

CLOSING THE DIGITAL DIVIDE IDEAS

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1

Divider Title: _____

Digital Divide -- possible private sector commitments

Categories

I. Access

- Access in schools, libraries, community technology centers
- Access at home
- Access for people with disabilities
- Availability of broadband services

II. Awareness, Education, and Training

Think of a "pyramid" of increasingly sophisticated skills:

- Awareness of importance of information technology - motivation to "get connected"
- Basic computer literacy (ability to use the basic features of an operating system, use word processing software to create a text document, use e-mail to communicate with others, log-on to Internet)
- Information literacy. According to the American Library Association, an information literate person is "able to recognize when information is needed and have the ability to locate, evaluate, and use it effectively."
- Training sufficient for IT or IT-related occupations
- Training sufficient to be a creator or designer of IT-based products or services, Internet entrepreneur

III. Content, Applications

- Availability of content that gets all Americans interested in getting connected (e.g. web sites targeted to interests of minorities)
- Content and applications that could help empower low-income households and communities:

Examples

Software and digital information has an important economic characteristic that should be explored in the development of applications – namely, that the marginal cost of disseminating it to more people is almost zero. This could create a new economics for the delivery of social services. Traditionally, the cost increases proportionally to the number of people being served. This is not the case with software and digital information.

- a. *Micro-enterprises*: Create courseware that will give someone the skills they need to start their own business. Create an online toolkit that would walk someone through the steps needed to start their own micro-enterprise and obtain financing.
- b. *Adult literacy*: Develop courseware for adult literacy, GED equivalence, or English as a Second Language.
- c. *Local information*: Provide local information on public transportation, job opportunities, and child-care.
- d. *Job training*: Provide courses that allow low-income households to compete for higher-paying jobs.

Specific Example: SFWorks (a San Francisco non-profit) and e-learning company DigitalThink are working together on a program called “WELFARE-TO-WEB.” The program gives former welfare recipients who have entry-level jobs acquire skills such as the use of office software, programming, and networking using DigitalThink’s courseware. They are starting out with a pilot program, but hope to be able to scale to 3,000 participants within 2 years.

- e. *Public health*: Communities around the country are beginning to experiment with information technology to improve public health.

Example:

- One county is using geographical information systems to reduce childhood lead poisoning. Using a variety of data sets they can identify neighborhoods with concentrations of (a) older houses; (b) low-income households; and (c) children under 6.
- The Department of Commerce has given a grant to the Michigan Public Health Institute to develop an electronic childhood immunization network for the greater Detroit area. Currently, Michigan has the lowest rate of pre-school immunization. This network is allowing health care providers to have access to the immunization history of the child, generating automatic reminders for parents and doctors, and improving the ability of schools to track a child's immunization status.

f. *Strengthening parental involvement in education*

Example: Hillcrest Elementary School is an inner-city K-5 school in Orlando, Florida. 80 percent of the students received free or reduced-price lunches. Many of the students speak Vietnamese, Spanish and French and have limited english proficiency. The school purchased WebTV's that children could take home with them to improve their language skills. This also resulted in an increase in parental involvement, which had been low because of language barriers. Parents were encouraged to sign on with their children to help with lessons and to use the school's Web site, which features a weekly newsletter, the school calendar, the daily lunch menu, teachers' email addresses and parenting resources.

g. *Telementoring*

Specific examples of corporate commitments

1. Work with us to double the number of Community Technology Centers and increase their effectiveness.
2. Companies who hire low-income workers (e.g. participants in Welfare-to-Work) would provide PC plus Internet access as a "fringe benefit" -- participate in home access pilot program.
3. Companies would work with us and non-profit organizations to raise the level of awareness on importance of getting connected:
 - PSAs
 - Celebrity activities
 - Outreach with specific groups such as civil rights organizations and black churches
 - Market research on attitudinal/cultural barriers, targeted marketing (This is more of a commercial activity than a philanthropic commitment)
4. Internet kiosks in fast-food restaurants
5. Private sector assistance on teacher training
 - Work with us and teacher colleges to meet "every new teacher" goal - leverage the work of the CEO Forum and the Star Chart
6. Increasing minority participation in the IT industry
 - Example: ITAA working to develop a program to increase the number of minorities in the IT industry through internships

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7. Tele-mentoring - companies could commit to 50,000 - 100,000 telementors
 - HP has successful program
8. Reverse telecommuting - bring jobs to inner cities or Indian reservations that can be outsourced (entry-level programming, call center). For welfare-to-work - this solves two of the biggest barriers (transportation, child-care)
9. Private sector and/or foundation involvement in one or more "killer aps" - available to everyone for free
10. Disabilities-specific component:
 - Private sector commitments to make Web sites, software and tools accessible to people with disabilities
11. Digital Library for Education

"It is a time to build, to build the America within reach ... an America where every child can stretch a hand across a keyboard and reach every book ever written, every painting ever painted, every symphony ever composed."

- President Bill Clinton

- Example: Library of Congress was able to raise \$45 million in private sector and foundation money for "American Memory" project - digitization of material related to American history. These kind of projects help bridge the digital divide by providing everyone with "access to the same universe of knowledge."

