

Attachment—Additional Questions for the Record

**Subcommittee on Communications and Technology
Hearing on
“Connecting America: Broadband Solutions to Pandemic Problems”
February 17, 2021**

Mr. Matthew F. Wood, Vice President of Policy and General Counsel, Free Press Action

The Honorable Mike Doyle (D-PA)

1. Mr. Wood, you testified that the digital divide is based not only on income, but on race, ethnicity, and other factors. Persistent gaps continue to exist between different demographic groups’ adoption of essential high speed internet connections.

Can you provide more detail regarding how these factors influence the digital divide, the causes for them, and some of the solutions Congress could pursue?

RESPONSE:

Thank you for the question, Chairman Doyle. My testimony provided some of our top-level findings and research regarding the persistent gaps in broadband adoption between people who identify in different racial and ethnic categories in response to Census questions. These results show beyond a doubt that differences in income level contribute greatly to the digital divide, but also show that income disparities alone are not enough to explain why so many Black, Latinx, and Indigenous people in the United States do not have high-speed internet access at home.

As I noted, some 77 million people in the U.S. lack adequate home internet, meaning they have no home connection at all or are solely reliant on mobile. Those without adequate home broadband are disproportionately people of color. For instance, while 26 percent of Census-identified “non-Hispanic whites” lack wired broadband at home, that figure jumps to 34 percent of Black people, 35 percent of Latinx people and 41 percent of Indigenous people without wired connections.

While those figures are accurate, unfortunately there was an error in my original testimony, where we omitted a decimal point when translating those percentages into the number of people without wired access or some other form of fixed internet access at home. There are in fact 13 million Black people, 18 million Latinx people, and 1.3 million Indigenous Americans (not thirteen million Indigenous Americans, as we suggested with that typographical error) who do not have the essential telecommunications services they need.

Our 2016 report *Digital Denied*¹ suggested that there are a wide variety of factors tied to race and ethnicity that apparently play a role in perpetuating this unacceptable divide.

In the first place, income inequality is itself created in large part by systemic racism and racial bias, and the resulting economic disparity is a significant contributor to the digital divide. Thus, far from being unrelated, economic disparities and racial discrimination reinforce one another today in the United States just as they have for centuries. As *Digital Denied* explained, using 2015 Census data, the median household income for white households at the time was well above \$62,000 – which was 39 percent higher than the median income for Latinx households and 71 percent higher than the median income for Black households.² Those income disparities stem from a host of factors, including but not limited to race and ethnicity-based differences in earning levels, employment levels, and labor force participation.

But as *Digital Denied* and our subsequent research also found, there are adoption and deployment gaps beyond those attributable merely to differences in income, education, or employment for people in different racial and ethnic groups. As we reported in our 2016 report, if income disparities (and therefore the relative affordability of various internet access services) were the only explanation, we would expect more Black, Latinx and Indigenous people to report having and using the internet at home.

Yet after controlling for income level, education level, job, age, and a host of other explanatory variables, people identifying as members of these communities of color were more likely to be disconnected than an accounting for all of these variables would suggest. Put another way, a poor white person in a particular age group with a particular type of job, educational background, a particular type of housing, and a specific household size is still more likely to have adequate home internet service than a poor Black or Latinx person with those same characteristics and credentials.

While our report was substantial and comprehensive, we did not fully examine all of the potential compounding impacts on broadband adoption from discrimination in the educational system, the workplace, the credit and financial industries, the real estate market, and the broadband market itself. However, we did suggest that:

- Historical and present racial discrimination in credit rating likely dampens broadband adoption by people of color, because broadband providers typically require credit checks for wired service and for many post-paid wireless plans.³

¹ See S. Derek Turner, Free Press, *Digital Denied: The Impact of Systemic Racial Discrimination on Home-Internet Adoption*, at 105-119 (2016) (“*Digital Denied*”), https://www.freepress.net/sites/default/files/legacy-policy/digital_denied_free_press_report_december_2016.pdf.

² See *id.* at 43-44 & Fig. 21. More recent Census data for 2019 indicates unsurprisingly that these racial and ethnic income gaps remain, even as median incomes across all three demographic groups have risen. By 2019, the median household income for white households was above \$76,000 – which was 36 percent higher than the median income for Latinx households and 67 percent higher than the median income for Black households.

³ See, e.g., *id.* at 8.

