporting requirements? What information will be collected?

The Department of Commerce TIIAP program requires applicants to describe the design of the project's evaluation, a plan for implementing the evaluation and the resources to be allocated to the evaluation. The design has to address the methodological approach, how the data will be collected, how the data will be analyzed and how the findings with be reported and disseminated. The evaluation had to be linked to problems, solutions and outcomes identified in the proposal.

KEY STATISTICS ON THE DIGITAL DIVIDE

Key Disparities in Access and Ownership:

Research shows that the digital divide closely parallels socioeconomic cleavages, most notably:

- From 1997 to 1998, the gap for home Internet access between White and Black households grew by 37.7%, while from 1994 to 1998 the gap for computer ownership widened by 39.2%.

- While 95.7% of White households have a telephone, Black households lag behind at 87.8%, and rural Native American households come in last at 76.4%.

- Rural Native American households' access to computers (26.8%) and Internet (18.9%) lag behind the national averages of 42.1% and 26.2%.

- Hispanic households are roughly half as likely to own a computer as white households, and nearly 2.5 times less likely to use the Internet.

- Between 1997 and 1998, the White/Hispanic gap for Internet access widened by 37.6%. From 1994 to 1998, the computer ownership gap widened by 42.6%.

- Urban households earning incomes over $75,000 are twenty times more likely to have home Internet access than rural households at the lowest income levels.

- Between 1997 and 1998, the gap for home Internet access between those at the highest and lowest income levels widened by 29%.

- At home, those with a college degree or higher are over eight times more likely to have a computer than the least educated, and nearly sixteen times more likely to have home Internet access.

Rural Differences:
- At almost every income level, those households in rural areas are less likely to own computers than households in urban or central city areas.

- At every income level, households in rural areas are significantly less likely, sometimes half as likely, to have home Internet access than those in urban or central city areas.

- Black households in rural areas are 1/3 less likely to own a computer than the average U.S. Black household, and are 2/5 less likely to access the Internet than the average U.S. Black household.

Access points:

- 22.2% of Americans have Internet access from their homes, while 17.0% use the Internet outside the home. Nearly one-third (32.7%) use the Internet from my location (at home and/or outside the home.

- People without home computers are almost 1.5 times more likely than home computer owners to obtain outside Internet access through public libraries or community centers.

- More than half (56.3%) of Americans who use the Internet outside the home access it from work.

- The second most popular point of access outside the home is the Kindergarten-12th grade school (21.8%).

- For those accessing the Internet outside home, 8.2% of Americans use public libraries as an access point.

Internet Usage Trends:

- Of those accessing the Internet at home, 77.9% use it to e-mail; of that group, 93.6% use E-mail to communicate with family and friends.

- A majority of home users (59.8%) use the Internet for information searches.

- Over half of unemployed persons (53.9%) using the Internet at home are searching for jobs online. Outside the home, the same group is three times more likely to do an Internet job search than the national average (29.8% vs. 8.5%).

- Pursuing online courses and school research is equally popular inside and outside the home (36.1% and 38.8%, respectively).

- Outside the home, more than 65% of those making under $25,000 use e-mail to communicate with family and friends; that rate drops at higher incomes.

- Using the Internet at home for "job-related tasks" is far more common for those making above $25,000.

FEDERAL LEVEL INITIATIVES

➢ **U.S. Department of Agriculture** <**www.usda.gov**>
Finances the construction of the telecommunications infrastructure in rural America.
  • **Rural Utilities Service (RUS):** <**www.rurdev.usda.gov**>
      The Indian Telecom Training Initiative 2000 (ITTI 2000) – RUS is one of sponsors
        Provide Tribal Government Leaders with information to increase their options for finding telecommunications service solutions and to make decisions about telecommunications services for their tribal residents. ITTI 2000 will bring together Federal representatives, tribal representatives, telecommunications companies, and emerging technology firms to inform tribal governments about various facets of telecommunications services and how different technologies, regulatory rules, and government programs can be used to benefit tribal communities. ITTI 2000 will also identify various programs and resources available to tribal residents and governments to assist their efforts to secure access to and improve the affordability of telecommunications services on tribal reservations.
  • **Distance Learning and Telemedicine:**
      - Grant program to encourage, improve, and make affordable the use of telecommunications, computer networks and related technology for rural communities to improve access to educational and/or medical services.
  • **USDA computer donations**
  • **Research on Rural Telecommunications**
  • **Rural Task Force**

➢ **U.S. Department of Commerce** <**www.doc.gov**>
  • **National Telecommunications and Information Administration (NTIA)** <**www.ntia.doc.gov**>
      National Telecommunications and Information Infrastructure Assistance Program (TIIAP) provides matching grants to a wide range of nonprofit organizations including schools, libraries, hospitals, public safety entities and state and local governments, to help them make use of innovative technologies. A primary purpose is to bring these technologies and their benefits to inner-city and rural areas, and other groups that have difficulty assessing the information infrastructure.