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From Digital Divide to Digital Opportunity

During the Clinton-Gore Administration, access to computers and the Internet has exploded. In 1993, few people outside of our nation's universities had even heard of the Internet – today, over 100 million Americans have access to the Internet. Computer penetration has also risen from 24 percent of U.S. households in 1994 to 42 percent in 1998 as the cost of computers has declined.

Access to computers and the Internet and the ability to effectively use this technology are becoming increasingly important for full participation in America's economic, political and social life. People are using the Internet to:

- Find lower prices for goods and services;
- Work from home or start their own business;
- Acquire new skills using distance learning so that they can compete for higher-paying jobs;
- Make better informed decisions about their healthcare needs;
- Plan for a financially secure retirement;
- Track the voting record of their elected officials on the issues they care about; and
- Get more involved in the education of their children by communicating more frequently with teachers, and comparing the performance of their school with other schools in the region.

Unfortunately, there is strong evidence of a “digital divide” -- a gap between those individuals and communities that have access to these Information Age tools and those who don't. In some instances, this divide is actually widening. A July 1999 report from the Department of Commerce, based on December 1998 Census Department data, revealed that:

- Households with incomes of \$75,000 and higher are more than *twenty times* more likely to have access to the Internet than those at the lowest income levels, and more than *nine times* as likely to have a computer at home.
- Households with a bachelors' degree or more are more than eight times likely to have a computer than those households at the lowest education level.
- From 1994 to 1998, the percentage of white households with computers increased from 27.1 percent to 46.6 percent – while the percentage of black households with

computers increased from 10.3 percent to 23.2 percent. For households with incomes above \$75,000, however, the difference between white and black adoption of computers has virtually disappeared.

There are other aspects of the digital divide as well.

- Low-income households may not be as prepared to take advantage of the opportunities created by these new technologies, because of lower levels of functional and technological literacy.
- Certain minorities (Blacks, Hispanics, Native Americans) are under-represented in the IT industry. This is important because jobs in the IT sector pay almost 80 percent more than the private sector average.
- Telecommunications companies are less likely to offer advanced services (such as high-speed Internet access) to residents and businesses in rural areas or economically disadvantaged regions of the country. Advanced services may be more expensive or not available in rural America because of the lower concentration of customers (teledensity). There is at least anecdotal evidence to suggest that this is becoming an important factor in where businesses locate, particularly given the growing importance of e-commerce and e-business.
- Computers and content on the Web may be inaccessible to people with disabilities, unless they have been designed to be accessible.

Market forces, competition and technological progress will clearly help bridge the digital divide. The semiconductor industry is able to double computing power every 12 to 18 months – which has significantly reduced their cost. Companies are also developing low cost “information appliances” such as the WebTV – which is available for \$100. Competition between telecommunications companies and Internet Service Providers is driving down the cost of connectivity.

But clearly, a national campaign to help bridge the digital divide would help accelerate the rate at which we can create digital opportunity for all Americans. We should take advantage of these new technologies to bring America together – not to further divide us along the lines of race and class. A public-private partnership, with an important role for the government as catalyst and convenor – would help create “one America.”

1. Universal, affordable access to computers and Internet access at home

The President should set a goal of ensuring that every American that wants it should have affordable access to a computer and the Internet at home, by directly supporting the cost of Internet-connected computers for low-income households.

FY2000	\$0
FY2001	\$50 million

[Details of program still being worked out.]

2. Increase support for Community Technology Centers

The Administration's budget will include \$100 million for an expanded initiative to establish another 1,000 community technology centers in low-income neighborhoods across America. The goal of the initiative is to help close the "digital divide" by providing computers and Information Age tools to children and adults that are not able to afford them at home.

These community technology centers will help empower hundreds of thousands of low-income children and adults in a variety of ways:

- Children will be able to improve their performance in school by having access to high-quality educational software after school and prepare for the high-tech workplace of the 21st century by getting certified with an information technology skill.
- Adults will be able to use computers and the Internet to take a self-paced adult literacy course; get access to America's Job Bank to see what jobs are available; learn to type up a resume and cover letter using word processing software; learn to start up their own "micro-enterprise" or Web-based business, or acquire new training.

A survey of users of Community Technology Centers sponsored by the National Science Foundation concluded that they are effective mechanisms for bridging the digital divide, and giving low-income Americans the tools they need to succeed in the Information Age. Of the users surveyed:

- Two-thirds of the users were minorities;
- 62 percent had incomes of less than \$15,000;
- 65 percent took computer classes to improve their job skills, and 30 percent used the Internet to look for a job;
- 41 percent got homework help or tutoring at the center; and
- 87 percent said the center had made a difference in their life -- general improvement in their confidence, their outlook on life, and their future prospects; work-related benefits such as improved job skills, improved computer skills, and educational benefits; improved perceptions of

technology; social and community benefits; and appreciation for access to hardware, software.

