

Affordable Broadband

THE YEAR IN BROADBAND^{1,2}



Meeting President Biden's goal of 100 percent connectivity is not just a deployment challenge, but equally an issue of ensuring all Americans can afford access to high-speed broadband. Here there is good news: despite inflationary pressure throughout our economy, broadband prices are holding steady and even declining—for entry level offerings and gigabit connections alike.

Still, for many low-income households, broadband remains beyond their reach.

Thankfully, help is on the way. In November 2021, President Biden signed into law the Infrastructure Investment & Jobs Act (IIJA), setting aside an historic \$65 billion for broadband deployment and affordability—including \$14.2 billion for the Affordable Connectivity Program (ACP). Just like food and housing assistance, low-income households now are eligible for assistance with their broadband bills through the ACP, which supplements the many existing targeted industry programs designed to connect low-income consumers.

The Federal Communications Commission launched the ACP in April 2022. The program provides eligible households with a discount up to \$30 per month (up to \$75 per month on qualifying Tribal lands) for high-speed internet service. This program is working. By the end of 2022, there were more than 15 million (and counting) households enrolled and more than 1,300 broadband providers in the ACP. However, funding for the program could run out sometime in 2024. Congress must make the ACP permanent.

Many USTelecom members took part in the predecessor to the ACP, the Emergency Broadband Benefit program, which provided similar connectivity assistance in the early days of the pandemic. Participation in the ACP is just one of the many efforts our members have been making to address affordability challenges and advance digital equity. Some examples of USTelecom member digital equity efforts include:

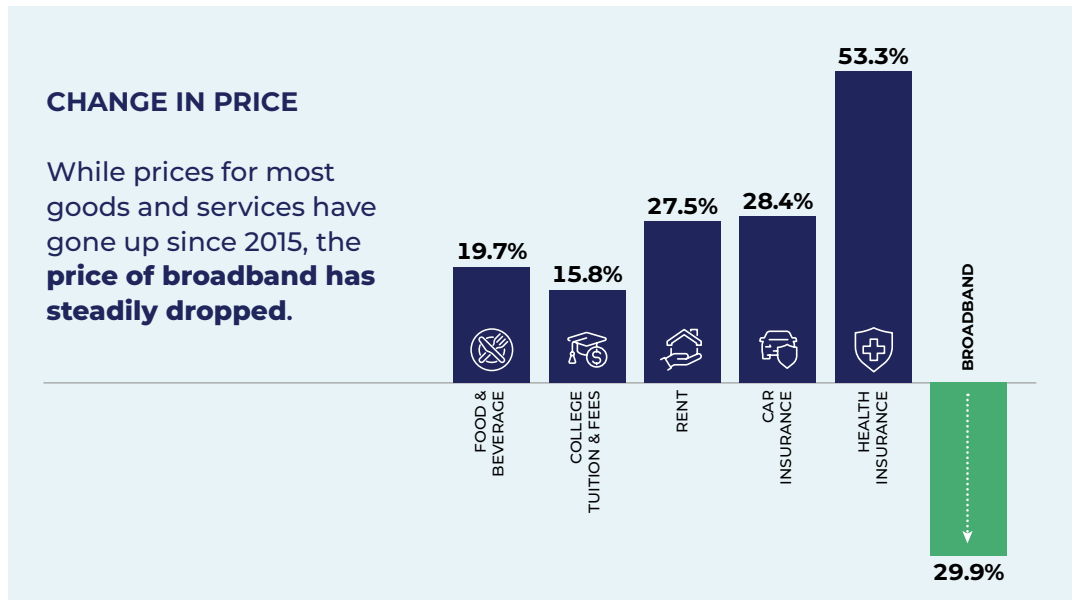
- ▶ AT&T is building 50 AT&T Connected Learning Centers in under-resourced communities across the U.S. to provide students and families free access to AT&T Fiber internet, Wi-Fi and computers, as well as education, tutoring and mentoring resources.
- ▶ Lumen launched imagineXperience, a STEM-based outreach program helping students living in underserved communities build the critical skill set they will need to thrive in the digital economy.
- ▶ Ritter Communications is partnering with the Newport Economic Development Commission to provide free high-speed internet service to residents of Newport, Arkansas through an innovative new RightFiber® WiFi Park.
- ▶ Verizon's Innovative Learning Program provides free technology, access and a next generation, tech-infused curriculum that transforms students' learning experience.

USTelecom members are doing their part to ensure everyone gets connected to the promise and power of broadband.

Competition Driving Broadband Prices Down, Even in the Face of Economy-wide Inflation

Competition is driving today's broadband market and consumers are paying less for stronger broadband as a result. This is in clear contrast to the rising average cost of goods and services across the broader economy (think automobiles, food, gasoline, healthcare, rent, energy and childcare). The Labor Department reported consumer prices climbed 7 percent over the last year, including an increase of 13 percent for energy and 11 percent for food.

Broadband prices however? Internet prices are falling even as the capabilities of the networks continue to advance. According to the 2022 Broadband Pricing Index Report,³ real BPI-consumer choice broadband prices dropped by 14.7 percent in 2022 when compared to 2021—continuing a downward pricing trend that began in 2015.



Broadband Pricing Ran Counter to Significant Overall Inflation in the Past Year

- Real BPI-Consumer Choice broadband prices dropped by 14.7% from 2021-2022
- Real BPI-Speed broadband prices dropped by 11.6% from 2021-2022
- In contrast, the cost of overall goods and services rose by 8% from 2021-2022

PRICES FOR ULTRA-HIGH-SPEED PLANS HAVE **DECREASED** BY NEARLY

\$60 PER MONTH

Bolstering the BPI findings, a [recent study](#)⁴ by BroadbandNow found that broadband prices *at all* speeds have decreased in the last five years.

KEY FINDINGS

- ▶ **The average price of broadband down \$8.80 (14 percent) for 25 – 99 Mbps;**
- ▶ **The average price of broadband down \$32.35 (33 percent) for 100 – 199 Mbps;**
- ▶ **The average price of broadband down \$34.39 (35 percent) for 200 – 499 Mbps; and**
- ▶ **The average price of broadband down \$59.22 (42 percent) for 500+ Mbps.**

The right policies to spur investment and encourage innovation in the broadband sector are already in place. Consumers in the U.S. have access to world-class connectivity and affordable, high-value service plans. Competitive forces are clearly working to drive prices down for broadband. And, the Affordable Connectivity Program is making it possible for the federal government and private broadband companies to work together to ensure access for low-income households. Now is the time to fully tackle the affordability issue for these low-income consumers through wider promotion and adoption of the ACP and continued public-private collaboration to get all Americans connected.

ENDNOTES

- 1 <https://www.ustelecom.org/research/2020-broadband-capex-report/>
- 2 <https://ustelecom.org/research/2022-bpi/>
- 3 <https://ustelecom.org/research/2022-bpi/>
- 4 <https://broadbandnow.com/internet/broadband-pricing-changes>