It has been called **The Digital Decade**, 2000–2009,

beginning with the unrealized fears about Y2K and ending with "unfriend" being selected as the Oxford Dictionary Word of the Year, giving validation to the rapid adoption of broadband technology and meteoric rise of social networking. During the last decade, the desire to be connected is evidenced in the increasing prevalence of personal digital assistants (PDAs) and smart phones everywhere, making the pace of adoption of broadband via mobile devices a technology phenomenon. In addition to the pervasive texting and tweeting, there is an increasing convergence of functions into hand-held digital devices that interface with the Internet and have the ability to remotely monitor and control other electronic equipment. This rapidly evolving digital communications revolution is simply dazzling.

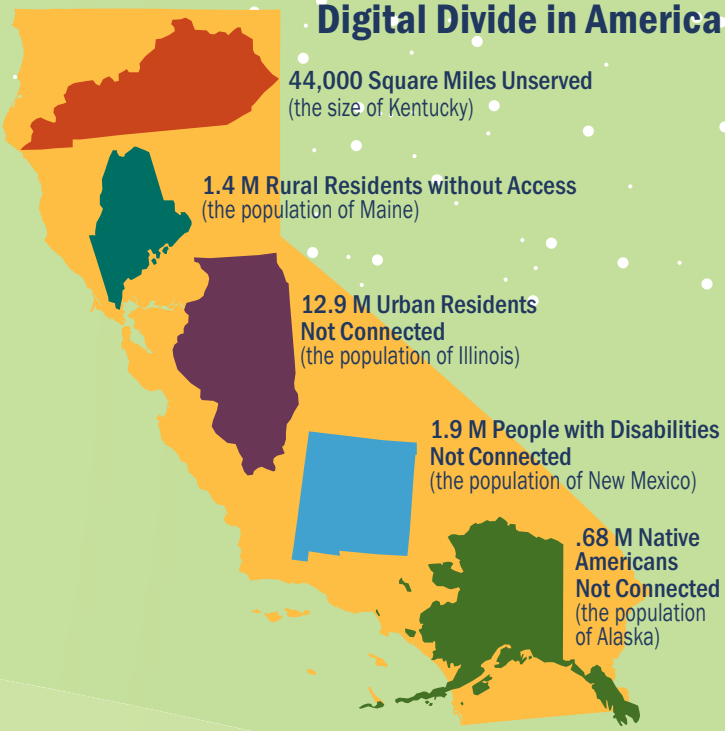
Our ability to connect through high-speed Internet access—referred to generically as "broadband"—is improving our lives in many ways—helping us share information and images, research and apply for jobs, stay in touch with family and friends, and access entertainment and news. Broadband saves consumers time and money, increases productivity in the economy, and reduces impacts on the environment. Broadband is essential 21st Century infrastructure in a digital world and global economy. It is vital to the economic prosperity of every community and the quality of life for all residents. And, it is a "green" strategy to shrink our carbon footprint.

Yet, at the dawn of a new decade, a significant **Digital Divide persists**

in California, manifested by substantial differences among population groups and regions in the use of broadband. For example, only 39% of Latino families, 40% of lower-income households (under $40,000 annually), and 47% of people with disabilities have a broadband connection at home compared to 62% of all adults statewide and 89% of all higher-income households ($80,000 or more annually). Many rural and remote communities have no access at all, and there are great variations among regions, with 51% of Central Valley residents having a home broadband connection versus 73% of residents in the Bay Area. In fact, the number of "unconnected" Californians on the other side of the Digital Divide is equivalent to having 5 other states inside of our state as shown in the graphic. Furthermore, the Digital Divide is another manifestation of the Economic and Opportunity Divides, leaving the "have nots" in society farther behind and further disadvantaged.

The **mission** of the **California Emerging Technology Fund** (CETF) is to provide leadership statewide to close the Digital Divide by accelerating the deployment and adoption of broadband and other advanced communications services to underserved communities and populations. CETF also is dedicated to making California a global leader in the deployment and adoption of broadband, which includes both wireline and wireless technologies.

California is Key to Closing the Digital Divide in America



The number of "unconnected" Californians on the other side of the Digital Divide is the equivalent of having 5 other states inside our boundaries.

