



BROADBAND INVESTMENT, IS IT WORTH IT?

The LinkIDAHO initiative seeks to answer this question through an Economic & Social Impact Study performed by VisionTech360. This study considers three different Idaho scenarios of expanded broadband service:

 Scenario 1 - All Idaho residents have access to a wired broadband connection equal to or exceeding the national broadband standard of 4Mbps download (impacts approximately 237,000 people).

 Scenario 2 - All Idaho residents have access to a high speed wired broadband connection delivering a download speed in excess of 10Mbps (impacts approximately 369,000 people).

 Scenario 3 - A mobile wireless network capable of delivering advanced applications covering all inhabited areas of Idaho (impacts approximately 373,517 people).

Three questions are addressed by the study for each scenario:

1. How much would be spent by communication firms within the Idaho economy?
2. How many jobs would be created and what downstream benefits would result in terms of increased income and additional tax revenue?
3. What are the benefits for economic development and quality of life in those Idaho communities where improved broadband service would become available?

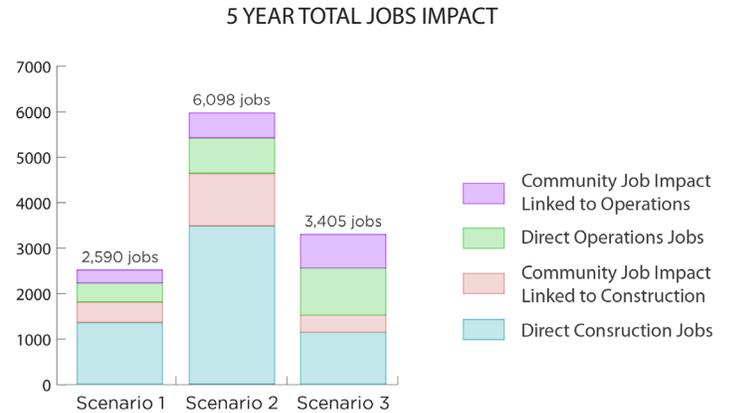
BOTTOM LINE - JOBS FOR IDAHO COMMUNITIES

Total Idaho jobs and income impact of a new broadband construction project are larger than just the direct hiring of workers and vendors for the initial construction and ongoing operations.

The workers and businesses paid directly by providers will ultimately spend their wages and earnings at local businesses for things ranging from business supplies to movie tickets to food purchases. The owners and employees of those downstream businesses do the same. The process of spending and re-spending of wages and earnings in Idaho

communities is known as the “multiplier effect”.

The total jobs impact for the Idaho economy is determined by jobs directly created as a result of the construction and later operations of the enhanced broadband network plus jobs created in Idaho communities as a result of the multiplier effect.



While the construction impact is a one-time event, the impact of operations continues each year. The LinkIDAHO research team estimates the total jobs impact over a 5-year period of the first scenario is about 2,600 jobs, the second scenario is over 6,000 jobs, and the third scenario is about 3,400 jobs. (see 5 YEAR TOTAL JOBS IMPACT).

DIRECT ECONOMIC IMPACT OF PROVIDER CONSTRUCTION AND OPERATING EXPENDITURES

When providers expand or upgrade their network they employ workers and purchase services for the construction project. Once the expanded network is built, there is often need for additional employees and services to maintain the operation.

continued on next page

The LinkIDAHO cost model provides an estimate of the projected network investment requirements for each scenario. Using this information, the impact on Idaho jobs, labor income and public tax revenues are calculated utilizing a nationally recognized economic impact model, known as IMPLAN.

ECONOMIC IMPACT

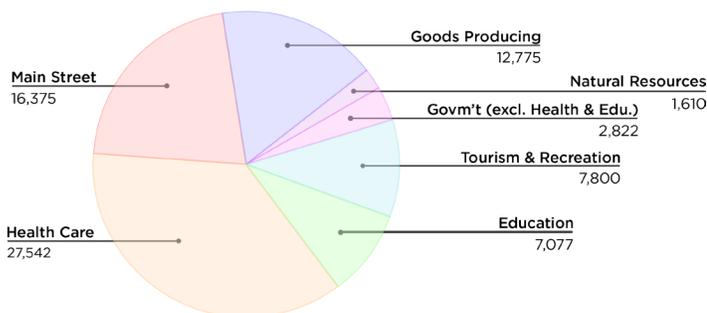
Direct Economic Impact Item	Scenario 1	Scenario 2	Scenario 3
One-time construction spent "in" Idaho	\$172,829,372	\$576,068,670	\$164,902,453
New Jobs	1,944	6,481	1,855
Increased Labor Income	\$85,391,500	\$284,624,155	\$81,475,046
Additional Business Taxes	\$5,605,875	\$18,685,303	\$5,348,759
Ongoing annual operating spent "in" Idaho	\$41,271,914	\$90,068,698	\$113,818,066
New jobs	96	210	265
Increased Labor Income	\$4,478,747	\$9,774,078	\$12,351,306
Additional Business Taxes	\$2,436,993	\$5,318,309	\$6,720,641

In all cases, the direct economic impact for Idaho construction firms and their employees is significant. There is also an important on-going economic benefit for Idaho communications firms and their employees (see ECONOMIC IMPACT chart).

IMPORTANCE FOR IDAHO ECONOMIC DEVELOPMENT

Jobs and income tied directly to broadband construction projects and later development are only the tip of the iceberg with regard to the economic importance of broadband for Idaho. Approximately 103,543 new jobs projected for Idaho between 2011-20 are identified as requiring broadband. These new broadband enabled jobs are in every economic sector. Most, if not all, of these jobs will be affected in some way by broadband.

PROJECTED BROADBAND ENABLED JOBS 2011-20



The question is where?

- What cities and towns are equipped to support these jobs?
- What counties have the appropriate broadband infrastructure in place to attract new economic development opportunities?

To express the obvious: communities on the wrong side of the digital divide will not be prepared to participate in and benefit from future job growth. This is especially troubling when you realize that many of Idaho's "at risk" communities are already remote, with older declining populations and lower incomes. The expanding digital divide threatens the historical rural fabric of Idaho.

BROADBAND CAN EXTEND OPPORTUNITY TO ALL IDAHO COMMUNITIES

Factors such as available healthcare, access to quality education, responsive public safety, entertainment, and so forth are inseparable from economic development and community vitality. The reality is that many of these community "quality of life" factors are more difficult and expensive to obtain in remote frontier areas where broadband is currently insufficient.

A significant promise of expanded broadband service is that these important "quality of life" elements are more possible and more affordable in every Idaho community. This is very important to encourage businesses to start and grow in rural Idaho as well as to retain existing businesses of all types.

Perhaps more than any other action the state can take, extending broadband to all areas of the state and supporting the effective use of this asset is an opportunity to ensure every Idaho community is able to benefit from Idaho's expected continued prosperity.

Without broadband there is a danger communities will be left behind.

Phase 2 of the Idaho economic and social impact study will provide case studies to help illustrate what can be accomplished in Idaho through broadband. This second phase is expected to be completed in September 2013.

