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**THE ECONOMIC AND SOCIAL IMPLICATIONS FOR LATINOS
OF AT&T INC.'S PROPOSED ACQUISITION OF T-MOBILE-USA**

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EXECUTIVE SUMMARY

The proposed acquisition by AT&T of T-Mobile presents significant implications for American telecommunications consumers. The potential impact of the proposed acquisition on Latinos could be even more significant. Latinos are the youngest and fastest growing consumers in the U.S. marketplace. They are also among the most vulnerable to changes in the market that affect employment, cost and accessibility of goods and services.

More than any other demographic group in the nation, Latino consumers depend on mobile phones for communication, democratic participation, civic engagement and economic empowerment. With over 90 percent usage in the Latino community, mobile phones have become a basic necessity for many Latino individuals and families.

Conversely, Latinos are less likely to have broadband in their homes than any other minority group and are far less likely to have it than whites and Asians. Latinos also pay significantly more for mobile phone services than any other demographic group. Moreover, Latinos are among the least represented workers in the wireless communications field, with most of them employed in non-technical field, which is the most likely area to suffer job loss in the merger. For these reasons, the competitive impact of AT&T's proposed acquisition of T-Mobile is of particular importance to Latinos.

A close examination of the impact of the proposed acquisition reveals that the American wireless consumers, particularly Latino consumers, would be harmed if the acquisition is approved. Contrary to the claims made by AT&T, the analysis shows that Latinos would pay higher prices, have fewer choices, and suffer a loss of jobs. Moreover, because Latinos tend to rely on cell phones for access to the Internet more so than do other Americans, they will likely bear a greater share of any price increases that result from the merger.

The higher prices will make wireless service even less affordable for millions of Latinos, further worsening the digital divide. In total, the full impact of the merger likely could result in Latinos paying an additional \$2 billion per year for wireless telephone and data services.

Federal and state regulators have the challenge and opportunity to create an affordable pathway of mobility for Latinos. Without significant changes, however, in the structure and details of the proposed merger, approval of AT&T's acquisition of T-Mobile will cause harm to Latino consumers.

WCVI supports the recommendations of the National Latino Congreso Conveners with regard to the proposed merger including guarantees on retention and retraining of "downsized" employees, selling off market share to a Latino-owned wireless provider, expanding and diversifying the management, governance, philanthropy, and supplier chain of the merged company, commitment to upgrading quality and access of service to underserved communities, privacy pledges on privacy regarding new technologies for end-users, and subsidized pricing for low income users.

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INTRODUCTION

AT&T Inc.'s request to the U.S. Department of Justice (DOJ) and Federal Communications Commission (FCC) for approval of its proposed acquisition of T-Mobile USA has generated considerable public debate about the effects of this \$39 billion transaction on the overall economic and social interests of consumers. Elected officials, consumer advocates, scholars and corporate and community leaders have all expressed an interest in, or concern about, the planned acquisition. AT&T claims that the merger will relieve network capacity constraints and lead to billions of dollars in savings, expanded rollout of its high-speed LTE service and the creation of thousands of new jobs. Those in opposition to the merger contend that it will further consolidate an already concentrated industry resulting in higher prices, lower industry output, reduced innovation and a loss of jobs.⁵ In late August of this year, the DOJ filed a complaint in federal district court seeking to block the proposed merger on the grounds that it would substantially lessen competition in violation of U.S. antitrust laws.^{6,7}

This white paper analyzes the public debate surrounding the AT&T and T-Mobile merger with an emphasis on its likely impact on the Latino community -the fastest growing population segment in the U.S.⁸ A close examination of the impact of the proposed acquisition reveals that American wireless consumers, particularly Latino consumers, would suffer significant harm if the acquisition is approved. Contrary to the claims made by AT&T, the analysis shows that Latinos would pay higher prices, have fewer choices and suffer job losses. Moreover, because Latinos tend to rely on cell phones for access to the Internet more so than do other Americans, they will likely bear a greater share of any price increases that result from the merger. The higher prices will make wireless service even less affordable for millions of Latinos, further increasing the digital divide. In total, the full impact of the merger likely would result in Latinos paying an additional \$2 billion per year for wireless telephone and data services.

BACKGROUND

The Wireless Services Industry Is Large, Growing, and Concentrated

The wireless industry provides consumers with the ability to make phone calls and access data using radio transmission over the airwaves. The services offered include voice service, paging, broadband personal communications (for example, communications using the iPad's wireless Internet access) and wireless public safety services.⁹

The wireless industry generates service revenues in excess of \$150 billion per year and it is growing faster than the economy as a whole.¹⁰ Wireless services grew by more than 16 percent annually from 1992-2007 compared with less than 3 percent annual growth for the remainder of the U.S. economy.¹¹ Even with the recent economic recession, housing market crisis and stock market crash, the wireless industry continued to grow. According to market

research and FCC reports, between 2005-2010 subscriber usage increased at an estimated 5.9 percent per year and industry revenue went up at an average annual rate of 3.9 percent.¹²

The wireless industry is also highly concentrated, meaning that a small number of firms account for the vast majority of subscribers, revenue and profit. Currently, the four nationwide wireless service providers control over 90 percent of wireless subscribers in the U.S.: Verizon Wireless (33.4%), AT&T Inc. (31.2%), Sprint Nextel Corporation (16.2%) and T-Mobile USA (11%).¹³ If approved, AT&T would take the preeminent position and control over 42 percent of the approximately 300 million subscribers in the U.S.¹⁴ Together, AT&T and Verizon would control over 75 percent of subscribers and 86 percent of industry profits.¹⁵

Wireless Service Is Increasingly Important to Consumers in a Connected Society

Wireless telephone and data services have become indispensable to the everyday lives of American consumers. Consumers' need for wireless services continues to increase as the world becomes more digitally interconnected. The federal government, state government, businesses, schools and non-governmental institutions, are increasingly creating online forms of social and institutional interactions that supplement, interconnect or replace in-person and paper-based modes of conducting daily life activities.¹⁶ For example, businesses are integrating online technology into their governance and management systems, work processes and service delivery systems as they interact with the public.¹⁷ American society is using network and digital technology for social engagement, economic production, political participation, cultural production and institutional transactions.¹⁸ For this reason, it matters whether or not Americans can afford to connect to the institutional system through the wireless communications network. Being "connected" has become a central part of 21st century life.

Latinos are More Dependent on Wireless Services than Non-Latinos

Latinos tend to rely more heavily on wireless services than do other population segments and therefore would likely bear a disproportionate share of any price increases that would result from the merger of AT&T and T-Mobile USA. For example, based on the results of a survey conducted during the second half of 2010, researchers at the Centers for Disease Control and Prevention estimate that 27.8 percent of adult Americans now live in homes with only wireless telephones, i.e., these homes no longer have traditional "wireline" service. Hispanics are even more likely to have "cut the wireline cord" and rely solely on wireless, cellular communications. Nearly 40 percent of all Hispanic households have done so.¹⁹ Thus, compared to the typical American adult, Latinos rely disproportionately on wireless services for communications and Internet access.

Not surprisingly, Latinos typically spend more for wireless service than do other consumers. As shown in Table 1. Average Monthly Payment to National Wireless Carriers by Race and Ethnicity, Nielsen Research reports that Latinos pay the highest average monthly payment of all groups, regardless of carrier.