3. Broadband Communities

The Administration will propose a \$25 million increase in programs that are designed to promote economic development such as EDA and the Department of Agriculture's Rural Utility Service – targeted to greater use of telecommunications for economic development. The types of projects that would be supported include:

- Aggregation of demand from companies and public institutions to encourage telecommunications companies to build out their networks to rural areas. The cost of high-speed Internet access can be 10 times higher (\$2,000 vs. \$200) in rural areas than in urban areas because of the cost of sending traffic to a far-away network "point of presence."
- Better use of rights-of-way to speed deployment and encourage competition between multiple telecommunications companies
- Deployment of high-speed networks to inner-cities to provide employment that can be "out-sourced" – such as data entry, call centers, and entry-level programming. This also solves some of the biggest obstacles associated with welfare-to-work – lack of affordable child care and public transportation.
- Lower-cost connectivity to industrial parks and business incubators.
- Trials of wireless and other technologies to find more affordable broadband alternatives for rural communities.

4. Telecommunications Opportunity Program

The Administration's budget includes a \$30 million increase in the Commerce Department's Telecommunications Opportunity Program (TOP), which is currently funded at \$15 million. This increase in funding would support partnerships between non-profits, foundations, companies, and state and local governments to:

- Develop applications of information technology that will help empower low-income Americans and communities;
- Demonstrate these applications on a pilot basis and evaluating the results;
- Develop strategies for replicating the results in other communities.

This is a highly successful and competitive program. Currently, the Commerce Department program can currently only fund 1 in 15 grants. A recent evaluation of the program found that every federal dollar generated an additional \$4 in matching funds,

project expansions, and new spin-off activities, and that 90 percent of the projects funded during the first 2 years kept going even after federal funding had stoppped.

5. Tax incentives

[Still under development.]

- Expanded tax credit for computer donations.
- Include computer literacy in basic education tax credit.

	FY2000	FY2001
Universal Home Access	\$0	\$50
Community Tech. Centers	\$32.5	\$100
Broadband Communities	\$0	\$25
Telecom Opp. Program	\$15	\$45
Tax Incentives		?
Total:	\$47.5	\$210

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January 5, 2000

Creation of a New Program for Increasing Home Access to the Internet

Introduction

The extraordinary growth of the Internet is rapidly changing the way Americans live, work, and communicate. These networks are swiftly making the dream of having “information at your fingertips” a reality. Those Americans with access to the Internet have an advantage in today’s information-based economy than those without. The Internet is rich with educational content, with health information, and with news, government and community information. In addition, many Americans now take advantage of the many transactional services now available on the Net, including online shopping and banking, travel reservations, and license renewals. The growth of the Internet has proven to be the engines of the 21st century economy.

While the Internet is bringing benefits to an increasing number of Americans, research shows that many are being left behind. NTIA’s series of *Falling Through the Net* reports have documented a significant and persisting gap in access to the Internet along the lines of income, education level, and geography. The most recent report in this series, *Falling Through the Net: Defining the Digital Divide*, published in July, 1999, showed that:

- * households with incomes of \$75,000 and higher are more than twenty times more likely to have access to the Internet than those at the lowest income levels, and more than nine times as likely to have a computer at home;
- * Whites are more likely to have access to the Internet from home than Blacks or Hispanics have from any location. Black and Hispanic households are approximately one-third as likely to have home Internet access as households of Asian/Pacific Islander descent, and roughly two-fifths as likely as White households; and
- * regardless of income level, Americans living in rural areas are lagging behind in Internet access. Indeed, at the lowest income levels, those in urban areas are more than twice as likely to have Internet access than those earning the same income in rural areas.

The report also showed that for many groups, the digital divide has widened as the information “haves” outpace the “have nots” in gaining access to electronic resources. The following gaps with regard to home Internet access are representative:

- * the gaps between White and Hispanic households, and between White and Black households, are now more than six percentage points larger than they were in

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1994; and

- * the digital divides based on education and income level have also increased in the last year alone. Between 1997 and 1998, the divide between those at the highest and lowest education levels increased 25 percent, and the divide between those at the highest and lowest income levels grew 29 percent.

Kids and Media at the New Millennium, a recent report by the Kaiser Family Foundation, showed that for children, the digital divide is not in the schools, but in homes. Their study revealed that:

- * while the percentage of schoolchildren that had access to computers at school was comparable for children from both low-, middle-, and high-income families, schoolchildren from high-income families were twice as likely as children from low-income families to have access to computers in their homes; and
- * white children were roughly twice as likely to live in homes with Internet access than were Black or Hispanic children.

The goal of the Home Access to the Internet program would be to help close the digital divide by providing targeted investments to bring these at-risk populations online. NTIA would build on its experience in supporting information infrastructure in low-income communities (through the Technology Opportunities Program, formerly known as the Telecommunications and Information Infrastructure Assistance Program) and in documenting and analyzing the digital divide (through the *Falling Through the Net* series).

Funding Vehicle

There are two approaches to implement this program. The first approach is to set up a not-for-profit corporation supported by private sector and other stakeholders. NTIA could oversee this corporation, which would be responsible for defining minimum technical standards for participation in the program, recruiting corporate sponsors and content partners, raising awareness, collecting and disseminating “best practices” that emerge, and sponsoring research.

