

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 1460

SPONSOR: Senator Klein

SUBJECT: The Digital Divide Trust Fund

DATE: April 19, 2001

REVISED: 04/23/01 \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Rhea</u>	<u>Wilson</u>	<u>GO</u>	<u>Fav/1 amendment</u>
2.	_____	_____	<u>AGG</u>	_____
3.	_____	_____	<u>AP</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

## I. Summary:

The bill establishes the Digital Divide Trust Fund. The trust fund is to be administered by the Office of Information Technology in the Executive Office of the Governor.

This bill creates an undesignated section of law.

## II. Present Situation:

The Internet is becoming an increasingly vital tool in our information-based society. The development of technology is increasingly offering options to citizens to conduct their activities online, and Americans are responding. More Americans are going online to conduct day-to-day activities such as business transactions, personal correspondence, research, information gathering, and shopping. Each year, being digitally connected becomes more critical to economic, educational, and social advancement. Because a larger percentage of Americans regularly use the Internet to conduct daily activities, people who lack access to those tools are at a growing disadvantage. A report published by the U.S. Department of Commerce entitled *Falling Through the Net: Toward Digital Inclusion* (hereinafter "Falling Through the Net") stated that increasing the number of Americans using technology tools was a vitally important national goal.

The *Falling Through the Net* report measured the extent of digital inclusion by looking at households and individuals that have a computer and an Internet connection. The "digital divide" was measured by the differences in the shares of each group that is digitally connected. The report compared data from a recent survey in August 2000 with an earlier survey conducted in December 1998. The data indicated that the overall level of digital inclusion in the United States was rapidly increasing. Specifically, the report made the following findings:

<b>Criteria Measured</b>	<b>December 1998</b>	<b>August 2000</b>	<b>Difference</b>
Households with Internet Access	26.5%	41.5%	15.3% (a 58% increase)
Households with Computers	42.1%	51.0%	8.9%
Americans Online Some Time During the Month	31.9 million	116.5 million	84.6 million
Share of Individuals Using the Internet	32.7%	44.4%	11.7% (a 35.8% increase)

Of the 6,235 persons the Census Bureau surveyed in Florida, 50.1 percent owned a computer; 43.2 percent had Internet access.

The report also indicated that increased use of technology is occurring among most groups of Americans, regardless of income, education, race or ethnicity, location, age or gender. The report indicated that groups that have traditionally been digital “have nots” are now making dramatic gains:

- The gap between rural households and households nationwide that access the Internet narrowed from 4.0 percent in 1998 to 2.6 percent in 2000.
- Americans at every income level are connecting at higher rates from their homes, particularly at middle-income levels.
- Access to the Internet is expanding across every educational level, particularly for those with some high school or college education.
- African Americans and Hispanics, while they still lag behind other groups, are increasingly gaining Internet access. African American households were twice as likely to have home Internet access than they were 20 months prior, rising from 11.2 percent to 23.5 percent. Hispanic households have also experienced a similar increase, rising from 12.6 percent to 23.6 percent.
- The statistical difference in Internet usage between men and women has disappeared.
- Individuals 50 years of age and older – while less likely than younger Americans to use the Internet – experienced the highest rates of growth in Internet usage groups.

Despite these impressive gains, the Falling Through the Net report found that a digital divide remains, and has expanded slightly in some cases. Noticeable divides still existed between those with different levels of income and education, different racial and ethnic groups, old and young, single and dual-parent families, and those with and without disabilities.

Notable statistics from the report include:

- Persons with a disability are only half as likely to have access to the Internet as those without a disability.
- African American and Hispanic households experience the lowest rate of Internet usage at 23.5 percent and 23.6 percent, respectively. The national average is 41.5 percent. The gap for these minority households is approximately 18 percent. The gap for African American households has widened by 3 percent since 1998. The gap for Hispanic households widened by 4.3 percent during the same period. A similar gap existed for computer usage at home for both groups and has not statistically changed since 1998.
- While about one-third of the U.S. population uses the Internet at home, only 16.1 percent of Hispanics and 18.9 percent of African Americans used the Internet at home.
- Differences in income and education accounted for only about half the difference in the current divide.
- A gap exists between the old and the young. At 29.6 percent, individuals 50 years of age and older are the least likely Internet users. Of those individuals over the age of 50, retired or unemployed are the least likely Internet users, at only 16.6 percent.

### **III. Effect of Proposed Changes:**

The bill would create the Digital Divide Trust Fund, which would be used, pursuant to the provisions of related SB 1462 or similar legislation, to provide access to information technology through the education system. Trust funds would be used to upgrade and purchase information technology for classrooms, train educators on using technology in the classroom and purchase information technology devices for use by students both at school and at home.

The bill contains a termination date for the trust fund of July 1, 2005, as required by s. 19(f)(2), Art. III of the State Constitution. The Governor is required to recommend to the Senate President and the Speaker of the House of Representatives whether the trust fund should terminate or be re-created prior to the regular session preceding the date it is scheduled to terminate.

The act takes effect July 1, 2001 if Senate Bill 1462 takes effect.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

**V. Economic Impact and Fiscal Note:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

Contributions could be made by private entities seeking to establish public-private partnerships with the state for the purpose of enhancing student achievement.

**C. Government Sector Impact:**

The bill would simply create a state trust fund, which would terminate automatically on July 1, 2005. No appropriation for the trust fund is provided.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

#1 by Governmental Oversight & Productivity:

The strike-everything amendment creates the Digital Divide Trust Fund in the State Technology Office. The purpose of the fund is to pay part or all of the costs of programs to educate and train members of economically disadvantaged families to compete for high skill and high wage employment. The amendment transfers \$3 million of Temporary Assistance to Needy Families funds in the Employment Security Trust Fund. The fund is terminated July 1, 2005, unless legislative action is taken prior to that date. (WITH TITLE AMENDMENT)