**Table 1. Average Monthly Payment to National Wireless Carriers
By Race and Ethnicity**

| | Verizon | AT&T | T-Mobile | Sprint |
|------------------------|----------------|-----------------|-----------------|---------------|
| Latinos | \$115 | \$120 | \$102 | \$117 |
| White | \$98 | \$98 | \$78 | \$98 |
| Black | \$108 | \$103 | \$101 | \$109 |
| Asian | \$94 | \$101 | \$83 | \$85 |
| Native American | \$100 | \$100 | \$88 | - |

Source: “Mobile and Social in Hispanic America, 2010” Power point presentation by Jerry Rocha, VP, Nielsen Research. Available at slideshare.

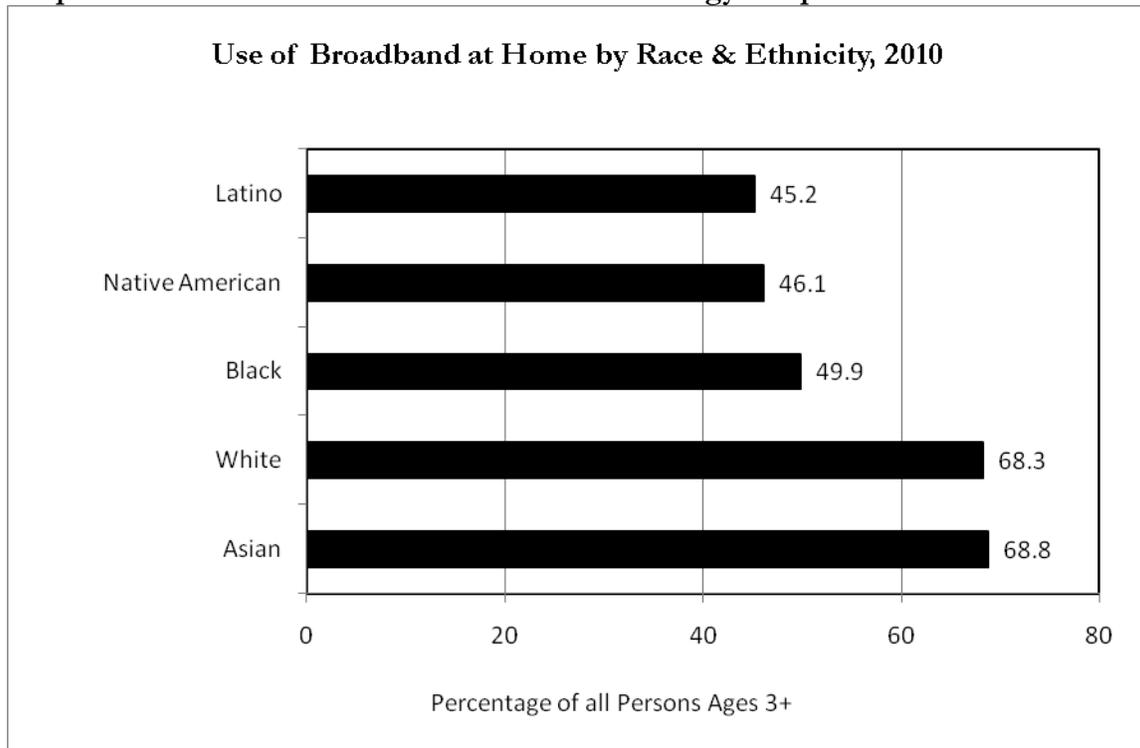
The reliance on wireless services by Latinos is surely a reflection of their incomes. Although Latinos have attained higher levels of education and have moved into higher paying occupations, they still have considerably lower earnings than do their white and Asian counterparts. In 2010, for example, Latinos earned \$230 less than whites (\$535 versus \$765 per week) in median weekly pay (for full-time work).²⁰

Furthermore, Latinos have been more negatively affected by the economic recession than have whites.²¹ For example, Latino men 16 years of age and older had approximately a 13 percent rate of unemployment, more than 4 points higher than the 8.5 percent unemployment experienced by whites.²²

The heavy reliance by Latinos on wireless services may also reflect the fact that a high percentage of homes headed by Latinos have no broadband internet access—again, an outcome that may be largely driven by low incomes. For many Latinos, a cell phone is their only readily available means of connecting to the Internet, engaging in social or business networking, or simply placing a phone call.

As the chart below shows, less than half of Latinos (45%) use broadband Internet service at home – the lowest penetration rate of any ethnic and racial group. This means that there are approximately 26 million Latinos without home Internet service, many of whom rely on their wireless phones for Internet access.

Graph 1. Latinos have the Lowest Rate of Technology Adoption.



Source: Department of Commerce, National Telecommunications and Information Administration, 2010.

Latinos who do not have access to broadband at home are more likely to depend on public institutions such as libraries, schools and community technology centers to gain access to the Internet.²³ Unfortunately, with recent state budget cuts, many of these services have been eliminated or diminished, reducing the ability of Latinos to bridge the “digital divide” and increasing dependence on wireless phone access to broadband services. The low income of Latinos and their reliance on cell phones to be connected renders them particularly vulnerable to any adverse competitive effects caused by the proposed merger.

AT&T Views the Merger as Pro-Competitive

AT&T makes three primary arguments in support of its proposed merger with T-Mobile. First, and foremost, it claims that the transaction will provide AT&T and T-Mobile sufficient network capacity to serve rapidly growing customer demand for broadband wireless service. It claims that AT&T and T-Mobile confront growing spectrum and network capacity constraints and that the merger will help alleviate those constraints by allowing the combined firm to handle increased network volumes while also improving service quality (faster data speeds and fewer dropped and blocked calls). Second, AT&T claims that the merger will enable the combined firm to offer Long Term Evolution (“LTE”)—the next-generation 4G wireless broadband technology—to an additional 17 percent of the U.S.

population (97% of the U.S. population with the merger versus 80% without the merger). Third, AT&T claims that the merger will “create jobs and investment, help bridge the digital divide and help achieve the Administration’s rural broadband objectives, all without the expenditure of government funds.”²⁴

AT&T asserts that, as a result of the merger, it will be able to undertake additional investment in broadband deployment in marginal and less profitable rural and underserved areas. According to AT&T, this would help close the digital divide, and such investment would create jobs and benefit disconnected populations. Even more, AT&T claims that, despite the increase in market concentration, the removal of its spectrum and network capacity constraints will enable the combined firm to increase output (i.e., offer higher data and voice volumes) and lower prices. The resulting lower prices, AT&T argues, would make wireless services affordable to more low income Americans, further reducing the digital divide. Proponents of the merger argue that this would fulfill the goals of the Obama Administration and the FCC’s 2010 National Broadband Plan for the U.S.²⁵

Many non-profit and for-profit supporters agree with AT&T that public gains will indeed be realized as mobile broadband becomes the mode of connection for many Americans, especially lower-income and ethnic and racial households that are more likely to rely solely on wireless networks for access to phone and data services.²⁶ These supporters assert that facilitating private investment in expanded mobile broadband coverage could improve labor market efficiencies. In particular, supporters argue that the merger would especially help those in low-income households and rural markets. As a result, supporters are asking regulators to consider the value of AT&T’s *voluntary commitments* to invest in such market areas when reviewing the merger.