A concern with this approach is the legality of creating a new corporation. The FCC’s creation of the Schools and Libraries Corporation and the Rural Health Care Corporation raised this legal

¹ “FCC Lacked Authority to Create Corporations to Administer Universal Service Programs,”

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issue. The General Accounting Office (GAO) testified before Congress that the FCC did not have the statutory authority to create the corporations.¹ The GAO cited the Government Corporation Control Act, which requires that agencies have specific legislative authority in order to “establish or acquire” a corporation to act as a government agency. Unless specifically authorized legislatively by Congress, NTIA would not have the authority to create a new corporation. The creation of a not-for-profit corporation to administer the E-rate program also encountered political difficulties, as the program was attacked by members of Congress for a variety of reasons, including the salaries of the corporations’ top officers and alleged inefficiencies. Seeking the authority from Congress to create a new corporation for home access may prove problematic and may open to the door to legislative attempts to attack the schools and libraries program.

A second approach is to create a matching grant program within NTIA that would fund locally-driven solutions. NTIA currently operates two competitive grant programs, the Public Telecommunications Facilities Program (PTFP) and the Technology Opportunities Program (TOP, formerly the Telecommunications and Information Infrastructure Assistance Program, or TIIAP). PTFP is authorized by Section 392 of the Communications Act. TIIAP was created in fiscal year 1994 by Congressional appropriation based upon the authority in Section 392. In fact, each annual appropriation for TOP cites Section 392 as the authorization for TOP. The grant making authority given NTIA by Section 392 is sufficiently broad that it could be used to authorize new grants to increase home access to the Internet. This approach would obviate the need for Congressional authority beyond the requirement for appropriated funds and attendant appropriations language and thus offer greater potential for starting the program in fiscal year 2001.

In addition to the legal authority to create a new grant program, NTIA has the infrastructure and the institutional knowledge to start up a program designed to create increased home access to the Internet. As manager of two competitive grant programs, NTIA currently awards and monitors hundreds of millions of dollars in federal investments. Moreover, NTIA’s TOP program has significant experience with the very topic that would be the subject of the new program. In 1994, for example, TOP (then TIIAP) funded the Making Healthy MUSIC project in Newark, New Jersey. This project created a community network with access points in a public school and in the homes of 30 community “captains.” The project demonstrated the value of home access and led to a number of positive outcomes, including increased school attendance. The project also demonstrated the importance of intensive training and local content in encouraging and

testimony of Robert P. Murphy, General Counsel of the General Accounting Office, before the Subcommittee on Telecommunications, Trade and Consumer Protection, Committee on Commerce, U.S. House of Representatives, March 31, 1998.

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sustaining the use of computers in the home.² TOP also funded a project in School District 196 in Rosemount, Minnesota, which provided low-income 4th graders with laptops. Like the Making Healthy MUSIC project, this project emphasized training and community connections. Preliminary evaluations of this project showed that students reported increased self-esteem and motivation and improved academic performance.³ TOP continues to explore the issues surrounding home access for underserved populations with new grants announced in October, 1999:

- * The City of Oakland, California, in partnership with IBM, will install thin client terminals in the homes of public housing residents, who will work to meet educational challenges and learn specific computer skills to improve their employability;
- * Community Preservation and Development Corporation, in Washington, D.C., in partnership with Microsoft Corp., will be providing a low-income community housing project with networked computers to deliver broadband Internet connectivity and affect employability and educational performance; and
- * The Shepherd Center, in Atlanta, Georgia, in partnership with Mindspring Enterprises, will be using a high-speed Internet testbed to provide rehabilitation services to patients and support for their family members and caregivers in their homes.

On one level, TOP's experience has provided valuable lessons — what works — in how to implement these projects in local communities. On another level, TOP has learned about the many grant making issues (such as equipment ownership and privacy, security, and acceptable use policies) associated with support for individual homes.

For the reasons above, we recommend that the program be designed as a grants program that would be managed directly by NTIA. The rest of this paper will outline the details of the program.

² For more information on the Making Healthy MUSIC project, see *Networks for People: TIIP at Work*, National Telecommunications and Information Administration, 1997.

³ For more information on Independent School District 196's project, see *How Access Benefits Children: Connecting Our Kids to a World of Information*, National Telecommunications and Information Administration, 1999.

DRAFT FOR DISCUSSION ONLY

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Overall Approach

The new program would build on the lessons of NTIA's highly successful Technology Opportunities Program (TOP). Through six years of supporting and evaluating projects that demonstrate innovative information technology applications in low-income communities, TOP has built an extensive base of knowledge on issues, challenges, and effective solutions. In particular, the Home Access to the Internet program would be designed around two of the hallmarks of the TOP program: 1) locally-driven solutions; and 2) public-private partnerships. NTIA's experience has shown that the most creative, innovative, and effective solutions come not from the federal government, but from local communities. Therefore, NTIA would not dictate acceptable solutions for providing Home Access to the Internet. Instead, NTIA would challenge low-income communities to devise solutions that best reflect their circumstances and best meet their needs. NTIA's experience has also shown that strong partnerships and broad community support are key ingredients in sustaining information technology projects. The Home Access to the Internet program would encourage community-based partnerships and partnerships among local organizations, academia, and private industry. In order to demonstrate the local and private sector commitments, applicants would be required to provide matching funds.

NTIA's experience in managing TOP and in analyzing digital divide data has show that bridging the digital divide requires solutions for providing Internet access, for giving people the skills to use the Internet, and by providing meaningful, relevant applications for people to use. The Home Access to the Internet program would provide three types of grants.