- Even when people of different racial and ethnic backgrounds have the same jobs, white people more often reported using the internet at work than their Black and Latinx colleagues did. It's not just the case that people of color are shunted into different jobs and shut out of opportunities in that respect: they may also be less often assigned to and expected to use the internet than a white counterpart in the exact same job category. And that matters greatly, because use of the internet at work (and at school too) is one of the most important factors associated with home internet adoption.⁴
- There can be a vicious cycle of this same sort when it comes to housing discrimination, income inequality, credit score discrimination, and broadband deployment. People of color disproportionately live in lower-wealth communities, due to private lenders' redlining, government discrimination, and related public policy failures. Poorer areas predominantly populated by people of color are thus less lucrative to serve for broadband providers, and as a result the people living there have poorer service options offered on worse terms than people in surrounding neighborhoods. That in turn limits the educational and economic opportunities that residents in those communities can access, and the cycle repeats itself.

Those three factors are just a few of the dozens we could name, and further investigate, among heretofore intractable and overlapping problems that have almost certainly contributed to this persistent and pernicious racial and ethnic digital divide.

That is why Free Press Action has focused to such a great degree on adoption support programs and subsidies. The FCC's Lifeline program, modernized to support broadband in 2016, was weakened by a series of unfounded attacks undermining its authority and its capabilities during the Trump administration. Restoring Lifeline's vitality and ending these attacks is absolutely essential to promote not just universal deployment but universal adoption too.

As my testimony explained, the \$3.2 billion Emergency Broadband Benefit passed in the December 2020 spending and stimulus bill (thanks in large part to this subcommittee's leadership and members), was a landmark bipartisan achievement. And the Accessible, Affordable Internet for All Act ("AAIA") reintroduced in both the House and Senate on March 11, 2021 would build on that affordability support so crucial at all times, but especially during this pandemic and economic downturn. The AAIA would add another \$6 billion to extend this benefit to more eligible households and help keep them connected for more than just a few months after the FCC program launches later this Spring.

The AAIA also contains other measures essential to combatting the affordability crisis. As our testimony explained, Bureau of Labor Statistics Data suggests that the average U.S. Internet customer's monthly broadband bill in "real" terms (*i.e.*, adjusted for inflation) increased 19 percent from 2017 through the end of 2019. That means the nominal increase in the average bill was more than four times the rate of inflation during those years.

⁴ See *id.* at 35-36, 121-22.

The AIA recognizes that policy-makers still do not have granular and comprehensive data on what ISPs actually charge people for broadband each month and what people are actually paying. It directs the FCC to collect that kind of data, which will be so crucial to understanding the affordability gap, to recognizing the geographic regions and communities it most impacts, and to formulating additional solutions for it.

Yet the AIA goes further than seeking to merely understand and then subsidize the prices paid by internet consumers today: it also encourages competition that could lower those prices over time. It promotes the deployment of more robust networks in unserved and under-served areas too, removes barriers to municipal and cooperative broadband providers, and incentivizes (though does not require) the construction of open access networks with federal deployment dollars.

Congress and the FCC should do even more on that last point to correct the market failures we see today especially in the wired broadband market, where resale options are almost non-existent. Those market failures deprive people in communities of color not only of likely more affordable wired broadband options, but wired services less likely tied to discriminatory credit checks.

Last but certainly not least, the new FCC (or the new Congress too) can and must return to classifying broadband as an essential telecommunications service, in order to restore the FCC's authority to promote competition and protect people from unjust and unreasonable practices. The restoration of Title II authority by the agency would allow the FCC to move on its own to prevent broadband shutoffs and unreasonable data caps during this public health crisis (rather than merely "exhorting" providers to take voluntary pledges against such unreasonable practices).

Title II also would give the FCC the power to promote competitive entry by ensuring new broadband providers have access to rights-of-way and other infrastructure necessary to deploy their networks. As noted by the DC Circuit Court of Appeals' remand order of the prior FCC's 2017 repeal and reclassification decision, the Commission has no sound footing to prevent discriminatory and exclusionary conduct by incumbent broadband providers and other infrastructure owners. That can only hurt the chances for deployment of better and better-priced options in communities of color and elsewhere.

In sum, while the FCC in the Trump administration paid lip service to the issue of the digital divide, it all but ignored that divide's racial and income aspects, and completely ignored the impact that a lack of adequate competition has on broadband prices and adoption. Working together, Congress and the new leadership at the Federal Communications Commission (which this subcommittee oversees) can reverse course and enact policies designed to address these longstanding gaps in broadband adoption.