In addition to claiming that prices will fall as a result of the merger, AT&T also has provided public assurances that existing T-Mobile subscribers will be able to keep their current rate plans even if they switch to a “comparable” phone, although AT&T provides absolutely no detail as to what constitutes a comparable phone.^{27 28}

The Views of the Department of Justice, Numerous State Attorney Generals, and Others Contesting the Merger

The Danger of High Market Concentration

While AT&T has focused on what it asserts would be the benefits of the merger, it is also critical to evaluate the potential for competitive harm that would result from the merger. Market concentration is often a useful first indicator of the likely competitive effects of a merger. Generally speaking, an industry is thought to be more competitive as the number of firms in that industry increases. This increased competition leads to lower prices, higher output, and/or better quality, all of which benefit consumers.

By reducing the number of firms in an industry, a merger can create a less competitive environment. When a concentrated industry with a small number of firms becomes even more concentrated as the result of a merger, all things being equal, the remaining firms tend to compete less intensely, resulting in higher prices. Economists refer to this situation as one in which the merging firm (and possibly the other firms in the industry) have enhanced

“market power” over consumers. A merger is considered to enhance market power if it is likely to encourage one or more firms to raise price, reduce output, diminish innovation, or otherwise harm customers as a result of diminished competitive constraints or incentives.²⁹

The U.S. antitrust laws exist to protect consumers from mergers that substantially lessen competition. Both the Federal Trade Commission (FTC) and Department of Justice (DOJ) are responsible for enforcing these laws and provide guidance regarding their enforcement policy through their Horizontal Merger Guidelines. To identify mergers that may be anticompetitive, these agencies often measure the current level of concentration in an industry (or market) using an index that is referred to as the Herfindahl-Hirschman Index (HHI), which is the sum of the squared market shares of the firms in the industry.³⁰

Intuitively, if an industry were perfectly competitive with numerous firms, so that individual firm shares would be very small, the HHI would be close to zero. If instead an industry were characterized by a monopoly—a firm with a 100 percent market share, the HHI would be 10,000 (which is 100 squared). The agencies classify any market with an HHI value above 2500 as “highly concentrated.” The agencies also use changes in the HHI to measure the increase in market concentration that would result from a merger. The larger the increase in the HHI, the more likely the merger will be anticompetitive (e.g., that it would result in higher prices for consumers).

IMPACT

The Merger Will Harm Competition and Hurt Consumers

The four largest players in the provision of wireless services—AT&T, Verizon, Sprint and T-Mobile—all compete at the national level, offering the same national service plans throughout the country and developing (e.g.) handsets like the iPhone and HTC for consumers anywhere in the country. Thus, it is appropriate to assess the competitive effects of the merger at a national level as well as a “local” level (e.g., New York City, Los Angeles) where consumers purchase service.

At a national level, the two federal antitrust agencies would view the pre-merger wireless industry as “moderately concentrated,” with an HHI of about 2400. (An HHI greater than 2500 would be characterized as highly concentrated.) If the merger were to occur, that HHI would rise by over 700 points, so the post-merger HHI would be over 3100. Under the Horizontal Merger Guidelines, the two federal antitrust agencies would conclude that such a merger warrants detailed scrutiny. Indeed, the combined share of the post-merger AT&T and Verizon will be on the order of 75 percent -- effectively creating a cellular duopoly.

The result of the DOJ scrutiny was embodied in the DOJ suit. In late August of this year, and after months of investigation, the DOJ filed a complaint in federal district court seeking to block the proposed merger on the grounds that it would substantially lessen competition in violation of U.S. antitrust laws.³¹ Shortly thereafter, seven States Attorneys General joined with the DOJ in legally challenging the merger, and Sprint Nextel and Cellular South have filed separate complaints in Federal District court seeking to block the merger. Additionally, a wide range of public interest organizations have asked the Federal Communications Commission (FCC) to deny AT&T’s petition to acquire T-Mobile USA.

In its complaint, the DOJ argues that “...unless this acquisition is enjoined, customers of mobile wireless telecommunications services likely will face higher prices, less product variety and innovation, and poorer quality services due to reduced incentives to invest than would exist absent the merger.” Similarly, Sprint’s complaint asserts that “AT&T’s proposed takeover of T-Mobile is brazenly anticompetitive. In one fell swoop, AT&T’s proposed purchase would eliminate one of four national competitors and marginalize a second (Sprint), pushing the market back toward a 1980’s-style cell phone duopoly that would force consumers to endure higher prices and be denied the fruits of vigorous competition.”

The DOJ’s complaint makes clear that T-Mobile is an important national competitor. T-Mobile generally has the lowest prices of the four national carriers and puts constant pressure on the other carriers that reduces their ability to raise prices. The DOJ also noted that “T-Mobile consumers benefit from the lower prices offered by T-Mobile, while subscribers of Verizon, AT&T, and Sprint gain from more attractive offerings that those firms are spurred to provide because of the attractive national value proposition of T-Mobile.” [¶27] The DOJ also identifies T-Mobile as an important innovator at the national level, citing T-Mobile’s “firsts” including Blackberry wireless email, the Android handset, and national Wi-Fi “hotspot” access. [¶28]

Based on documents and data provided by T-Mobile, it is clear that T-Mobile and AT&T are direct head-to-head competitors. T-Mobile’s advertisements attacking AT&T is another indicator that these two carriers view themselves as competitors.

If this head-to-head competition is eliminated, AT&T’s acquisition of T-Mobile would in and of itself result in higher prices. AT&T would have eliminated a significant constraint on its pricing of wireless services. Moreover, because T-Mobile also competes with the other national carriers, they too would be able to increase prices. Equally important, the elimination of T-Mobile as an independent rival would also reduce the pace and quality of innovation, given T-Mobile’s history of innovation.

AT&T has argued that it would be unable to raise prices after the merger because of the presence of smaller rivals, such as Leap and MetroPCS. However, the DOJ concluded that these smaller carriers “typically have small shares and none is as effective a constraint as is T-Mobile on AT&T, Verizon, and Sprint.” [¶35]

The DOJ also concluded that AT&T “cannot demonstrate merger-specific, cognizable efficiencies sufficient to reverse the acquisition’s anticompetitive effects.” [¶46] In other words, AT&T failed to provide convincing evidence that the claimed efficiencies would be realized or that the merger was required to attain the efficiencies (as opposed to some other practical alternative). It is not difficult to see why these claims were likely rejected. For example, AT&T likely failed to provide sufficient evidence to DOJ that the merger would allow it to expand its next generation network from 80 percent of the country to 97 percent. While not discussed by DOJ, it seems likely that competition from Verizon, T-Mobile and/or Sprint would force AT&T to expand its network or lose customers.

In short, AT&T has not and cannot demonstrate that the merger would result in efficiencies sufficient to reverse the loss of competition that would result from the elimination of T-Mobile if the merger were approved.

WCVI Analysis: the Merger Will Likely Lead to Higher Prices for Consumers

AT&T's acquisition of T-Mobile may lead to higher prices for subscribers at both companies, especially those currently on the T-Mobile network.

Prices at AT&T and T-Mobile will increase as the combined firm will have one less competitor to worry about when establishing its prices. After the merger, AT&T's potential profits from increasing its prices will no longer be affected by the threat that some subscribers might react by switching to T-Mobile. The same is true for AT&T's decisions with respect to pricing at the former T-Mobile, as former T-Mobile (and now AT&T) customers will no longer have the option of switching to an independent AT&T.