- 1) Planning grants, which would give targeted communities the opportunity to explore different options for bringing low-cost Internet access to low-income individuals and families.
- 2) Access grants, which support communities' efforts to provide both low-cost Internet access and training on computer, Internet, and information literacy skills to low-income individuals and families.
- 3) Sustainable Applications grants, which would give communities the resources to deploy proven models of valuable web-based applications. These applications would provide low-income individuals and families access in their homes to Web-based services such as education, job training and job placement, telehealth, community networking and government services.

NTIA would use the data from the *Falling Through the Net* survey to target the program's resources and as an ongoing performance measurement tool. First, survey data would identify the communities and populations most in need of assistance, initially and on an ongoing basis.

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Second, NTIA would monitor annual survey data to gauge the effectiveness of the program in improving home access in targeted communities and populations.

Program Eligibility

The program would provide grants to eligible organizations that would be serving eligible individuals, families, and communities. Eligible organizations would include state, local, and tribal governments, colleges and universities, and nonprofit organizations. NTIA's experience has shown that the roles of these organizations varies from community to community. For example, in some communities, local governments are most effective in meeting technology needs, whereas in others, local community colleges play leadership roles. Opening eligibility to this range of organizations would give communities the necessary flexibility to devise the solutions that best suit them.

For planning and sustainable applications grants, the unit of eligibility would have to be determined by the geographic area served. In some rural areas, a project may span several counties, whereas in a city, a project may focus on a single neighborhood. One approach would be to have the program define eligibility in terms of overall community demographics in terms of poverty (e.g. percentage of households with incomes below the poverty level), geography (e.g. population per square mile), education level (e.g. percentage of adults that have completed high school), and race (e.g. percentage of residents who are Black, Hispanic, or Native American⁴).

For access grants, the unit of eligibility would be the household. NTIA would use standard government indicators of poverty, which may vary depending on the availability of funds. One approach would be to set the mark based on income level in terms of percentage of the poverty level and the percentage would slide up or down based on the total amount of funds available to award. This percentage could also be varied according to the population, since *Falling Through the Net* has shown that income alone does not account for the disparities in access. For example, the percentage could be set higher for rural populations or minority populations, although such variations would not be without controversy. Practical considerations may also necessitate a simpler approach, such as tying household eligibility for this program to eligibility for certain federal entitlement programs.

One of the trade-offs in allowing for significant local flexibility is the concern that some local solutions may involve unacceptable elements. Therefore, NTIA would have to impose some requirements related to acceptable use of the Internet. Award conditions could require that grantees develop and enforce acceptable use agreements with all individuals receiving support

⁴ The 1999 *Falling Through the Net* report showed that Blacks and Hispanics have less Internet access than Whites, even when controlling for income. Although the study did address Native American access, it is widely understood that Native Americans have significantly less access to the Internet than Whites.

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under the program. The use agreements would be developed locally (although NTIA could provide sample agreements) and would address issues such as access to inappropriate materials, inappropriate conduct, and continued use of any equipment or services.⁵ In addition to acceptable use, NTIA would also have to develop policies that would place limits on the types of advertising that could be used to reflect corporate sponsorship (e.g. limiting ads that promoted alcohol or tobacco use). As is the case with TOP grants, Home Access grantees would also have to develop policies that safeguard the privacy of the individuals involved in the program.

In the initial year of the program, NTIA could develop these policies and issue them through a notice in the Federal Register. After the first year, these policies could be vetted through a formal rulemaking process that would result in formal program regulations.⁶

Criteria for Support

NTIA would base its awards on the eligibility of the organization, the eligibility of the targeted individuals, families, and communities, the availability of funds, and published criteria. The primary criteria for award could include:

- * *Need.* In addition to the question of eligibility, the limit on funds available would dictate the need to set priorities based on need. These priorities would be dictated by relative levels of poverty, minority representation, and education level of the targeted populations.
- * *Community Involvement.* NTIA would require partnerships of community-based organizations. In addition, this criterion would examine the degree to which a grant applicant has involved community stakeholders (including potential end users) in a needs assessment and planning process.
- * *Private Sector Involvement.* NTIA would require involvement and support of private sector corporations. In particular, NTIA would require hard commitments of matching funds or in-kind contributions such as equipment, training, or communications services. NTIA could also explore ways to hold private sector companies accountable to their commitments.
- * *Feasibility.* NTIA would examine the soundness of the technical plans and the likely

⁵ NTIA currently requires all TOP grant recipients to provide acceptable use plans.

⁶ NTIA's TOP program does not have formal regulations. Its rules are issued annually through a Notice of Availability of Funds.

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effectiveness of the approach. Of particular importance would be the comprehensiveness of the approach — whether the applicant has provided the access, training, end user support, and other services necessary to make Internet use a meaningful experience to the targeted end users.

Performance Measures

NTIA would measure the effectiveness of the program on two levels — in the community and at the national level. First, NTIA would develop standard metrics for each access grant. Grant recipients would be required to report regularly on such items as the number of households connected to the Internet (and the demographics of those households), the number of those households that have remained connected and active, and the number of people trained. In addition, NTIA could require surveys that profile how individuals and families receiving assistance are using the Internet (e.g. for education, home banking, health information). These data would be aggregated at the program level and would give NTIA information on the degree to which the program is reaching the targeted populations for the purposes intended.