CETF
CALIFORNIA EMERGING TECHNOLOGY FUND

California Emerging Technology Fund

Annual Report 2010

Goals for Success

CETF is performance-driven and outcomes-focused. The CETF Strategic Action Plan sets forth the overall approach and strategies to close the Digital Divide, including the metrics for accountability that provide the disciplined focus on outcomes. CETF has identified 3 priority consumer communities to target seed capital investments: rural and remote areas; urban disadvantaged neighborhoods; and people with disabilities. CETF has adopted the following goals for achieving success.

Supply – Deployment

- Access for >98% Population (>250,000 Connected of Existing 500,000 Unserved Households)
- Robust Rural-Urban California Telehealth Network (CTN)
- All Tribal Lands Connected and Part of CTN

Demand – Adoption

- Overall California Adoption 80% by 2015 and 90% by 2020
- All Regions and Socioeconomic Groups within 10 Percentage Points of Overall Adoption
- Increased Overall Accessibility and Universal Design

California a Global Leader in Deployment and Adoption

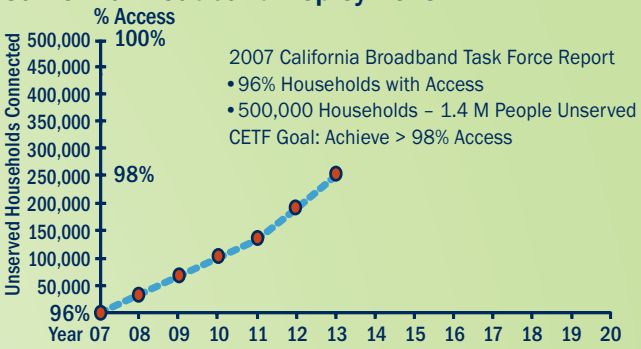
- Sufficient Speeds for Innovative Emerging Consumer Applications
- Increased Economic Productivity
- Reduced Environmental Impacts

CETF is collaborating with the State of California and the California Public Utilities Commission (CPUC) to map progress in broadband deployment (supply) and is partnering with the Public Policy Institute of California (PPIC) and ZeroDivide to track improvements in broadband adoption (demand).

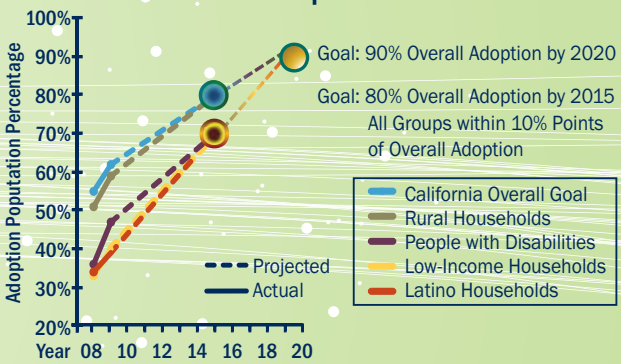
Progress Is Being Made

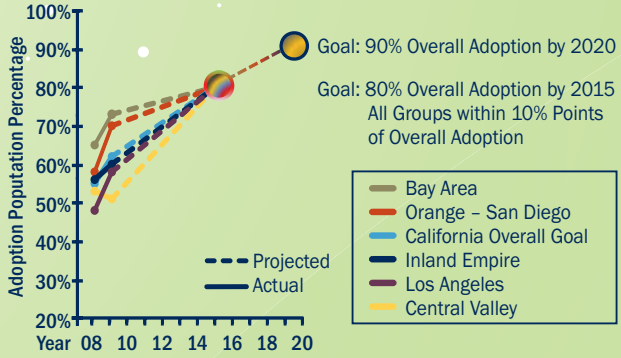
Overall, the trends are encouraging as evidenced by the changes between 2008 and 2009 in the PPIC statewide survey *Californians and Information Technology*. In addition, the CPUC has approved broadband infrastructure applications to the California Advanced Services Fund (CASF) that have the potential to reach about half of the currently underserved households in California if federal economic stimulus funds are awarded. The graphs at right show both the progress to date and the projected timeline path to success by 2015 in closing the Digital Divide. **California is challenged, however, to catch up with other countries to regain position as a global leader.**