The loss of T-Mobile as a competitor, with the resulting increase in AT&T's prices, would enable the other wireless carriers to raise their prices as well. In particular, the merger will enhance the ability of AT&T and Verizon – which together will account for over 75 percent of subscribers – to coordinate the setting of their prices. This potential coordination would result in even larger price increases for wireless services.

WCVI Analysis: Higher Prices Will Have a Disproportionate Effect on Latinos – Costing Them as much as Two Billion Dollars per Year

As identified above, Latinos are heavily dependent on wireless service and currently pay more per month for these services than do any other ethnic group. Consequently, any increase in wireless prices would disproportionately impact Latinos. Further, of the four national wireless carriers, T-Mobile has by far the highest percentage of Latino subscribers and it is the carrier that is expected to see the largest price increases after the merger.³² Indeed, if AT&T's commitment to maintain rate plans is not codified in the terms of the merger, it seems likely that some T-Mobile's service plans will no longer be available to Latinos. As a result, the large number of Latinos currently on the T-Mobile network can expect to pay significantly more after the merger.

Using available data, we can approximate the total cost to Latinos of higher wireless service prices resulting from the merger. Across the four national networks there are approximately 33 million Latino subscribers who together spend approximately \$45 billion per year on wireless services.³³ Assuming prices rise five percent after the merger, Latinos would pay an additional \$2.3 billion per year to the national carriers once the price changes have been fully implemented.³⁴

An alternative way to think about the potential cost to Latinos is to calculate the additional payments that Latinos would make to AT&T assuming that T-Mobile subscribers would begin paying the same amount as AT&T customers after the merger. As previously shown above in Graph 1, Latinos currently pay \$18 more per month for AT&T service (\$120) than for T-Mobile service (\$102). If each of the 7 million Latino T-Mobile subscribers were to pay an additional \$18 per month to the combined AT&T/T-Mobile, that would translate to an additional \$1.5 billion dollars per year in wireless service payments and that amount does

not take into account the impact of any price increases to Latino subscribers who are currently on the AT&T network.

Latinos subscribers on the smaller regional networks such as MetroPCS and Leap would also be subject to price increases after the merger. In all, the merger is likely to result in Latinos paying significantly more than \$2 billion per year in additional wireless service fees. Instead of paying higher prices, some Latinos likely would respond by reducing the amount of wireless services they consume or simply cancelling their wireless service altogether. Given that many Latinos depend exclusively on wireless services for telephone and Internet access, any reduction in their consumption will further increase the digital divide.

WCVI Analysis: AT&T's jobs and investment claims are exaggerated

In numerous print, television, and Internet advertisements, as well as in multiple press releases, AT&T has claimed that the merger will create 96,000 new jobs.³⁵ This claim is simply false.³⁶ The source of this jobs estimate is from a short paper published by the Economic Policy Institute (EPI) titled “The Jobs Impact of Telecom Investment.”³⁷ As the author of the paper explains, the paper “describes the jobs impact of a *prototypical* investment in wireless infrastructure” (emphasis added), so, despite AT&T’s claim, the author never intended for the paper to be a specific evaluation of the jobs impact of the AT&T/T-Mobile merger. The author further explains that:

“At the end of the report, we note that AT&T has claimed that it plans to increase net investment in wireless broadband infrastructure by \$8 billion over seven years as a result of the proposed merger with T-Mobile. The *report did not analyze the veracity of this claim*, but found that these plans would create between 55,000 and 96,000 job-years if they were to come to fruition... The *report did not examine whether or not the merger actually would result in a net increase of investment*. Nor did it analyze the broader impact of the merger...”³⁸
(emphasis added)

First, it is worth noting that most of AT&T’s statements report only the maximum value (96,000) and not the full-range (55,000 to 96,000) of projected job increases. Given the large range this is certainly misleading. Second, AT&T does not identify the estimate properly. The estimate is in “job-years” not jobs, and the distinction is very important. As the author states, “Note that the estimates are in ‘job-years,’ which refer to a job held for a single year; for example, five jobs performed for single year is the equivalent to one job retained for five years.” Since \$8 billion infrastructure investment is to take place over seven years, even if the EPI estimate were correct, the estimated number of jobs created would be 7,900 to 13,700 jobs – not 96,000.³⁹ Again, AT&T’s claim is misleading at best.

Even more important, EPI’s estimate of job-years relies solely on a single statement by AT&T in a press release. In that press release AT&T claims that “The acquisition will increase AT&T’s infrastructure investment in the U.S. by more than \$8 billion over seven years.”⁴⁰ As the author of the EPI report states in the quote above, “The report did not analyze the *veracity* of this claim... [and t]he report *did not examine whether or not the merger*

actually would result in a net increase of investment.” (emphasis added) This is the crucial point – the \$8 billion investment promised by AT&T is a gross increase, not a net increase, in investment. That is, it measures how much more AT&T itself would spend after the merger but it ignores the tens of billions of dollars that T-Mobile *would have spent* if the merger never occurred. As a simple matter of logic, the merger would result in an increase in jobs *only* if there is an increase in *net* capital investment.

A simple illustrative example should help. Suppose that without the merger AT&T and T-Mobile would each spend \$10 on capital investment next year, resulting in a total capital expenditure of \$20. Suppose further that a combined AT&T/T-Mobile would spend \$13. In this example, the merger would *reduce* total capital expenditures by \$7 (\$20 - \$13), not increase it by \$3 which is the increase in spending by AT&T alone. In making its increased jobs claim, AT&T focuses on the fact that the combined company would invest more than AT&T would have as a standalone firm, \$3 in the example, but ignores the reduction in spending by the two firms combined, \$7 in the example. By focusing only on AT&T’s investments, these claims ignore the effect of eliminating T-Mobile as an independent firm.