At the national level, NTIA would use the annual *Falling Through the Net* survey to examine the digital divide as a whole. The survey data would indicate the extent to which the program is helping to close the gaps based on income, education level, race, and geography. In particular, NTIA could examine the growth rates among targeted populations and look for accelerations in those rates. In addition to providing NTIA with a yardstick for measuring the program's overall effectiveness, the data would assist NTIA in identifying the communities to be targeted.

Department of Commerce
National Telecommunication and Information Administration
Home Access Program

FY 2001 Budget Initiative
Grants to Support Access to the Internet at Home for All Americans

Appropriation:	+\$50.0 million	Permanent Pos. +15	FTEs: +15
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A component of the Digital Divide Initiative, this program will make targeted investments to communities and populations that research shows are lacking in access to the Internet.

To ensure that access to the Internet is an opportunity afforded to all Americans, the Administration proposes the creation of a new program that would provide low-income individuals and families with the connections, training, and support necessary for full participation in today's increasingly online society.

Explanation and Justification

The extraordinary growth of the Internet is rapidly changing the way Americans live, work, and communicate. These networks are swiftly making the dream of having "information at your fingertips" a reality. Those Americans with access to the Internet have an advantage in today's information-based economy than those without. The Internet is rich with educational content, with health information, and with news, government and community information. In addition, many Americans now take advantage of the many transactional services now available on the Net, including online shopping and banking, travel reservations, and license renewals. The growth of the Internet has proven to be the engines of the 21st century economy.

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The report also showed that for many groups, the digital divide has widened as the information “haves” outpace the “have nots” in gaining access to electronic resources. The following gaps with regard to home Internet access are representative:

- * the gaps between White and Hispanic households, and between White and Black households, are now more than six percentage points larger than they were in 1994; and
- * the digital divides based on education and income level have also increased in the last year alone. Between 1997 and 1998, the divide between those at the highest and lowest education levels increased 25 percent, and the divide between those at the highest and lowest income levels grew 29 percent.

Kids and Media at the New Millennium, a recent report by the Kaiser Family Foundation, showed that for children, the digital divide is not in the schools, but in homes. Their study revealed that:

- * while percentage of schoolchildren that had access to computers at school was comparable for children from both low-, middle-, and high-income families, schoolchildren from high-income families were twice as likely as children from low-income families to have access to computers in their homes; and

- * white children were roughly twice as likely to live in homes with Internet access than were Black or Hispanic children.

The goal of the Home Access to the Internet program is to bridge the digital divide by providing targeted investments to bring these at-risk populations online. NTIA will build on its experience in supporting information infrastructure in low-income communities (through the Technology Opportunities Program, formerly known as the Telecommunications and Information Infrastructure Assistance Program) and in documenting and analyzing the digital divide (through the *Falling Through the Net* series).

This new program will build on the lessons of the highly successful Technology Opportunities Program (TOP). Through six years of supporting and evaluating projects that demonstrate innovative information technology applications in low-income communities, TOP has built an extensive base of knowledge on issues, challenges, and effective solutions. In particular, the Home Access to the Internet program would be designed around two of the hallmarks of the TOP program: 1) locally-driven solutions; and 2) public-private partnerships. NTIA's experience has shown that the most creative, innovative, and effective solutions come not from the federal government, but from local communities. Therefore, NTIA will not dictate acceptable solutions for provide Home Access to the Internet. Instead, NTIA will challenge low-income communities to devise solutions that best reflect their circumstances and best meet their needs. NTIA's experience has also shown that strong partnerships and broad community support are key ingredients in sustaining information technology projects. The Home Access to the Internet program will encourage community-based partnerships and partnerships between local organizations, academia, and private industry. In order to demonstrate the local and private sector commitments, applicants will be required to provide matching funds.

NTIA will use the data from the *Falling Through the Net* survey to target the program's resources and as an ongoing performance measurement tool. First, survey data will identify the communities and populations most in need of assistance, initially and on an ongoing basis. Second, NTIA will monitor annual survey data to gauge the effectiveness of the program in improving home access in targeted communities and populations.

Strategic Intent

The initiative contributes significantly to major themes of the Department of Commerce's mission. The first theme is to build for the future and promote U.S. competitiveness in the global marketplace by strengthening and safeguarding the nation's economic

infrastructure. Funding for this program will strengthen the nation's workforce by providing more Americans with the skills necessary to compete in the new economy. Secondly, this program will help keep the nation competitive with cutting-edge science and technology and an unrivaled information base by expanding the user base of advanced network technologies.

The proposed program also supports two goals of NTIA's Strategic Plan:

- promote the availability and sources of advanced telecommunications and information services; and
- advance the public interest in telecommunications, mass media, and information.

Performance Measures

Measuring the program's effectiveness will involve an assessment of both output and outcome measures. Outputs will include:

Number of applications awarded

Number of partners represented by the applications funded

Outcomes will be examined on two levels — in the community and at the national level. First, NTIA would develop standard metrics for each access grant. Grant recipients would be required to report regularly on such items as the number of households connected to the Internet, the number of those households that have remained connected and active, and the number of people trained. These data would be aggregated at the program level and would give NTIA information on the degree to which the program is reaching the targeted populations for the purposes intended.

