

Investing in a digital economy

BY JACK J. GALLT

Much has been made of the growing “digital divide.” Access to computers and the Internet has quickly become a prerequisite for participation in American economic, political and social life. Some fear that many people run the risk of being left behind in the new information economy.

The federal government has created funding programs designed to make access to high-speed information services more affordable. An example is the universal-service fund, better known as the e-rate program, which provides discounts on advanced telecommunications services, Internet access and internal connections for schools and libraries, especially those in rural and economically disadvantaged areas.

States also have begun to recognize the strategic importance of an advanced telecommunications infrastructure. Many are taking an enterprise approach and aggregating the demand for voice, data and video communications services from all state agencies, K-12 and postsecondary education, and, in some cases, local government. By leveraging collective purchasing power and providing the private sector with incentives to upgrade the public telecommunications infrastructure in areas where it would not otherwise be economically feasible to do so, states are positioning themselves to compete in the new economy.

A recent report by the National Governors’ Association points out the need for states to transform themselves so businesses and individuals can prosper. States must become more flexible and customer-oriented, invest in their physical and human infrastructure, and change outmoded regulatory and tax systems.

This transformation is being driven largely by three applications — electronic commerce, education and economic development. More government services are now being delivered online, allowing residents and businesses to renew licenses and registrations, file taxes and conduct other financial transactions at their convenience from their home or office. Similarly, making the Internet and its extensive information resources accessible to everyone regardless of location has been a key component of many states’ education-reform initiatives. Finally, the availability of an advanced telecommunications infrastructure may hold the same significance in determining a community’s economic viability in the 21st century as railroads and roads once did.

States have employed innovative strategies to build telecommunications infrastructures that will better position

them to compete. Minnesota, for example, has leveraged its authority over public rights-of-way and granted access along 2,000 miles of interstate highway to a private company to finance, build and manage a statewide fiber-optic network to support high-speed communications services. In exchange for the rights-of-way, the company

will provide 20 percent of the network capacity for public-sector use. The remainder of the network will be leased to other private-sector companies and telecommunications providers.

North Carolina also has been actively partnering with the private sector to improve its telecommunications infrastructure, particularly in rural areas of the state. A task force earlier this year recommended regulatory and statutory changes to promote affordable and reliable broadband connectivity statewide. The task force also urged creation of a broadband-access fund to encourage private-sector investment in high-speed information services in rural areas. On April 26, an agreement was signed with the state’s three major communications

companies to bring affordable, high-speed Internet access to all residents within three years.

Kentucky and Colorado have taken similar approaches to enhancing their telecommunications infrastructure by consolidating public-sector demand for advanced communications services and awarding long-term contracts to a consortium of telecommunications providers. These consortiums have agreed to build statewide telecommunications networks designed to provide high-speed links to state offices and schools in every county. These providers then will be able to offer similar services to residents and businesses in these communities.

Both Utah and Washington have focused on streamlining agencies’ internal business processes and expanding their menu of online government services. Gov. Mike Leavitt envisions showcasing Utah as the first truly “digital state” during the 2002 Winter Olympic Games. Meanwhile, the objective of Gov. Gary Locke’s “digital government” plan in Washington is to put residents in charge of their relationship with government.

Vision, authority and leadership are key to successful state efforts. In most instances, the governor has led the charge by viewing state government as a single enterprise and bringing together everyone involved. States are transforming themselves to meet the changing needs and expectations of their customers.



Public-private partnerships are bringing access to high-speed information services.

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