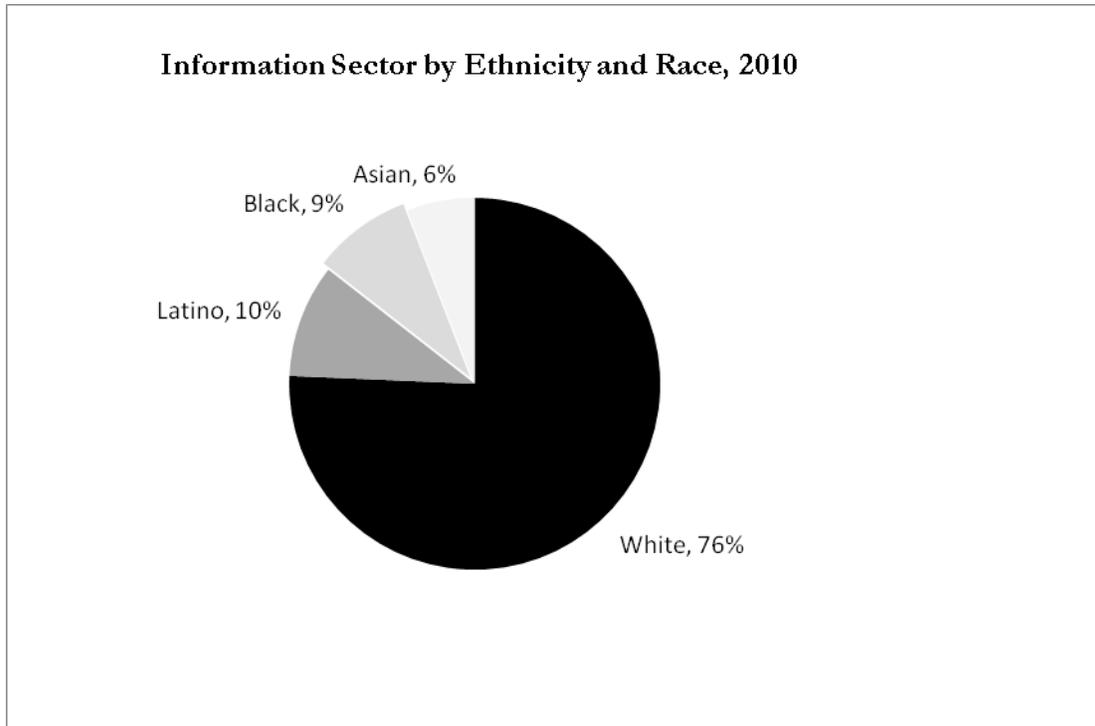
According to AT&T itself, the merger will result in a net capital investment *reduction* of around \$10 billion. AT&T’s Public Interest Showing to the FCC included a declaration from an AT&T Senior Vice President who made this point quite clearly: “The combined *capital expenditure savings*, including costs that would have been spent on spectrum acquisition, have an estimated NPV [net present value] in excess of \$10 billion.”⁴¹ A recent AT&T investor presentation repeated this same claim.⁴² This result is not surprising because virtually all mergers are intended and designed to reduce spending on such things as capital investment. Merging firms refer to these savings as synergies or efficiency benefits of the merger. What is surprising is that AT&T would claim to the public and Congress that merger would result in *increased* capital expenditures and jobs, while simultaneously telling investors that the merger would result in billions of dollars of *reduced* capital expenditure (and thus higher profits).

Evaluated properly, the AT&T/T-Mobile merger would cause capital expenditures to fall by over \$10 billion. This reduction would of course result in a loss of thousands of U.S. jobs.⁴³

WCVI Analysis: Latinos Face Negative Long Term Employment Effects

Wireless companies are not required to report labor market demographics. However, if we use U.S. Bureau of Labor Statistics (BLS) on the information sector and occupation by ethnicity as a proxy to estimate the impact of consolidation on potential employment opportunities for Latinos, we can predict that the merger will have a disproportionately low impact on Latino employment as compared to Whites and Asians.⁴⁴ This is primarily because Latinos have relatively low employment in this high-education, high-skill, and high-wage information sector, see Graph 2. According to the BLS, approximately 10 percent of the information sector employees are Latinos. Similarly, Latinos represent almost 11 percent of Employees in the wired telecommunications carriers and 10 percent in the other telecommunications services industries in 2010. On the other hand, the few that are employed will be negatively affected as they occupy jobs that are expected to be in decline.

Graph 2. Latinos are Under-Represented in the Information Sector.



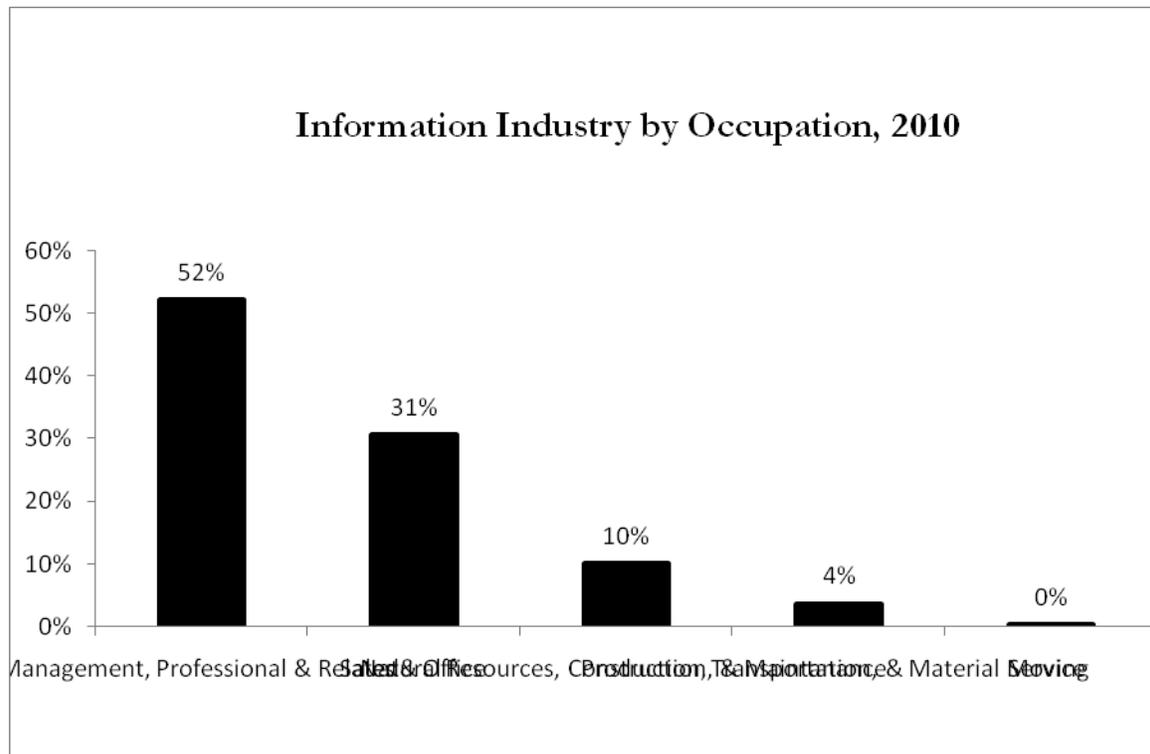
Source: U.S. Bureau of Labor Statistics, 2011.

WCVI Latinos tend to be Located in Declining Information Sector Occupations

The relatively few Latinos that are employed in the information sector are segmented in the low paying jobs, because in comparison to their counterparts they are more likely to be in low-level occupations with lower-education and lower-skill demands. The BLS predicts that as productivity in the wireless industry increases rapidly (with the uses of technology), and the market saturates, these jobs are likely to decline or cap at best.⁴⁵ Incidentally, it is these types of jobs that fall under the occupational categories where AT&T expects to downsize. For instance, Latinos tend to be concentrated in the following occupational categories: (a) installation, maintenance and repair (29%), telecommunications line installers and repairers (18%); (b) service occupations (21%); (c) production, transportation and material moving (21%); and (d) sales and office occupations (13%). Latinos make up 10 percent of first-line supervisors and managers of retail sales workers, sales representatives of services and all others, and first line supervisors and managers of non-retail sales workers. The BLS projects that both sales representatives and telecommunications equipment installers and repairers will decline by 10 percent and 11 and half percent respectively--for the next seven years, up to 2018.⁴⁶ These occupations are also the lowest paid. There are significant gaps for median hourly wages of the largest occupations in telecommunications. The gap between the highest paid computer software engineers and systems software (\$41.8) and telecommunications equipment installers and repairers is \$15 dollars, \$17 dollars for sales

representatives and services, \$26 for customer service representatives and \$29.50 for retail sales persons.⁴⁷

Graph 3: Management & Professional Occupations Predominate the Information Industry.



Source: U.S. Bureau of Labor Statistics, 2011.

