

Economic Benefits of Broadband Deployment

From: The Honorable Artur Davis

Sent By: nichelle.williams@mail.house.gov

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Dear Colleague:

As Congress begins its consideration of a substantial stimulus package to get the economy moving, we call to your attention two reports that outline how investment in broadband deployment and technology infrastructure will provide significant opportunities for short-term stimulus and job creation as well as longer-term economic and social benefits. **You may find of particular interest the Dunham report, which specifically delineates - by state and congressional district - the economic benefits of increased broadband deployment.**

The report, conducted by John Dunham and Associates, examines the impact of tax credits by state with a focus on the impacts of increased broadband deployment in rural areas and in advanced networks. The model identifies the number of jobs that would be created in construction related jobs (about one-third of the total), which are typically one-year jobs, while the remainder of the impact creates **permanent jobs** throughout the economy attributable to the productivity benefits of broadband investment. The nationwide impact of tax credits for rural and advanced broadband deployment in the first year would be the creation of a total 73,500 jobs, about one third (24,050) of which would be one-year construction related jobs. The remaining impact of the tax credit would be the creation of 49,450 permanent jobs. Thousands of additional jobs would be created in the out years (years two and three). Attached are state-by-state job numbers estimated by the Dunham report.

The second report, released by the Information Technology and Innovation Foundation (ITIF) and entitled, *"The Digital Road to Recovery: A Stimulus Plan to Create Jobs, Boost Productivity and Revitalize America,"* provides up-to-date analysis on how a significant investment in America's technology infrastructure in the form of broadband tax incentives and grants will directly spur significant job creation in the short term. Specifically, ITIF estimates that an additional investment of \$30 billion in America's IT network infrastructure in 2009 will create approximately 949,000 U.S. jobs.

Of the options available to Congress, ITIF recommends extending tax credits in order to spur the deployment of broadband to areas that currently do not have access. Of these estimated 10 million homes and businesses, ITIF estimates that **90 percent could be served** at an overall cost of about \$8.2 billion if tax incentives of \$3.6 billion were extended in this effort. In addition, ITIF concludes that providing strategic grants to upgrade networks for schools, libraries, hospitals, and government buildings as well as supporting federal funding to map broadband speeds throughout the country would be a worthwhile effort in eliminating the digital divide and helping to jump-start the economy.

We hope that you will find these reports useful and encourage you to review the Durham report, in particular, for specific information on the economic benefits of broadband deployment unique to your own district. The ITIF report can be accessed at: <http://www.itif.org/index.php?id=212> and the Dunham report can be accessed at <http://broadbandcensus.com/>.

Sincerely,

ARTUR DAVIS
Member of Congress

ALAN MOLLOHAN
Member of Congress