California Broadband Deployment



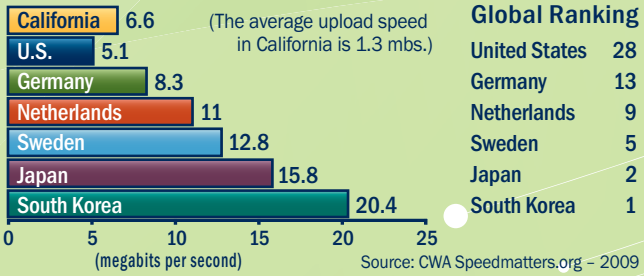
California Broadband Adoption





Global Broadband Speeds

Average Download Speed

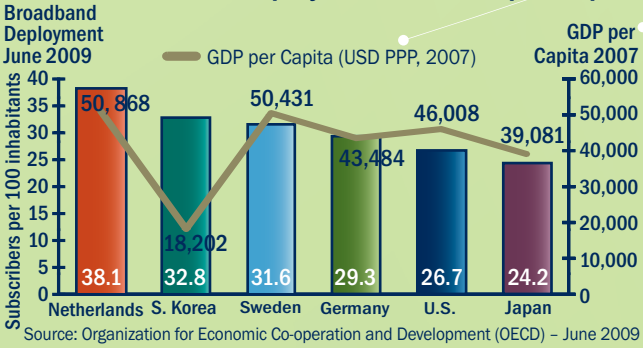


Global Ranking

United States	28
Germany	13
Netherlands	9
Sweden	5
Japan	2
South Korea	1

Source: CWA Speedmatters.org – 2009

Global Broadband Deployment and GDP per Capita



Source: Organization for Economic Co-operation and Development (OECD) – June 2009

5 Overarching Strategic Actions

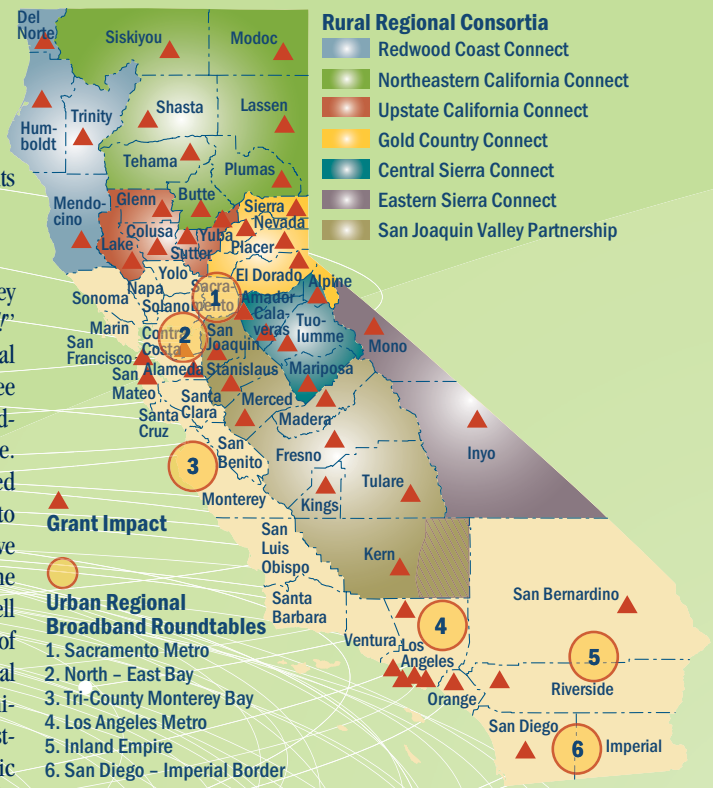
To achieve the optimal impact and a higher return on investment of seed capital, CETF uses 5 overarching strategic actions:

1. **Civic Leader Engagement**
2. **Venture Philanthropy Grantmaking**
3. **Public Policy Initiatives**
4. **Public Awareness and Education**
5. **Strategic Partnerships**

The following summarizes the accomplishments to date for each category of strategic action.

