Broadband USA Applications Database

Applicant Name: INICIATIVA TECNOLOGICA CENTRO ORIENTAL (INTECO)

Project Title: Leadership and Economic Advancement Program (LEAP) for the Central East Region of Puerto Rico

Project Type: Sustainable Broadband Adoption

_______________________ Executive Summary __________________

a. Statement of Need: With the manufacturing sector shrinking and government payroll reductions, unemployment in Puerto Rico is approaching 15%. 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, Puerto Rico 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 performed in it 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. Puerto Rico’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 1.5% in Puerto Rico, it is imperative that drastic measures be taken to remove technological barriers by adopting broadband technologies at an accelerated pace.

b. Overall Approach and Benefits: This proposal is part of a three-pronged 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 (NT10BI5570033). Second, a separate Public Computer Centers (PCC) proposal was submitted by INTECO to revamp and replicate its successful Innovation Technology Center model throughout the nine (9) member municipalities of the region, and 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 herein, will deploy an innovative approach to sustainable broadband adoption (SBA), by combining business skills, open sources and online marketing techniques to stimulate value-added usage of broadband, by public users/subscribers, community anchor institutions, small disadvantaged businesses, project partners and the community at large. This SBA proposal will include a comprehensive, pro-active outreach program to raise public awareness, from grade school to senior citizens, and increase broadband adoption rates in the region.

c. Areas to be Served and Demographics: The area served by
the proposed ITC network includes the east-central region of Puerto Rico 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. Puerto Rico does not currently have broadband deployments mapped. From the FCC's newest analysis of high speed subscriber lines, published in July 09, Puerto Rico 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. But bringing high-speed access to those who fear the web or don't understand its value is likely to be even more difficult than addressing the affordability gap. Which is why it is up to developers and online publishers to continue to offer innovative, immersive experiences and applications to draw new users to the web. E-mail is largely credited with driving the demand for dial-up Internet services more than a decade ago, and the rise of Apple's iTunes and other entertainment offerings fueled the move to high-speed connections. Online social networks may be able to help close the broadband gap by making it even easier for users to upload photos, for instance, and share content with friends. Because while the FCC can certainly help bring broadband to those who don't yet have it, there isn't much the agency can do to convince people to use it. Furthermore, 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 Puerto Rico 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. d. Applicant Qualifications: Iniciativa Tecnológica Centro Oriental, Inc. (INTECO by its Spanish acronym) is a non-profit regional economic development entity founded under the Autonomous Municipalities Act of Puerto Rico in the year 2000. Its mission is to 'promote the economic development of the Central Eastern Region of Puerto Rico 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 governments, higher education institutions and private entrepreneurs. Currently, the Board is composed of eight mayors, eight members from higher education institutions and eight entrepreneurs; all of them located within the Central East Region. To date, INTECO has signed agreements with over fifty-five (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 Department of Labor Employment and Training Agency (DOL-ETA) and received a $5 million grant to implement innovative workforce training programs under the Workforce Innovations for Regional Economic Development (WIRED) program. Additionally, INTECO is currently managing over $30 million in federal, state, municipal and/or 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. e. 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 16 direct/indirect/induced jobs, as
per the Whitehouse Council of Economic Advisors (CEA) methodology. Second, the LEAP program proposed herein will deploy innovative educational and training programs to strengthen current occupational skills that save jobs, and provide entrepreneurial skills and technological (open-source) tools that generate that create new job opportunities. Based on an estimated 1,000 participants, the LEAP program has the potential to create 100 startup jobs. f. Overall Project Cost and Benefits: The total project cost is $2,098,980, consisting of federal funds in the amount of $1,480,116 and matching support in the amount of $618,864, for a leverage amount of 29.5%. This project estimates increasing the annual number of broadband users and subscribers in the region by 9,938 for a federal per user cost of $149.