At the national level, NTIA would use the annual *Falling Through the Net* survey to examine the digital divide as a whole. The survey data would indicate the extent to which the program is helping to close the gaps based on income, education level, race, and geography. In particular, NTIA could examine the growth rates among targeted populations and look for accelerations in those rates. In addition to providing NTIA with a yardstick for measuring the program's overall effectiveness, the data would assist NTIA in identifying the communities to be targeted.

DRAFT January 6, 2000



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The following table provides the basis for the measures of the program's effectiveness and performance:

	<u>FY 2001</u>	<u>FY2002</u>	<u>FY 2003</u>	<u>FY2004</u>	<u>FY 2005</u>
<u>Outputs:</u>					
Applications awarded (1)	150	135	125	115	110
Number of states participating in program	50	50	50	50	50
<u>Outcomes:</u>					
Number of households connected to the Internet (1)	50,000	60,000	70,000	80,000	85,000
Number of people trained on Internet applications	65,000	75,000	85,000	100,000	110,000

Note:

(1) The decreasing number of awards increase in the number of households connected per year reflects a shift from smaller planning grants to larger grants that would provide the Internet connections and training to low-income communities.

Number and Percent of Families in Poverty by Number and Age of Related Children and Poverty Level, 1998

	Income (based on family of 4)	All families*		Families with children		Families with 2+ children		Families with children 11 to 13 years old		Families with children 14 to 17 years old	
		Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number	% of total
All incomes		114,615	100.0	37,756	100.0	21,929	100.0	10,619	100.0	12,474	100.0
<= 200% of poverty level	\$33,400	37,377	32.6	13,288	35.2	8,624	39.3	3,857	36.3	3,923	31.5
<= 175% of poverty level (~free/reduced lunch eligibility)	\$29,225	31,916	27.9	11,284	29.9	7,347	33.5	3,244	30.6	3,306	26.5
<= 150% of poverty level	\$25,050	26,669	23.3	9,467	25.1	6,204	28.3	2,707	25.5	2,785	22.3
<= 100% of poverty level	\$16,700	15,913	13.9	5,864	15.5	3,870	17.7	1,669	15.7	1,716	13.8

Source: 1999 Current Population Survey March Supplement

Numbers in 1000s

*Also includes unrelated individuals and unrelated subfamilies

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THE CLINTON-GORE ADMINISTRATION: WORKING TO BRIDGE THE DIGITAL DIVIDE

December 9, 1999

Today, President Clinton will announce that he intends to lead a New Markets trip in the Spring of 2000 to focus national attention on the digital divide -- the growing division in the United States between information "haves" and "have-nots." This issue has also been a top priority for Vice President Gore, who has worked to bridge the digital divide by ensuring that all of our children have access to educational technology. To support this effort, President Clinton today will issue a Directive to members of his Cabinet to take specific actions to close the digital divide, such as expanding Community Technology Centers in low-income urban and rural neighborhoods, continuing to measure the extent of the digital divide, and helping low-income workers gain the skills they need to compete for high-paying information technology jobs. He will also announce several commitments from the private sector and non-profit organizations that will help address this challenge, including: a commitment of the Congress of National Black Churches to make this issue a top civil rights priority; the creation of the Digital Divide Network, a comprehensive clearinghouse of state and local efforts to bridge the digital divide; and the establishment of the Digital Opportunity Partnership, an alliance between the private sector and the Leadership Conference on Civil Rights that will help bring civil rights organizations into the 21st century.

In Pledging to Close the Digital Divide, the President Will Be Joined Today By: Duane Ackerman, Chairman and CEO, BellSouth Corporation; Michael Armstrong, Chairman and CEO, AT&T; Zoe Baird, President, Markle Foundation; Richard Brown, Chairman and CEO, EDS; Stephen Case, Chairman and CEO, America Online; Darien Dash, CEO, DME Interactive Holdings; Tessie Guillermo, Exec. Dir., Asian and Pacific Islander American Health Forum; Wade Henderson, Exec. Dir., Leadership Conference on Civil Rights; Roberta Katz, CEO, Technology Network; Susan Masten, President, National Congress of American Indians; Jorge Schement, Board Member, Benton Foundation; and Irma Zardoya, Superintendent, District 10, New York Public Schools.

Today's announcement comes as Secretary of Commerce William Daley convenes a summit on the digital divide with these and other prominent high-tech CEOs and leaders in the civil rights, educational, and non-profit communities.

I. FROM DIGITAL DIVIDE TO DIGITAL OPPORTUNITY

President Clinton will make several announcements that will help bridge the digital divide and create digital opportunity for more Americans.

1. **A New Markets trip to disadvantaged urban and rural communities to focus national attention on the digital divide:** The President will lead a New Markets trip next spring designed to mobilize a significant private and public effort to close the digital divide. This trip, which will include leading high-tech CEOs, will highlight communities that are using information technology to enhance our children's education, expand access to life-long learning, and create economic growth and high-tech, high-wage jobs. Previous New Markets trips -- to communities such as Appalachia, the Mississippi Delta, Newark, and Chicago -- have served as a catalyst for new public-private partnerships to expand opportunity in those regions of the country that have not yet reaped the benefits of America's economic expansion.
2. **A directive to members of the Cabinet to take specific actions to address the digital divide:** President Clinton is directing members of his Cabinet (Secretaries of Commerce, Education, Health and Human Services, Housing and Urban Development, and Labor) to take specific steps to close the digital divide, including:
 - Continuing to measure the nature and extent of the digital divide by examining the importance of income, education, race, gender, geography and age to Americans' access to Information Age tools;

- Expanding the network of Community Technology Centers to provide access to technology for those American who can't afford it;
- Promoting applications of the Internet that will empower low-income families, such as the ability to start their own business; and
- Upgrading the IT skills of workers in low-income communities.