1 Civic Leader Engagement

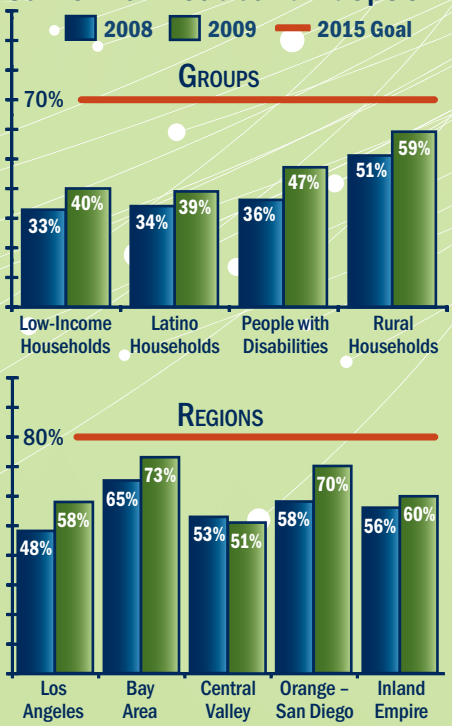
Civic leaders and elected officials are key voices to urge residents to "*Get Connected!*" CETF is working with leaders from 7 Rural Regional Consortia covering 35 counties (see map) to aggregate demand, encourage broadband deployment, and support telemedicine. As a result, more than 80% of the proposed deployment projects to provide broadband to unserved and underserved communities have been stimulated by the Regional Consortia. The Humboldt Area Foundation and The McConnell Foundation are valued partners in supporting 2 of the groups. CETF also conducted 6 Urban Regional Roundtables (see map) to identify opportunities to integrate broadband adoption into existing initiatives aimed at advancing economic prosperity (see summaries on CETF website). The Community Foundation for Monterey County and the Sacramento Community Foundation matched CETF funding in two regions to develop action plans and establish Broadband Regional Collaboratives.



2 Venture Philanthropy Grantmaking

CETF regards grants as "investments" for which there must be measureable returns and tangible results. Grantees are selected because of their capacity to deliver outcomes and because they also are trusted messengers for residents in the priority consumer communities. To date, CETF has committed $22.6M in seed capital in grants to 52 non-profit and community-based organizations (CBOs). See the Summary of Grant Investments.

California Broadband Adoption



Several grantees are completing their projects and final reports are posted on the CETF website. For example, a number of the Rural Regional Consortia have finished their Demand Aggregation Projects and were able to encourage broadband providers to compete for CPUC and federal funding. Also, the EmpowerNet consortium developed a comprehensive web-based toolkit to assist CBOs establish effective IT workforce training for the disadvantaged and underemployed.

OCCUR

Through the Stride Center, I gained technical skills, relevant experience, and then a job in the IT field—all within six months.

James Gibson, III

During the last year, CETF has worked with 44 partner organizations to develop and submit 5 proposals to the National Telecommunications and Information Administration (NTIA) for funding from the American Recovery and Reinvestment Act (ARRA) to increase broadband adoption in California. The ARRA investment will build upon and highly leverage the CETF investment in *Get Connected!*

3 Public Policy Initiatives

The pace at which the Digital Divide can be closed is significantly determined by the policy environment in which grantmaking and other strategies are employed. CETF has launched major policy initiatives to accelerate broadband adoption. The following summarizes the progress during the last year.

Digital Literacy

Digital Literacy is defined as using digital technology, communications tools and/or networks to access, manage, integrate, evaluate, create, and communicate information in order to function in a knowledge society. CETF convened experts and stakeholders to reach agreement on recommendations for the State to adopt Digital Literacy as an official goal for California—thus helping drive the demand for broadband adoption. As a result, Governor Schwarzenegger signed an Executive Order (a) establishing Digital Literacy as a goal for all students, workers and residents and (b) directing the development of an action plan to coordinate the activities and integrate the resources of all State agencies to achieve the goal. The action plan has been prepared and implementation is beginning.

School2Home

School2Home (S2H) is an innovative statewide program to close both the Achievement Gap and the Digital Divide by integrating the use of computers and broadband technologies into teaching and learning at low-performing middle schools throughout California with an emphasis on parental involvement and home connectivity. CETF and The Children's Partnership co-sponsor S2H, which is endorsed by Governor Schwarzenegger, Superintendent of Public Instruction O'Connell, and key educators, employers, community leaders and stakeholders. The S2H Leadership Group and Design Teams guided the preparation of a Strategic Business Plan to phase in implementation for the first 100 schools in the next 3 years. During this school year, 2 schools are beta testing all program components and 25 schools are preparing for participation next year.