As shown in Graph 3 above, the majority of jobs in the information sector are in the management, professional and related occupations. Latinos are highly underrepresented in management, professional and related occupations. Only 5 percent of Latinos are in the professional and business services occupations. The wireless industry follows the same pattern. According to the BLS, in 2010 only 5 percent of Latinos were under the professional category of computer systems design and related services in all industries. Also, under the managerial category for all industries (including the information sector), Latinos represent 9 percent of data administrators, 7 percent of all computer and information systems managers and computer support specialists, 6.5 percent of computer programmers, 6 percent of network and computer systems administrators, 5.5 percent of computer and mathematical occupations, 5 percent of computer scientists and systems analysts, 4 percent computer software engineers and 3 and a half percent of engineering managers.⁴⁸ It is precisely these science and technology based occupations that the BLS projects will continue to grow in the next seven years. Even more, they are the best paid. For example, engineering managers make a median weekly earnings of \$1,885 and computer software engineers made \$1,549 where the median weekly earnings for installation, maintenance and repair occupations (where Latinos are most concentrated) made \$794 dollars median weekly earnings in 2010.

For the most valued occupations in the growing sectors of the wireless industry, such as mathematicians, actuaries, statisticians and miscellaneous mathematical science occupations, Latinos are reported as statistically insignificant or (less than 50 thousand). These jobs are valuable and well compensated because they represent the knowledge producers, employees who have a high capacity to innovate through the design of the algorithms that construct technology devices and respective functionalities. These jobs are also usually reserved for workers with a higher education in Science, Technology, Mathematics and Engineering (STEM). The U.S. Department of Commerce, Economics and Statistics Administration, through a Current Populations Sample (CPS) of the U.S. Population, believes that from 2008-2018, STEM jobs will grow at 17 percent compared to less than 10 percent for non-STEM jobs. It also reports that across all levels of educational attainment, the largest group of STEM jobs is within the computer and math fields, which account for close to half (46%) of all STEM employment.⁴⁹ In second place is engineering and surveying occupations with one third of all STEM employment.

WCVI CONCLUSION

The proposed acquisition by AT&T of T-Mobile presents significant implications for American telecommunications consumers. The potential impact of the proposed acquisition on Latinos could be even more significant. Latinos are the youngest and fastest growing consumers in the U.S. marketplace. They are also among the most vulnerable to changes in the market that affect employment, cost and accessibility of goods and services.

More than any other demographic group in the nation, Latino consumers depend on mobile phones for communication, democratic participation, civic engagement and economic empowerment. With over 90 percent usage in the Latino community, mobile phones have become a basic necessity for many Latino individuals and families.

Conversely, Latinos are less likely to have broadband in their homes than any other minority group and are far less likely to have it than whites and Asians. Latinos also pay significantly more for mobile phone services than any other demographic group. Moreover, Latinos are among the least represented workers in the wireless communications field, with most of them employed in non-technical field, which is the most likely area to suffer job loss in the merger. For these reasons, the competitive impact of AT&T's proposed acquisition of T-Mobile is of particular importance to Latinos.

A close examination of the impact of the proposed acquisition reveals that the American wireless consumers, particularly Latino consumers, would be harmed if the acquisition is approved. Contrary to the claims made by AT&T, the analysis shows that Latinos would pay higher prices, have fewer choices, and suffer a loss of jobs. Moreover, because Latinos tend to rely on cell phones for access to the Internet more so than do other Americans, they will likely bear a greater share of any price increases that result from the merger.

The higher prices will make wireless service even less affordable for millions of Latinos, further worsening the digital divide. In total, the full impact of the merger likely would result in Latinos paying an additional \$2 billion per year for wireless telephone and data services.

Federal and state regulators have the challenge and opportunity to create an affordable pathway of mobility for Latinos. Without significant changes, however, in the structure and details of the proposed merger, approval of AT&T's acquisition of T-Mobile will cause harm to Latino consumers.

RECOMMENDATIONS (BASED ON POSITIONS OF THE NATIONAL LATINO CONGRESO RESOLUTIONS AND SUBSEQUENT NLC CONVENER DELIBERATIONS)

Latinos have suffered disproportionately from the digital divide. They pay excessive high rates for cellular and broadband service and continue to be historically and structurally marginalized in the telecommunications sector. AT&T continues to assert that its acquisition of T-Mobile will help alleviate these problems by promoting competition, lowering prices, increasing consumer choice and creating jobs.

A close review of the proposed acquisition, however, reveals that American wireless consumers, particularly Latino consumers, would suffer harm if the acquisition were to be approved as proposed. It would lead to less competition, fewer jobs and eliminate low-cost service plans that Latinos rely on for economic sustainability. Moreover, the proposed acquisition may lead to the loss of many retail centers in Latino neighborhoods. This would worsen already problematic conditions facing this population.

Given the continued disadvantage and harm that AT&T's proposed acquisition of T-Mobile would cause to Latino consumers, significant changes in the corporate internal structure and merger conditions would need to be made to ensure it is in the best interest of the Latino community. Therefore, before the proposed acquisition is approved, it must be restructured to address long-standing public interest issues. In order for AT&T to meet its corporate commitments of social responsibility and offset continued marketplace inequalities, by creating value where it profits, the following recommendations should be adopted by the company.

Current Jobs Should Be Protected

AT&T claims that its proposed acquisition of T-Mobile increases jobs in certain sectors and skill categories. But mergers typically downsize workforces due to elimination of duplicative functions. Upon close inspection, jobs added by the acquisition would not offset lost jobs caused by the merger, especially where Latinos are most concentrated.

Recommendation: Current employees whose positions are eliminated by closure of duplicative functions should be retrained and employed at the merged company.

Programs for Consumers Should be Maintained

Mergers in industries with a handful of dominant competitors can result in decreased competition and higher costs for consumers, as well as a decline in service.

Recommendation: AT&T should provide a detailed plan that outlines the safeguards it will engage to ensure affordability and quality of its services; the direct commitments it will undertake to expand access for underserved communities; the policies it will put in place to control rising consumer costs; the policies it will adopt to improve quality control while it adds millions of new subscribers and rolling out its LTE offering. AT&T should provide a list of detailed and quantifiable protective measures that it plans to adopt to increase affordability and accessibility for the Latino community. To ensure affordability, AT&T must create an affordability fund for Latino consumers who have low incomes and cannot afford high priced rates.

Market Share Should be Divested to Latino Entrepreneurs

AT&T is expressing concern about the limited spectrum in the market as contention for spectrum airspace is intensifying. There are, however, questions about the amount of unused spectrum held by AT&T and the impact that the proposed acquisition on T-Mobile's current spectrum allocations will have on other competitors in the marketplace.

Recommendation: AT&T should develop a detailed and quantifiable strategy for selling market share to minority-owned cell phone providers. It should also provide more cell towers in Latino neighborhoods to keep standards of quality and improve service. A certain percentage of the profits generated from the Latino community should be donated to create initiatives that train and educate consumers about the various options available in maintaining and maximizing on the productive functionalities of the technology network.

Privacy Measures Should Be Adopted

AT&T is a major contractor for Apple's iPhone and iPad. These technologies have the capacity to collect personal data and track private information from consumers. Therefore, it should take the lead and adopt social responsibility practices in cooperation with Apple to ensure that information collected from iPhone and iPad users remains confidential.

