

Economic Effects Of Increased Broadband Use In California

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Executive Summary

The increased availability of broadband Internet access and the demand for faster connections has certainly amplified the use of broadband in California. Nearly 54 percent of the state's adult population now accesses the Internet through a broadband connection, representing a significant increase from the mere 15 percent utilizing this connection type in 2001. While the use of broadband varies widely among the regions in the state, nearly every region has seen a notable increase in the use of broadband over the past few years. This increased broadband use has had a positive and significant effect on economic outcomes in California.

California's recent employment and payroll growth has benefited greatly from broadband use. Estimates of broadband's effects on annual changes between 2002 and 2005 show a total cumulative contribution of approximately 198,000 jobs and \$11.6 billion of payroll. Moving forward, increased investment in the deployment and, sequentially, the use of broadband will continue to incrementally boost the number of jobs retained by businesses in the state and the total amount of industry payroll.

If the state were to experience strong growth in the proportion of the adult population using a broadband connection over the next ten years (a 3.8 annual percentage point increase), it could see notable gains compared to what would be expected if the economy were to continue on a "business as usual" path. Through 2010, this level of broadband growth could generate a cumulative gain of 1.8 million jobs and \$132 billion of payroll in California relative to the baseline forecast of economic growth. All regions of the state could benefit from an incremental boost in jobs and total payroll as a result of a strong increase in broadband use, but the magnitude depends on the local economic conditions and unique distribution of Internet connections.