Telehealth – Telemedicine

Telemedicine is the ability to provide health and medical care remotely using broadband connectivity between facilities, thus improving access to critical services and improving the quality of care. It also has the potential to help control costs. CETF is providing $3.6 million to match a grant of $22.1 million from the Federal Communications Commission to build the California Telehealth Network (CTN) for which the University of California (UC) is the fiscal agent and managing partner on behalf of a consortium of state agencies, foundations, and provider organizations. UC has completed the procurement process to select a vendor to connect the first 800+ sites, bringing expertise from medical centers to facilities providing access to services and improved quality of care to rural and urban medically-underserved communities. The consortium is establishing a new non-profit, public-private governing structure for CTN. UC Merced has connected the initial telemedicine sites in the San Joaquin Valley with a grant from CETF and other partners. CETF also is funding the California Dental Association and the Veterans Administration to coordinate services and resources with CTN.

ATCAA

Central Sierra Connect's working on broadband adoption with their grant opened a whole new world for me online. Now that broadband is coming to our area I feel like I can keep up with everything that is changing.

Amos Farley

Smart Housing

Affordable Smart Housing is defined as a publicly-funded housing development project that possesses an independent Advanced Communications Network to drive economies of scale that can result in a significantly-reduced cost basis for residents. An Advanced Communications Network is in addition to the standard cables and infrastructure required for power, television and telephone service. CETF formulated a model policy for Smart Housing, briefed state and local government policymakers, and convened 3 regional workshops with One Economic Corporation (OEC). CETF and the California Department of Housing and Community Development jointly requested that the U.S. Department of Housing and Urban Development amend federal policies and regulations to support Smart Housing. CETF, OEC, and AT&T have selected 9 areas throughout the state to become model 21st Century Communities for using technology to transform lives and neighborhoods.

One Economy Corporation

Being a Digital Connector has given me an opportunity to learn new skills that can be used in my everyday life. It leaves me with a good feeling that I'm making a difference, not just for my own benefit but for others as well. I'm willing to help anyone that isn't afraid to change for the better.

Daniel Carter
Digital Connectors Program
San Francisco

Smart Communities

CETF and Community Partners, California Community Technology Policy Group, and the Broadband Institute of California (Santa Clara University School of Law) published a summary and analysis of government-led wireless projects titled "*Wired for Wireless*" which provides local governments and stakeholders with critical information and a checklist to guide consideration of wireless initiatives. CETF and the Center for the New Orange County compiled examples of existing local government policies regarding broadband and promulgated a comprehensive sample policy as a resource for local and regional government leaders. And, CETF is working with the State Librarian to promote libraries as hubs for digital literacy and wireless "hot spots" throughout California.

4 Public Awareness and Education: *Get Connected!*

CETF launched *Get Connected!* to raise overall awareness about the benefits of broadband as a foundation and support for all other strategic actions. The initial 2-year goal is to increase adoption among low-income and Latino households statewide by 10 percentage points. *Get Connected!* developed a website (GetConnectedToday.com) to help non-users learn the basics about computers and broadband, produced public service announcements in several languages, and conducted numerous Community Connect Fairs in target neighborhoods. Counties, cities and school districts throughout California are adopting *Get Connected!* resolutions to promote awareness.

¡CONÉCTATE!
Haz tu mundo más fácil

Los Angeles *Get Connected!* It's time, it's now, it's the future...join us!

Councilman Ed Reyes

透過寬頻網路
改善您的生活品質

If we are going to improve the economic health of our communities, then we need to give neighborhoods of all socio-economic backgrounds the ability to connect with city services and the ability to connect with each other.

Councilman Tony Cardenas

연결하세요!
생활이 더욱 편리해집니다.

CETF's work is critical to ensuring communities of color and the underserved have access to knowledge and information.