Recommendation: AT&T should provide the steps it will take to communicate and honor confidentiality agreements with users. If it is not possible to secure an agreement with Apple (or other vendors) for the current generation of new technology innovations, AT&T should work to include privacy provisions in future agreements with business partners. The company should also educate and inform consumers about any agreement made clearly and in terms that can be understood by low literacy populations.

A US Latino should be Added to the Board of Trustees

There are 3 people of color out of 12 members on the board of trustees: 2 African Americans from the U.S. and 1 Mexican citizen representing *Telefonos de Mexico*.

Recommendation: A U.S. Latino should be added to the board of trustees.

Procurements and Contracts for Latinos Should Be Increased

Latinos are significantly underrepresented in procurements and contracts, particularly in the provision of wireless service and the technical and financial sectors of the telecommunications industry.

Recommendation: AT&T should develop a detailed and quantifiable strategy to address this underrepresentation for both tier-one and tier-two contracts and procurements.

Contributions/Donations Should Be Expanded and Geared to Community Needs

AT&T's Foundation provides several hundred million dollars in philanthropic donations per year with a special focus on education as well as other issue areas that are deemed to synergize with the company's core business.

Recommendation: AT&T's should grow its foundation size commensurate with the growth in the merged company's size, and expand its focus to include other issues of importance to Latinos and other underserved communities even though they may be deemed outside the core business prerogatives (general support, civic engagement, immigrant integration, environment and public health, etc).

¹ Dr. Blanca Gordo is a Visiting Scholar at the Institute for the Study of Societal Issues (ISSI) at UC Berkeley and part of the Artificial Intelligence Group at the International Computer Science Institute (ICSI) in Berkeley, CA. The author appreciates the contribution of Pedro Ruiz in the collection of BLS data for the analysis.

² Albert Jacquez is the senior federal policy consultant at the William C. Velasquez Institute (WCVI) and has over 30 years of public policy experience in Congress, the Executive Branch and the private sector.

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⁴ Albert Jacquez is the senior federal policy consultant at the William C. Velasquez Institute (WCVI) and has over 30 years of public policy experience in Congress, the Executive Branch and the private sector.

⁵ Over the past decade, the wireless industry has undergone tremendous consolidation, with 23 mergers completed by the four national wireless carriers: Verizon, AT&T, Sprint, and T-Mobile. See AT&T, Inc. History at Mergent Online.

⁶ Complaint, United States of America, Department of Justice v. AT&T Inc., T-Mobile USA, Inc., and Deutsche Telekom AG, United States District Court for the District of Columbia, August 31, 2011. The Attorney Generals for seven states subsequently joined the DOJ's suit against AT&T. See "AT&T, T-Mobile Merger Faces New Obstacle as Seven States Join DOJ lawsuit," Washington Post, September 16, 2011 (http://www.washingtonpost.com/blogs/post-tech/post/atandt-t-mobile-merger-faces-new-obstacle-as-seven-states-join-doj-lawsuit/2011/09/16/gIQA3a2XK_blog.html). Two wireless carriers, Sprint Nextel and Cellular South, have also filed complaints in federal court to block the merger. See, Complaint, Sprint Nextel Corporation v. AT&T Inc., AT&T Mobility LLC, T-Mobile USA and Deutsche Telekom AG, United States District Court for the District of Columbia, September 6, 2011 and Complaint, Cellular South and Corr Wireless Communications, L.L.C. v. AT&T Inc., AT&T Mobility LLC, T-Mobile USA and Deutsche Telekom AG, United States District Court for the District of Columbia, September 19, 2011.

⁷ Following this trail and on the same grounds, in late November, the Chairman of the FCC announced the agency's decision to call for a public review before an administrative law judge -- where AT&T would need to prove how the merger supports the public's interest.

AT&T Inc. responded by withdrawing their FCC merger application. See "F.C.C. Seeks Review of AT&T Merger With T-Mobile," New York Times, November 22, 2011. (http://www.nytimes.com/2011/11/23/business/media/fcc-seeks-review-of-att-merger-with-t-mobile.html?_r=1&emc=eta1). See "AT&T, T-Mobile withdraw FCC merger application," Politico, November 24, 2011. (<http://www.politico.com/news/stories/1111/69089.html>).

⁸ According to the 2010 U.S. Census, the U.S. Census Bureau reports that "more than half of the growth in the total population of the U.S. between 2000 and 2010 was due to the increase in the Latino population. Latinos now make up 16 percent of the total population, up from 13 percent in 2000. See U.S. Department of Commerce-Economics and Statistics Administration. U.S. Census Bureau. 2010 Census Briefs. "Overview of Race and Hispanic Origin: 2010." By Karen R. Humes, et. Al. C2010BR-02. March 2010. While this paper focuses on Latinos, the impact of the merger is similar for other groups with comparable social and economic conditions. In particular, African Americans and Native Americans, and some Asian and Caucasian groups in low-income areas.

⁹ The primary activities of this industry are wireless network communication service: local, long distance and international calls; provision of messaging services such as SMS and MMS; provision of wireless internet services and other non-messaging data; sale of cell phones, pagers and other wireless devices; rental of wireless telecommunications equipment; wholesale of wireless infrastructure capacity to

telecommunications resellers; and the operation and maintenance of switching and transmission facilities. IBISWorld Industry Report 51332. *Wireless Telecommunications Carriers in the U.S.* Thormahlen, Casey. June 2011. www.ibisworld.com.

¹⁰ “FCC Fifteenth Mobile Wireless Competition Report,” page 13.

¹¹ FCC. Connecting America: The National Broadband Plan. 2010.

¹² Ibid. IBISWorld Industry Report 51332.

¹³ (“FCC Fifteenth Mobile Wireless Competition Report.”) Each of these four nationwide service providers own mobile networks that cover more than 87.5% of the U.S. population. FCC. “Annual Report and Analysis of Competitive Market Conditions with Respect to Wireless Including Commercial Mobile Service. June 24, 2011.

¹⁴ Subscribers include individuals, organizations, institutions, and wholesale buyers that resell services. The number may include multiple lines per type of subscriber. The market is segmented among corporate clients (15%), small and medium businesses (30%), and consumer and residential clients (55%). IBISWorld Industry Report 51332. AT&T Inc. also serves markets throughout the world.

¹⁵ “US Wireless 411,” UBS Investment Services, May 31, 2011.

¹⁶ Gordo, Blanca, et al. [Disconnected: A Community and Technology Needs Assessment of the Southeast Los Angeles Region](#). UC Berkeley-Center for Latino Policy Research. Policy Reports and Research Briefs. (July 29, 2008).

¹⁷ Gordo, Blanca. (2006) Overcoming Institutional Marginalization. In Silver, David and Massanari, Adrienne (Eds). (pp 140-158) *Critical Cyber-Culture Studies*. New York University Press.

¹⁸ Gordo, Blanca. (2009) Considerations for Building a National Broadband Plan. FCC Filing.

¹⁹ Stephen J. Blumberg and Julian V. Luke, “Wireless Substitution: Early Release of Estimates From the National Health Interview Survey, July–December 2010,” Division of Health Interview Statistics, National Center for Health Statistics, released Jun 8, 2011, Tables 1 and 2.

²⁰ Bureau of Labor Statistics.

²¹ By and large, Latinos are segmented at the lowest paid, lowest education, and less thriving industrial sectors of the economy. The recession has only worsened their economic condition, negatively diminishing income, wage rates, and assets through the high rates of economic unemployment and housing market crash that disproportionately and negatively affected them.

