

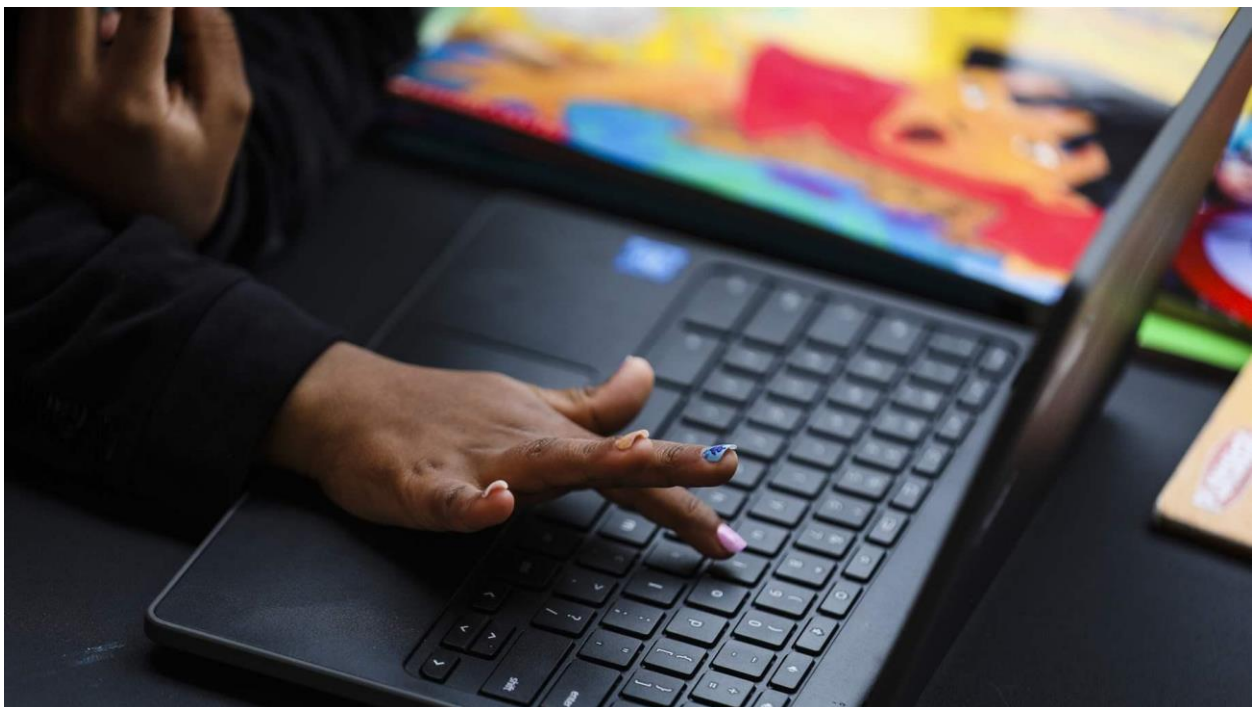
PEW

How Can the United States Address Broadband Affordability?

Challenges posed by high monthly bills and the costs of access for low-income households require different solutions

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Projects: [Broadband Access](#)



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The COVID-19 pandemic underscored the need for high-speed internet access in Americans' homes and elevated debate about the cost and affordability of connections and devices. Congress responded with emergency measures designed to keep households online. Lawmakers enacted two laws: [the Consolidated Appropriations Act of 2021](#) and the [Infrastructure Investment and Jobs Act \(IIJA\)](#), both of which included provisions for improving [affordability and transparency](#) in the broadband marketplace.

These policies are informed by research and lessons learned by broadband practitioners over many years on how to address barriers to broadband access and adoption. As the field continues to evolve, policymakers at various levels must remember that broadband affordability can be divided into two separate challenges: high average monthly costs for home broadband connections across the board, and cost as a barrier to adoption for low-income families. These two distinct but interrelated challenges require not only more research, but also different policy solutions.

Networks costs and return on investment drive deployment decisions

So how much do American households pay for broadband? Although data on pricing can be limited, [estimates of the average monthly bill](#) for service alone range from under \$50 to nearly \$70.

Pricing data often does not include additional one-time or monthly fees, including those for installation, equipment rental, and cancellation, taxes, or surcharges. The lack of pricing data combined with promotional pricing and undisclosed fees makes it difficult to determine the real prices that many consumers pay for broadband service. [Other estimates](#) have placed the total average monthly cost at nearly \$85 per month.