3. **Digital Divide Network:** Companies from across the computing, telecommunications, software, and Internet industries – as well as the Urban League and several of the nation's largest private foundations – are coming together to launch the Digital Divide Network. The network is an Internet-based clearinghouse for information on public and private efforts to bring technology to underserved communities. For the first time, America will have a one-stop shop for tracking our progress and for learning exactly what has worked and what has not.

4. **Digital Opportunity Partnership** The Leadership Conference on Civil Rights is working with many nonprofit organizations and private-sector companies to launch a new Digital Opportunity Partnership. This initiative will empower the entire civil and human rights communities through an expanded Web site (civilrights.org), leadership forums, and even "freedom riders" who will bring high-technology to the doorstep of nonprofit organizations.

5. **Congress of National Black Churches:** The Congress of National Black Churches, representing 65,000 churches and 20 million members, is sending a letter to the President acknowledging the importance of the digital divide as a key civil rights issue for the 21st century, and committing to work with the President and with industry to help close the digital divide.

II. THE IMPORTANCE OF BRIDGING THE DIGITAL DIVIDE

Access to computers and the Internet and the ability to effectively use this technology are becoming increasingly important for full participation in America's economic, political and social life. People are using the Internet to find lower prices for goods and services, work from home or start their own business, acquire new skills using distance learning, make better informed decisions about their healthcare needs, and get more involved in the education of their children by communicating more frequently with teachers.

Access to computers and the Internet has exploded during the Clinton-Gore Administration. Unfortunately, there is strong evidence of a "digital divide" -- a gap between those individuals and communities that have access to these Information Age tools and those who don't. In some instances, this divide is actually widening. A July 1999 report from the Department of Commerce, based on December 1998 Census Department data, revealed that:

- **Better educated Americans more likely to be connected.** Between 1997 and 1998, the technology divide between those at the highest and lowest education levels increased 25%. In 1998, those with a college degree are more than *eight times* likely to have a computer at home and nearly *sixteen times* as likely to have home Internet access as those with an elementary school education.
- **The gap between high- and low-income Americans is increasing.** In the last year, the divide between those at the highest and lowest income levels grew 29%. Households with incomes of \$75,000 or higher are more than *twenty times* more likely to have access to the Internet than those at the lowest income levels, and more than *nine times* as likely to have a computer at home.

- **Whites more likely to be connected than African-Americans or Hispanics.** The digital divide is also persistent and growing along racial and ethnic lines. Whites are more likely to have access to the Internet from home than African-Americans or Hispanics have from *any* location. African-American and Hispanic households are roughly *two-fifths* as likely to have home Internet access as white households. The gaps between white and Hispanic households, and between white and African-American households, are now more than six percentage points larger than they were in 1994. However, for incomes of \$75,000 and higher, the divide between whites and African-Americans has narrowed considerably in the last year.
- **Rural areas less likely to be connected than urban users.** Regardless of income level, those living in rural areas are lagging behind in computer ownership and Internet access. At some income levels, those in urban areas are 50% more likely to have Internet access than those earning the same income in rural areas. Low income households in rural areas are the least connected, with connectivity rates in the singles digits for both computers and Internet access.

III. A STRONG RECORD WORKING TO CLOSE THE DIGITAL DIVIDE

President Clinton and Vice President Gore have worked hard to close the digital divide, and to help create opportunity for more Americans in the Information Age. They have worked to:

- **Ensure that every child is technologically literate:** The President and Vice President have set a goal of connecting every classroom and library to the Internet by the year 2000 -- a goal that we are on track to meet. They also have fought for investments in technology training for teachers, modern computers in the classroom, and high-quality education software. Technology in the classroom can make it easier for parents and teachers to communicate, prepare our children for the high-tech workplace of the 21st century, and help improve student performance in all academic subjects. Major Administration initiatives in educational technology include the Technology Literacy Challenge Fund, and the "e-rate." The "e-rate" is helping to connect our children to the future by providing discounted Internet access to libraries and 1 million classrooms, with the deepest discounts going to the poorest schools and libraries that need it most.
- **Expand the network of Community Technology Centers:** The final budget deal included a tripling of support for Community Technology Centers, which provide access to technology for those who can not afford it.
- **Encourage the development of applications of information technology for low-income Americans:** Administration grant programs have supported innovative pilot projects -- such as the use of telemedicine for prenatal care, telementoring for at-risk youth, a national computer network for local food banks, and distance learning for people who have lost their jobs.
- **Expand access to technology for people with disabilities:** President Clinton and Vice President Gore have been strong supporters of efforts to make technology more accessible for people with disabilities. Recent actions by the Federal Communications Commission will help ensure that telecommunications equipment, such as cellular phones, is designed to be accessible for people with disabilities.