

Analysis of the Importance of Telecommunications to Oregon Economic Development

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The key to the importance of telecommunications to the state of Oregon is found in the fundamental concepts of infrastructure and economic development.

Infrastructure

Infrastructure is defined by Oregon Revised Statute (ORS) 285B.410 as “facilities that comprise the physical foundation for industrial and commercial activity.”

Telecommunications is increasingly recognized as a core infrastructure component along with electricity, gas, roads, bridges, sewers, and water systems.

An infrastructure that provides advanced telecommunications facilities and supports broadband services is essential to the economic growth, education, health, and safety of communities. “Advanced Telecommunications Facilities means high-speed, dedicated, or switched broadband telecommunications infrastructure or equipment that enables users to send or receive high quality voice, data, or video telecommunications using any technology.” [ORS 285B.486]

In the information age, the ability of individuals and organizations to access, process, and communicate information is essential for economic growth. The development of a broadband network infrastructure that is available throughout the state is as critical to business activity today as close physical proximity to raw materials and markets was in the industrial age. In the information age, it is the telecommunications network that provides proximity and access to resources and markets.

Oregon’s telecommunications network infrastructure will impact the ability of existing businesses to grow and will determine where new and existing businesses will locate. It will affect the ability of the state to attract new industries, businesses, and professionals as the old economic development barriers of geographic distance and low-density population are significantly reduced or eliminated.

Economic Development

According to the U.S. Department of Commerce Economic Development Administration,

“Economic development is fundamentally about enhancing the factors of productive capacity - land, labor, capital, and technology - of a national, state or local economy. By using its resources and powers to reduce the risks and costs, which could prohibit investment, the public sector often has been responsible for setting the stage for employment-generating investment by the private sector. The public sector generally seeks to increase incomes, the number of jobs, and the productivity of resources in

regions, states, counties, cities, towns, and neighborhoods. Its tools and strategies have often been effective in enhancing a community's:

- labor force (workforce preparation, accessibility, cost);
- infrastructure (accessibility, capacity, and service of basic utilities, as well as transportation and telecommunications);
- business and community facilities (access, capacity, and service to business incubators, industrial/technology/science parks, schools/community colleges/universities, sports/tourist facilities);
- environment (physical, psychological, cultural, and entrepreneurial);
- economic structure (composition); and
- institutional capacity (leadership, knowledge, skills) to support economic development and growth. [www.osec.doc.gov/eda/html/2a1_whatised.htm]

Telecommunications is a factor that directly impacts economic development, particularly economic development in rural areas. Once again, Oregon statutes provide direction for economic development efforts and denote the importance of telecommunications:

“Focus on strategies and investments that maximize the economic benefit to the state of the global shift to an information, science and technology driven economy and on industries and companies that make significant use of the high-capacity telecommunications, science and technology-related manufacturing processes or knowledge transfer typical of these emerging economic sectors.” [ORS 285A.020]

In addition to the important of telecommunications infrastructure to Oregon's economic future, the development of applications and content to full utilize the infrastructure is equally as important. This will ensure rapid adoption of the new technology and the creation of broader markets to generate sufficient returns on infrastructure investments to serve all of Oregon. A number of groups throughout the state are working on this issue. Two of the more significant efforts in the last three years include work done by the Oregon Internet Commission and the broad-based collaborative efforts of the New Economy Coalition. Both groups cite the importance of the state creating additional investment in high education to enhance entrepreneurial activity and create 21st century jobs throughout Oregon.

THE OREGON INTERNET COMMISSION 2000 REPORT

<http://www.econ.state.or.us/icom/execsumm.htm>

The commission was created in the 1999 session with a primary mission of recommending how the legislature could promote e-commerce in Oregon. The commission recommended four achievable actions and prioritized them into four categories:

1. Education and workforce
2. Telecommunications infrastructure
3. Electronic government
4. Business and legal infrastrucure

Progress is being made in these key areas however the current state economic crisis has slowed some of the planned implementation of these recommendations in the 2001-02 biennium.

The Oregon Telecommunications Coordinating Council (ORTCC) created by the 2001 Legislature is a well-organized collection of key telecom stakeholder interests that can be used to advance the Internet Commissions' recommendations in the future, particularly in the area of infrastructure improvements.

THE NEW ECONOMY COALITION

<http://www.neweconomycoalition.org>

The New Economy Coalition is a task force of business leaders from various industries around Oregon. It was initially formed for a limited duration in 2001 to advance public awareness of the need to make substantial investments in Oregon's higher education system, particularly in the areas of engineering and bio-sciences that will help sustain long-term economic growth in the future.

The Coalition continues to meet and advance this agenda beyond its original timeframe. It hosted a meeting in September 2002 in Klamath Falls to further the needed involvement of government, business, and education leaders in achieving this essential goal for Oregon's future.

Economic Development Committee Analysis Conclusion:

It is clear from the deliberations of this Council, the Oregon Internet Commission, community organizations such as the Eastern Oregon Telecommunications Consortium (EOTC), Fiber South Consortium, Southern Oregon Technology and Telecommunications Council (SOTTC), Klamath Falls Chamber of Commerce Telecommunications Working Group, the Douglas County Telecommunications Task Force, the Gorge Teleconsortium, Regional Fiber Consortium, North Coast Telecommunications Consortium, Central Oregon Telecommunications Consortium, South Coast Telecommunications Consortium, and existing legislation that the importance of telecommunications to Oregon's infrastructure and economic development is recognized. What remains is to continue to develop and implement strategies to proactively facilitate the enhancement and utilization of this infrastructure to serve the needs of business and the public interest.

Oregon has been proactive to date. The efforts of various organizations have resulted in projects currently in progress that will significantly enhance Oregon's telecommunications infrastructure, notably the SB622 projects (www.econ.state.or.us/telecom), the NoaNet projects (www.noanet.net), and the Regional and Fiber South Consortia projects (www.ruralfiber.net and www.pcinw.com) along with other infrastructure investments being made by local communities, telephone companies, cable companies, Internet service providers, and wireless service providers.

ORTCC Recommendations for Economic Development

1. Generate awareness of new telecommunications infrastructure and knowledge of how to put it to productive use by business, government, and individuals
2. Facilitate and promote E-commerce
3. Facilitate the continued development and enhancement of backbone networks
4. Facilitate the continued development and enhancement of local distribution networks and “last mile” facilities to improve access
5. Establish funding programs and provide technical assistance for the development and utilization of telecommunications infrastructure statewide
In addition, the Council subscribes to the previous recommendation of the Oregon Internet Commission,

“... aggressively promote the existence, maintenance and constant updating of the generally accessible, route-diverse, statewide, reliable broadband telecommunications services, which are essential to e-business. A specific state agency should immediately be identified and charged with pursuing this goal.” [Oregon Internet Commission Report to the Seventy-First Legislative Assembly, December 2000]