Los Angeles County Supervisor Gloria Molina

Nối Mạng Đi Chứ!
Cho Đời Nhẹ Nhàng

GETCONNECTED!
Your Life Made Easier

The Internet is a way of life. In order to get a job, information about education, or important information from government, you need to be online with high speed Internet. We want the city of LA to *Get Connected!*

Councilman Jose Huizar

5 Strategic Partnerships

In order to optimally leverage the CETF seed capital and close the Digital Divide by 2015, it will be essential for CETF to forge strategic partnerships with government, foundations and employers to joint venture on major projects and expand initiatives such as the California Telehealth Network, Smart Housing, School2Home, and *Get Connected!* All of these efforts take to scale "what works"—what is known to be successful in increasing broadband adoption—and they envision breakthrough results that improve California's economic competitiveness and quality of life for all residents. As California historian and State Librarian Emeritus Kevin Starr has implored, "we must reboot California"—come together to "hit the restart button" and reform all institutions to once again work for Californians. Accelerating the deployment and adoption of broadband and harnessing the benefits and productivity of information technologies is a vital part of the solution.

California Emerging Technology Fund

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For more information, please visit: www.cetfund.org
This report is available online in Accessible Word document format.

Kearny High Educational Complex
I am so glad to have joined the program. My children will now have the same opportunities that most kids have….Thank you for giving my kids a better chance.

Ginger Stenson
Mission Valley
Program Participant

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Summary of Seed Capital, Grant Commitments and Expenditures To Date

Summary of Financial Status	Fiscal Year 2008–2009 (Audited Statement)	Cumulative Through January 2010
Seed Capital Received:	$48,000,000	$60,000,000
Interest and Earned Income:	229,971	2,094,844
Contributions for Specific Programs:	0	780,700
Grants Approved To Date:	19,364,500	19,917,200
Grant Payments To Date:	9,545,346	13,382,089
Non-Grant Expenditures:	2,303,816	6,299,804
Program Expenditures:	*1,984,570 (86%)*	*5,040,264 (80%)*
Administrative Costs:	*319,246 (14%)*	*1,259,540 (20%)*
Total Assets – Total Liabilities and Equity:	**$36,369,661**	**$43,316,762**

Summary of Financial Status covers June 2006 through January 2010. Figures based on CETF Audited Statements through June 30, 2009 (available online) and unaudited CETF Financial Reports through January 31, 2010. When Grant Payments To Date ($13,382,089) and Non-Grant Program Expenditures ($5,040,264) are combined, Overall Program Expenditures ($18,422,353) account for 94% of Total Expenditures ($19,681,893) and Administrative Costs ($1,259,540) account for 6%.

As of March 31, 2010, CETF was awarded a $7,251,295 American Recovery and Reinvestment Act grant from the National Telecommunications Information Administration.

Transforming Lives

The ACME Network

There is nothing more refreshing to the soul than to see a young person's face light up with clarity and understanding. I wish I could express how tremendously positive these virtual classrooms are for so many of my students. Since our animation lab was built and ACME has come into our classroom, I hear students talk about becoming professionals and about their dreams for the future.

Robert Moreau
Roosevelt High School Teacher
Los Angeles

Jackie Robinson YMCA

…this program has brought computers and training to all ages in our community who all needed access to this vital resource. Without the San Diego Futures Foundation and the SD Broadband Initiative, these families would lack the skills and hardware to be part of the global community.

Claire Hiller
Youth Program Director

CDTech

I am greatful for the CDTech TechCorps program because I have become more confident in using the Internet to look for higher position jobs for myself that I would have normally not applied for. Also, I have a friend that needed help on his homework one night, but it was all online. I am happy that I was able to help him complete his work and become of service to anyone who may need my help in the future.

Josue Hernandez
(January Cohort)
CDTech TechCorps 2010

Centro Latino for Literacy

Before coming to Centro Latino, I was afraid to use the computer and the Internet. Now I can go online to learn and improve my life.

Rosa Baeux
Leamos Graduate and current basic Digital Literacy student

Community Housing Works

Me encanta mi computadora. Cada dia aprendo mas. Gracias!
(I enjoy my new computer. Everday I learn more. Thanks!)

Maria Jimenez
Poway Program Participant

Saving Time and Money for Californians

CETF
CALIFORNIA EMERGING TECHNOLOGY FUND

***Get Connected!* California**

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