²² Bureau of Labor Statistics.

²³ See Department of Commerce, NITIA, Falling Through the Net: Toward Digital Inclusion, October, 2000 and Exploring the Digital Nation: Computer and Internet Use at Home, November, 2011. While these institutions provide a service to those who do not have it, they are also limited in who gets served. For instance, schools serve only students and determine which students, when, what for and for how long they use the Internet. Public libraries limit the amount of time allotted per subscriber. Community technology centers were defunded during the Bush Administration and many were eliminated. Gordo, Blanca. Low-Income Communities in the Information Age: Technology, Development and Community Practice. (Doctoral Dissertation) University of California, Berkeley, 2005.

²⁴ “Joint Opposition Of AT&T Inc., Deutsche Telekom AG, And T-Mobile USA, Inc. Petitions To Deny And Reply To Comments,” AT&T, June 10, 2011.

²⁵ In early 2009, Congress directed the FCC to develop a National Broadband Plan to ensure every American has “access to broadband capability.” Congress also “required that this plan include a detailed strategy for achieving affordability and maximizing use of broadband to advance “consumer welfare, civic participation, public safety and homeland security, community development, health care delivery, energy independence and efficiency, education, employee training, private sector investment, entrepreneurial activity, job creation and economic growth, and other national purposes.” See, FCC. (2010) National Broadband Plan.

²⁶ A CDC study found that: “Adults living in poverty (33.0%) and adults living near poverty (26.5%) were more likely than higher income adults (18.9%) to be living in households with only wireless telephones.” For more information, see Blumberg, S. et al. “Wireless Substitution: Early Release of Estimates From the National Health Interview Survey.” U.S. Center for Disease Control. December 16, 2009. Available at: <http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless200912.pdf>

²⁷ See Declaration of David A. Christopher, AT&T, footnote 101.

²⁸ See T-Mobile, Company Information at [www.t-mobile.com/Company/Company info](http://www.t-mobile.com/Company/Company%20info).

²⁹ *Horizontal Merger Guidelines*, U.S. Department of Justice and the Federal Trade Commission.

³⁰ *Horizontal Merger Guidelines*, U.S. Department of Justice and the Federal Trade Commission. The HHI is calculated by summing the squares of the individual firms’ market shares.

³¹ Complaint, United States of America, Department of Justice v. AT&T Inc., T-Mobile USA, Inc., and Deutsche Telekom AG, United States District Court for the District of Columbia, August 31, 2011. Two wireless carriers, Sprint Nextel and Cellular South, have also filed legal complaints in federal court to block the merger. The Attorney Generals for seven states subsequently joined the DOJ’s suit against AT&T. See “AT&T, T-Mobile Merger Faces New Obstacle as Seven States Join DOJ lawsuit,” Washington Post, September 16, 2011 (http://www.washingtonpost.com/blogs/post-tech/post/atandt-t-mobile-merger-faces-new-obstacle-as-seven-states-join-doj-lawsuit/2011/09/16/gIQA3a2XK_blog.html).

³² At T-Mobile, 21% of its customers are Latinos compared to 12% for AT&T, 9% for Verizon, and 16% for Sprint. “Mobile and Social in Hispanic America, 2010,” presentation by Jerry Rocha, VP, Nielsen Research. Available at slideshare.

³³ Nielsen Research estimates that Latinos represent 21% (nearly 7 million) of AT&T subscribers, 12% (10 million) of Verizon subscribers, 9% (8 million) of Sprint subscribers and 16% (nearly 8 million) of T-Mobile subscribers. It also reports that Latinos on average spend \$102 per month on T-Mobile services, while spending \$120 on AT&T, \$115 on Verizon, and \$117 on Sprint. Combining these subscriber counts and average monthly spend amounts results in a Latino wireless spend of approximately \$45 billion per year. See “Mobile and Social in Hispanic America, 2010,” presentation by Jerry Rocha, VP, Nielsen Research. Available at slideshare.

³⁴ Given that most wireless subscribers have signed a two-year contract, the full impact of the price increases will be delayed somewhat. As discussed earlier, some T-Mobile customers may be able to maintain their current contracts.

³⁵ See for example an AT&T press release dated August 31, 2011 (<http://mobilizeeverything.com/news/att-to-bring-5000-call-center-jobs-back-to-u.s.-following-t-mobile-merger-c>) and an AT&T commercial aired in September 2011 (<http://www.adweek.com/adfreak/att-ads-cast-merger-t-mobile-jobs-creator-135128>).

³⁶ For a full rebuttal of AT&T's job claim, see "The AT&T/T-Mobile Merger: A Recipe for Reducing Jobs for American Workers," David Neumark, August 2011 (<http://newsroom.sprint.com/images/9004/AT-T-Mobile-merger-jobs-study.pdf>).

³⁷ See Ethan Pollack, "The Jobs Impact of Telecom Investment," Economic Policy Institute Policy Memorandum #185, September 2, 2011, Washington, DC.

³⁸ See Ethan Pollack, "David Neumark's Critique of EPP's Broadband Report Completely Misses the Mark," Economic Policy Institute, 2011, Washington, DC.

³⁹ The 7,900 jobs figure is calculated as 55,000 job-years divided by seven years. Similarly, the 13,700 jobs figure is calculated as 96,000 job-years divided by seven years.

⁴⁰ "AT&T to Acquire T-Mobile USA from Deutsche Telekom." Available at http://findarticles.com/p/articles/mi_m0EIN/is_20110320/ai_n57113993/.

⁴¹ The Declaration of Rick L. Moore, AT&T Senior Vice President for Corporate Development, April 20, 2011. Available at http://www.wired.com/images_blogs/epicenter/2011/04/att_tmobile.pdf.

⁴² "AT&T + T-Mobile: A World-Class Platform for the Future of Mobile Broadband." Available at http://www.att.com/Common/about_us/pdf/INV_PRES_3-21-11_FINAL.pdf

⁴³ AT&T's investor presentation and its executives also assert that the merger will result in tens of billions of dollars in other additional savings, and that these savings will result in workforce reductions (i.e., additional job losses). See notes 41 and 42 above.

⁴⁴ The BLS defines the information sector as the "transformation of information into a commodity that is produced and distributed by a number of growing industries." This sector is "grouped into three types of establishments: (1) those engaged in producing and distributing information and cultural products; (2) those that provide the means to transmit or distribute these products as well as data or communications; and (3) those that process data." See U.S. Census Bureau for definition of the information Sector services (NAICS 51). The majority of employees are working for private industry (94 percent) with 6 percent working for government. Telecommunications is a subsector of the information industry (NAICS 517) and it is defined as establishments that provide telecommunications and the services related to that activity. It is primarily engaged in operating, and or providing access to facilities for the transmission of voice, data, text, sound, and video. The telecommunications industry is divided into four main sectors: wired, wireless, satellite, and other telecommunications establishments. The largest sector of this industry is wired telecommunications carriers.

⁴⁵ See Bureau of Labor Statistics, U.S. Department of Labor, Career Guide to Industries, 2010-2011 Edition, Telecommunications.

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ See, Bureau of Labor Statistics. Employment and Earnings, 2011. Table. 11. Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity.

⁴⁹ See, Langdon, David et. al. STEM: Good Jobs Now and for the Future. U.S. Department of Commerce, Economics and Statistics Administration. ESA Issue Brief #03-11. July 2011.