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NEW COMMERCE DEPARTMENT REPORT SHOWS BROADBAND ADOPTION RISES WHILE 'GAP' PERSISTS Data Show Digital Divide Not Simply Due to Socio-Economic Status

WASHINGTON – The Department of Commerce's Economics and Statistics Administration (ESA) and National Telecommunications and Information Administration (NTIA) today released a new report, “Digital Nation II,” that analyzes broadband Internet access and adoption across the United States. The study – the most comprehensive of its kind -- finds that socio-economic factors such as income and education levels, although strongly associated with broadband Internet use, are not the sole determinants of use; even after accounting for socioeconomic differences, significant gaps persist along racial, ethnic, and geographic lines. The report analyzes data collected through an Internet Usage Survey of 54,000 households conducted by the U.S. Census Bureau in October 2009. Earlier this year, NTIA released initial findings from the survey, showing that while virtually all demographic groups have experienced rising broadband Internet adoption at home, and 64 percent of households overall have broadband at home, historic disparities among demographic groups have persisted over time.

"In order to narrow the digital divide and help more Americans compete in the 21st century economy, we need to better understand the causes of the broadband gap," said Under Secretary for Economic Affairs Rebecca Blank. "Today's report identifies various factors that drive and inhibit broadband adoption. It is the most comprehensive, data-driven analysis of broadband adoption that has been conducted. The bedrock of sound policymaking is statistical measurement and analysis of the data and underlying issues."

"Americans who lack broadband Internet access are cut off from many educational and employment opportunities," said Assistant Secretary for Communications and Information and NTIA Administrator Lawrence E. Strickling. "The learning from today's report is that there is no simple 'one size fits all' solution to closing the digital divide. A combination of approaches makes sense, including targeted outreach programs to rural

and minority populations emphasizing the benefits of broadband. NTIA's Broadband Technology Opportunities Program is helping to address this challenge, but we are hopeful today's report will be useful to the larger community working to close the gap."

The principal findings of the report are:

Overall

- Seven out of ten American households used the Internet in 2009. The majority of these households used broadband to access the Internet at home. Almost one-fourth of all households, however, did not have an Internet user.

Determinants of Household Broadband Adoption

- Income and education are strongly associated with broadband Internet use at home but are not the sole determinants.
- Broadband Internet adoption was higher among White households than among Black and Hispanic households. Differences in socio-economic attributes do not explain the entire gap associated with race and ethnicity.
- A similar pattern holds for urban and rural locations. Urban residents were more likely than their rural counterparts to adopt broadband Internet, even after accounting for socio-economic differences.
- In contrast, differences in socio-economic and geographic characteristics do explain a substantial portion of the broadband adoption lag among people with disabilities.
- Broadband adoption also varies with age, with the elderly population much less likely than their younger counterparts to use home broadband Internet services.
- Lack of need or interest, lack of affordability, lack of an adequate computer, and lack of availability were all stated as the main reasons for not having home broadband Internet access. The significance of these factors, however, varied across non-users, with affordability and demand generally dominating.
- Internet non-users reported lack of need or interest as their primary reason for not having broadband at home. This group accounted for two-thirds of those who don't have broadband at home. In contrast, households that did not use the Internet specifically at home but did use the Internet elsewhere ranked affordability as the primary deterrent to home broadband adoption. This group represented almost one-fourth of those who don't have broadband at home.
- Households that use dial-up service cited affordability as the main reason for not adopting broadband at home. For rural residents using dial-up service, lack of broadband availability was reported as a significant factor.

Long-term trends in broadband Internet use

- Between 2001 and 2009, broadband Internet use among households rose sevenfold, from 9 percent to 64 percent of American households.
- Some of the demographic groups that had lower-than-average adoption rates in 2001 have since shown impressive gains, but sizable gaps remain among demographic groups defined by income, education, race, and ethnicity. Similarly, despite gains in adoption rates within geographic areas, significant gaps in adoption still persist among the states, some regions, and between urban and rural locations.

NTIA and the Department of Agriculture's Rural Utilities Service are administering a nearly \$7 billion Recovery Act initiative to expand access to and adoption of broadband services. NTIA is utilizing approximately \$4 billion of that funding for the Broadband Technology Opportunities Program (BTOP), which provided grants to support the deployment of broadband infrastructure, enhance and expand public computer centers, and encourage sustainable adoption of broadband service.

The full report is available at <http://www.esa.doc.gov/DN/>