Applicant Name: INICIATIVA TECNOLOGICA CENTRO ORIENTAL (INTECO)

Project Title: Upgrade/Expand Innovation Tech. Centers Network and Provide Mobile BB in the Central East Region PR

Project Type: Public Computer Center

_______________________ Executive Summary ____________________

Statement of Need: With the manufacturing sector shrinking and government payroll reductions, unemployment in Puerto Rico is approaching 15%. INTECO unemployment is currently 11.9%. As industries continue to contract, the region is forced to emphasize digital literacy for SME development as a high priority economic activity, where technology is the primary enabler. Inevitably, PR must transition from a manufacturing, incentives-based economy to a creative, export-based knowledge economy. INTECO is committed to creating social and economic opportunities that changes peoples' lives and transform communities, by providing its residents all the technological tools necessary to access the information superhighway and insert themselves into the global economy. Furthermore, with the percentage of the population 25+ years old without a high school diploma at 41.3%, alternative educational methodologies using technology are imperative. Through its regular work and a study INTECO performed in 2009 through a leading national consulting firm, INTECO concluded that lack of affordable broadband is a major inhibitor to increased economic development, productivity, social inclusion, education, regionalization, healthcare, and other important community concerns. PR's demographic data for internet users and fixed lines per capita are widely recognized as lagging behind the US as a whole. Examples include the following from a July 10, 2009 report published by Paul Budde Communications: Internet penetration rate of 36% of the population; Broadband penetration rate of 20% of the population. With a projected economic growth rate of less than 2% in PR, it is imperative that drastic measures be taken to remove technological barriers by adopting broadband technologies at an accelerated pace. Overall Approach: This proposal is part of a three-pronged, integrated approach to elevate broadband usage, increase access to technological tools and support productive socioeconomic activities. First, INTECO was awarded a BTOP Round 1 Funding to implement a state-of-the-art regional broadband infrastructure (see award notification letter). Second, under this Public Computer Centers (PCC) proposal, INTECO will revamp and replicate its successful Innovation Technology Center model throughout the 9 municipalities of the region to build a solid ITC network that will reach underserved areas and serve vulnerable populations with limited resources and access to broadband technology and services. Third, the LEAP project, submitted separately under this funding round, will deploy an innovative approach to sustainable broadband adoption (SBA). Areas to be Served and Demographics: The area served by the proposed ITC network includes the east-central region of PR consisting of nine main municipalities (Caguas, Gurabo, Juncos, Naguabo, Cidra, Cayey, San Lorenzo, Las Piedras, and Humacao) with a population of over 400,000 citizens (based on year 2000 census data), which represents approximately 10% of the Island population. The analytical approach used to define the
Proposed Funded Service Area status as "underserved" draws upon the data published by the FCC. PR does not currently have broadband deployments mapped. From the FCC's newest analysis of high speed subscriber lines, published in July 09, PR has an estimated 41% broadband penetration overall. This calculation is supported by: 582,155 broadband subscriber lines identified by the FCC; 1,413,744 households as estimated through the US Census population estimates of 3,900,000 citizens multiplied by the established ratio of households to population of 2.76 determined in the 2000 Census. The Pew Internet and American Life project has evaluated any ties between income levels and broadband adoption. Its most recent findings show that household income levels between $20,000 and $30,000 typically have a 53% broadband adoption rate and that incomes over $75,000 have an 85% adoption rate. If we look at the most recent decennial census data for household income, the INTECO region reported $12,941 per household compared to $16,543 for PR as a whole. Given these low income rates and the data above from the FCC and from Pew, we believe NTIA can be confident that the INTECO region does not subscribe to broadband at 40% of households. These sources define broadband penetration and subscribership rates for the entire island of PR. Currently, no known sources contain data focused on the particular geographic area that comprises the Proposed Funded Service Area.

Applicant Qualifications: INTECO is a non-profit regional economic development entity founded under the Autonomous Municipalities Act of PR in the year 2000. Its mission is to 'promote the economic development of the Central East Region of PR focusing on the commercialization of new technologies and innovative products and services.' The Autonomous Municipalities Act requires that the Board of Directors of INTECO be representative of three sectors: local or state governments, higher education institutions and private entrepreneurs. Currently, the Board is composed of 8 mayors, 8 members from higher education institutions and 8 entrepreneurs; all of them located within the Central East Region. To date, INTECO has signed agreements with over 55 strategic partners, providing financial and in-kind resources. In 2007, INTECO was one of 39 regions selected from across the US by the US DOL-ETA and received a $5 million grant to implement innovative workforce training programs under the WIRED program. Additionally, INTECO is currently managing over $30 million in federal, state, municipal and private funds for infrastructure projects, including the recent announcement of BTOP Round 1 Award of $12.9 million for the Construction of a Regional Broadband Infrastructure. Jobs to be Saved/Created: This project will create and save new jobs in two primary ways: First, the direct investment of federal monies will translate into 21 direct/indirect/induced jobs, as per the Whitehouse Council of Economic Advisors (CEA) methodology. Second, the expanded physical and mobile network of IT Cs will provide the necessary physical facilities and broadband access points for the LEAP program (see separate SBA proposal) to deploy innovative educational and training programs that strengthen current occupational skills that save jobs, and provide entrepreneurial skills and technological (open-source) tools that generate that create new job opportunities. f. Overall Project Cost and Benefits: The total project cost is $3,222,282, consisting of federal funds in the amount of $1,921,264 and matching support in the amount of $1,301,018, for a leverage amount of 40.4%. This project estimates increasing the annual number of broadband users and subscribers in the region by 27,264 for a federal per user cost of $70.00.