American consumers also pay higher prices than broadband customers in other countries; one recent [study](#) found that Americans pay two to three times more per month than consumers in the European Union for similar service. This study also presents data to counter a frequent criticism of broadband pricing analyses, which make the case that despite increasing costs, customers are [getting more for the expense](#).

There are several reasons that average monthly costs subscription costs remain high. Mainly, broadband networks are expensive to build, and broadband deployment in the U.S. has been market driven, with [private-sector telephone and cable companies](#) investing in infrastructure in areas that provide higher rates of return. This means they tend to focus on areas with denser and higher-income populations. As a result, many broadband markets are uncompetitive monopolies or duopolies, which leaves consumers with limited choice and higher prices.

Cost to low-income households remains a barrier to adoption

Contributing to the affordability challenge is the reality that cost can be a barrier to adoption for low-income households. A decision not to adopt broadband tends to be associated with income: Low-income households are less likely to use the internet and less likely to have a broadband subscription in their home. The Pew Research Center last year [found that although only 1% of adults](#) with annual incomes over \$75,000 do not use the internet, 14% of those with annual incomes under \$30,000 are not online. And although only 8% of adults with annual household incomes of over \$75,000 do not have a home broadband subscription, 43% of adults

with annual household incomes under \$30,000 do not have one (see Table 1). Further, although the research center found differences in broadband adoption by gender, race and ethnicity, and community type (urban, suburban, and rural), income is the only category for which this difference is statistically significant.

Table 1

Those With Higher Household Income Are Most Likely to Have Broadband at Home
Internet adoption by income level

	Less than \$30,000	\$30,000-\$49,999	\$50,000-\$74,999	\$75,000+
% of U.S. adults who say they use the internet	86%	91%	98%	99%
% of U.S. adults who say they have a broadband connection at home	57%	74%	87%	92%

Source: The Pew Research Center, “Internet/Broadband Fact Sheet,” April 7, 2021, <https://www.pewresearch.org/internet/fact-sheet/internet-broadband>

Research has found that [cost is the primary barrier](#) to [low-income households](#) having an internet connection at home. The Pew Research Center [found that 45% of people cite the high monthly cost](#) of a connection as the reason they do not have broadband, with 1 in 5 citing this as the primary reason; 37% cite the cost of a computer. Although cost emerges as a primary reason for non-adoption, it is not the only one. A similar proportion of respondents said their smartphone does everything they need, with 45% citing this as a reason for not having home internet and 19% citing it as the primary reason.

Research from the California Emerging Technology Fund (CETF) similarly [found both the monthly cost of internet service, and the cost of a device](#) to be barriers to adoption. In CETF’s 2021 statewide survey, 68% picked “too expensive” as a reason for not having home broadband access, and 38% cited cost as their primary reason.

Related challenges, different solutions

It’s easy to combine these two challenges—the high cost of monthly service and cost as a barrier to adoption for low-income Americans—into one conversation about broadband affordability. However, they require different policy interventions.

Addressing affordability for all broadband consumers requires supply-side solutions—steps that reduce the cost of building networks and delivering service to American homes. The field will benefit from research into different models of deployment and ways in which they affect

consumer costs. These efforts should include research on the effects of competition on consumer prices in broadband markets. Finally, improving affordability for all consumers requires more transparency to help customers understand the cost of the service they are purchasing.

But these will not fully address the challenge of affordability as a barrier to adoption for low-income households. Doing so will require demand-side policy interventions that remove cost as a barrier, such as policies and programs that help cover the cost of both connections and devices, as well as efforts [to help connect households](#) with those programs.

Those efforts should be grounded in research, such as that being done through a [partnership among Pew, CETF, and the University of Southern California's](#) Annenberg School for Communication and Journalism that examines different models to address affordable access. Among the approaches are [subsidies, consumer vouchers, and commitments](#) by internet service providers negotiated through public benefit agreements.

Congress, states, and local leaders have taken decisive action to help make universal broadband availability a reality for most of America. But without evidence-based policies to improve affordability for all households, enable access for low-income households, and protect consumer interests, we may ultimately deepen the digital divide.

Anna Read is a senior officer with The Pew Charitable Trusts' broadband access initiative.