

Executive Summary

Indiana's economy represents a unique opportunity for growth when compared to surrounding states. The major findings and recommendations of this paper are:

- **Indiana is a state at risk.** Continued reliance on a production-oriented economy is dangerous for the future of Indiana's economy. Earnings per job in Indiana are lower than the national average, and that gap has slowly grown over the last thirty years. In the mid-1960's, our state ranked 17th among the fifty states in per capita income, but now we do no better than 33rd. It took years for Indiana to evolve as a production-oriented economy, utilizing a labor force with lower than average educational attainment levels. As late as 1982, Indiana was at parity with the rest of the nation, now Indiana can only command 88 cents for each dollar paid the average worker in the national economy.
- **Broadband deployment is the catalyst for growth.** Numerous national studies from highly credible academic institutions and think tanks suggest that broadband deployment is the prime ingredient that can attract growth industries that are historically underrepresented in Indiana. These include entertainment, tourism, and many categories of financial, technical, and scientific services. While Indiana has been less affected by the downturn in the automobile industry than surrounding states like Michigan and Ohio, both of these states have already enacted some form of telecom reform. Indiana is already behind the curve.
- **Impact of competition can be immediate.** In Texas, the adoption of statewide franchising resulted in an immediate 25% reduction in cable rates in affected markets, and a recent study by the FCC suggests direct competition would result in a 27% reduction in rates. For Indiana, we can expect the introduction of competition to save existing Indiana cable subscribers between \$131 million and \$262 million annually. Depending on the reduction rate, our study also suggests this would encourage between 109,000 and 438,000 new Indiana television households to subscribe to a video service provider and thereby become newly franchised members of the information age.
- **Statewide video franchising is the key.** The current cable franchise landscape, developed by the FCC to protect citizens from monopoly power, does not translate to a competitive environment where multiple participating firms battle in an open, unrestricted market to attract customers for voice, data and video broadband services. Statewide franchising provides a uniform, fair framework for all Indiana communities to be attractive for outside investment necessary for broadband deployment, not just for the largest metropolitan areas.
- **The potential of telecom reform.** While both the Indiana house and senate, and both sides of the aisle are in favor of telecom reform, the devil is in the details for final passage. Last minute attempts to derail or kill this legislation are vested in self-serving, unfounded scenarios, requests for unwarranted entitlements, or ignorance over the economic benefits of a free and open telecommunications marketplace