➢ **U.S. Department of Education** <**www.ed.gov**>
  • **Educational Technology Programs:**
      - *Technology Literacy Challenge Fund***:** $425 million in FY2000; $450 million requested for FY2001 (a $25 million increase)
      - *Technology Innovation Challenge Grants:* $115 million in FY 1999; $146.2 million in FY 2000
      - *Preparing Tomorrow's Teachers to Use Technology:* $75 million in FY99, $75 million in FY2000
      - *Learning Anytime Anywhere Partnerships*: $10 million in FY1999, $15 million in FY2000
  • **Community Technology Center Program** <**www.ed.gov/offices/OVAE/CTC**>
      $10 million in FY1999, $32.5 million in FY2000
      The programs expand access to information technology and learning services through the creation of computer learning facilities in low-income communities. The technology at these centers is used for pre-school preparation, workforce development, after-school enrichment, and adult and continuing education. (see Appendix C for more details)

- ➢ **U.S. Department of Housing and Urban Development**   <**www.hud.gov**>
  - • **Neighborhood Networks**
    The programs utilize innovative private/public partnerships to establish computer-based multi-service centers to help people in public and assisted housing learn critical computer skills and prepare for 21st century jobs.

- ➢ **U.S. Department of Labor**   <**www.dol.gov**>
  - • **Corporation for National Service-Americorps**
    Digital Divide funds: School-Based grants that support efforts to help overcome the digital divide and provide digital opportunities. $12.5 million is available for the purpose of supporting AmeriCorps members and Learn and Serve participants in efforts to overcome the digital divide.

PRIVATE-PUBLIC PARTNERSHIPS

- • **3Com Urban Challenge: Building Connected Communities**
  In July 1999, 3Com, in partnership with The United States Conference of Mayors, created the Urban Challenge program, an innovative partnership that rewards forward-thinking cities with $100,000 grants in 3Com systems and services for technology initiatives designed to improve residents' lives.

- • **PowerUP: Bridging the Digital Divide**
  Unique partnership comprised of more than a dozen nonprofit organizations, major corporations and federal agencies that have joined together to launch a major new multimillion dollar initiative to help ensure that America's underserved young people acquire the skills, experiences and resources they need to succeed in the digital age. Based in schools and community centers around the country, PowerUP will provide young people with access to information on the Internet and will help them develop additional skills they need to succeed in the 21st century.

- • **The NetDay Digital Divide Initiative (NDDI)**
  Helps bridge the digital divide in schools in 16 selected low-income communities and to use those new high-tech schools as models for replication in other communities across the United States. This program was launched in spring 1999 with a startup grant from the Department of Education. This assistance includes resource procurement, management of community and school relationships and expectations, facilitation of model school components and the management of data from this laboratory environment.

OVERVIEW OF RECENT CLINTON ADMINISTRATION EFFORTS

- • President Clinton released document on "digital divide" in July 1999.
- • President Clinton proposed following programs in December 2000:

  - $2 billion over 10 years in tax incentives to encourage private sector donation of computers, sponsorship of community technology centers, and technology training for workers

  - $150 million to help train all new teachers entering the workforce use technology effectively in the classroom

  - $100 million to create up to 1,000 Community Technology Centers in low-income urban and rural communities

- $50 million for a public/private partnership to expand home access to computers and the Internet for low-income families

- $45 million to promote innovative applications of information technology for under-served communities

- $25 million to accelerate private sector deployment of high-speed networks in under-served urban and rural communities

- $10 million to prepare Native Americans for careers in information technology and other technical fields

<div align="center">**Appendix C**</div>

PROGRAM UP-CLOSE: Department of Education Community Technology Centers Program

Purpose:
To promote the development of model programs that demonstrate the educational effectiveness of technology in urban and rural areas and *economically distressed* communities. The Community Technology Centers provide access to information technology and related learning services to children and adults.

Economically distressed is defined as a city, county, census tract, zip code area(s), or neighborhood experience economic distress as evidenced by various means (including Department of Census poverty data, unemployment rates, and/or reduced and free-lunch counts).

Distribution of Funds:
The U.S. Department of Education, Office of Vocational and Adult Education, awards three-year grants on a competitive basis.

Use of Funds:
Funds may be used for a number of activities related to center start-up or expansion such as supporting a center coordinator and staff, acquiring equipment or networking capabilities, and developing or providing an array of learning services using the technology. Funding may be used for renovation, physical changes are permitted that enable a room, lab or facility to be wired or rewired for computer and Internet access. Renovations to make a room or set of rooms suitable for use as a computer lab are also permitted. Funds may be used to lease a building or to cover rent. There are no caps on the amount of grant funds that can be used for administration.

Eligible Applicants:
State and local educational agencies, institutions of higher education, and other public and private nonprofit or for-profit agencies and organizations.

Matching Funds Requirement:
Grant recipients must make available non-Federal contributions in cash or in kind at the following percentages: 1st year: 30%; 2nd year: 40%; 3rd year: 50%.

Range of Awards: $75,000 to $300,000 each year

Technical Assistance Workshops:
The Office of Vocational and Adult Education held technical assistance workshops to assist applicants in preparing grant applications at the following locations: Dallas, Chicago, Brooklyn, Los Angeles.

Competitive Priorities:
Preference is given (in the form of extra points in addition to any earned under the normal selection criteria) to applications that meet one or both of the competitive priorities:

Priority #1: Projects that demonstrate substantial community support of, and commitment to, the establishment or expansion of a community technology center or centers.

Priority #2: Projects that use the program funds to establish or expand a community technology center or centers in an Empowerment Zone, an Enterprise Community designated by the US Department of Housing and Urban Development or the US Department of Agriculture.