What Factors Drive Broadband Affordability for Middle-Class Families?

Income inequality, household characteristics determine 'reasonable' service prices
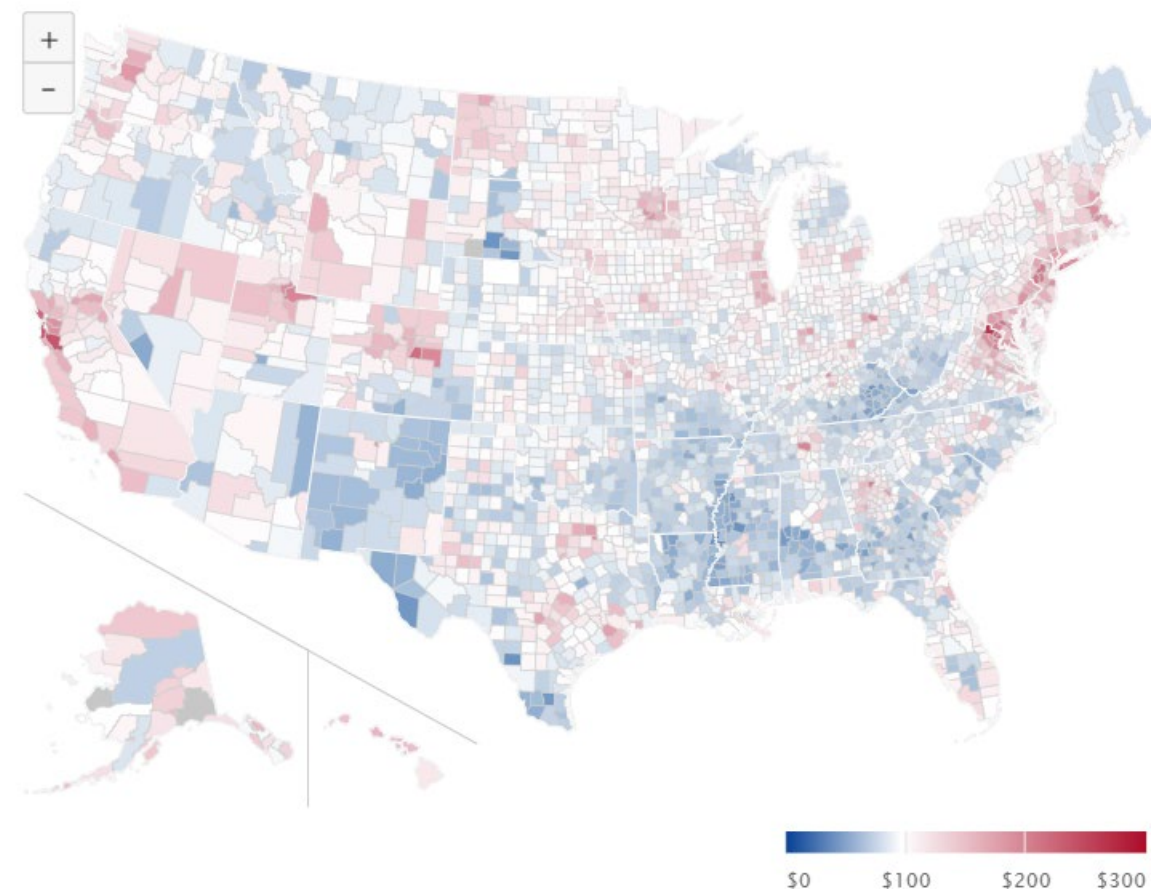
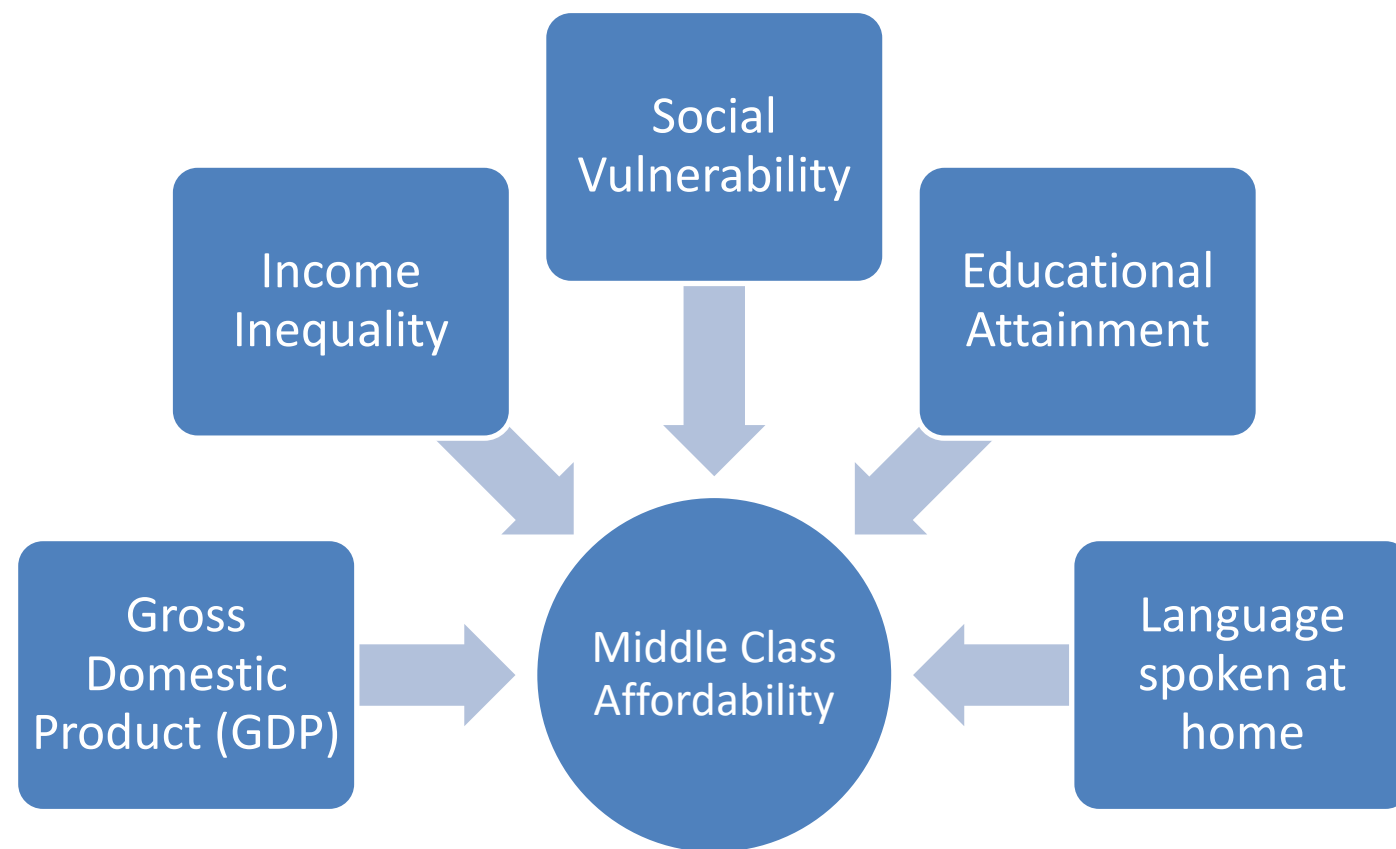October 9, 2024

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Overview

- Affordability background
- Factors influencing a capacity to pay
- Affordability disparities by income
- Considerations for policymakers

What Factors Drive Broadband Affordability for Middle-Class Families?

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Significant variation in broadband affordability based on income

- Federal Communication Commissions' 2% benchmark
  - NOTE: For comparative purposes, NOT a policy recommendation

- Differences both between and within states

- Problem for policymakers: Addressing affordability while encouraging accountability for pricing disparities

$0 $100 $200 $300
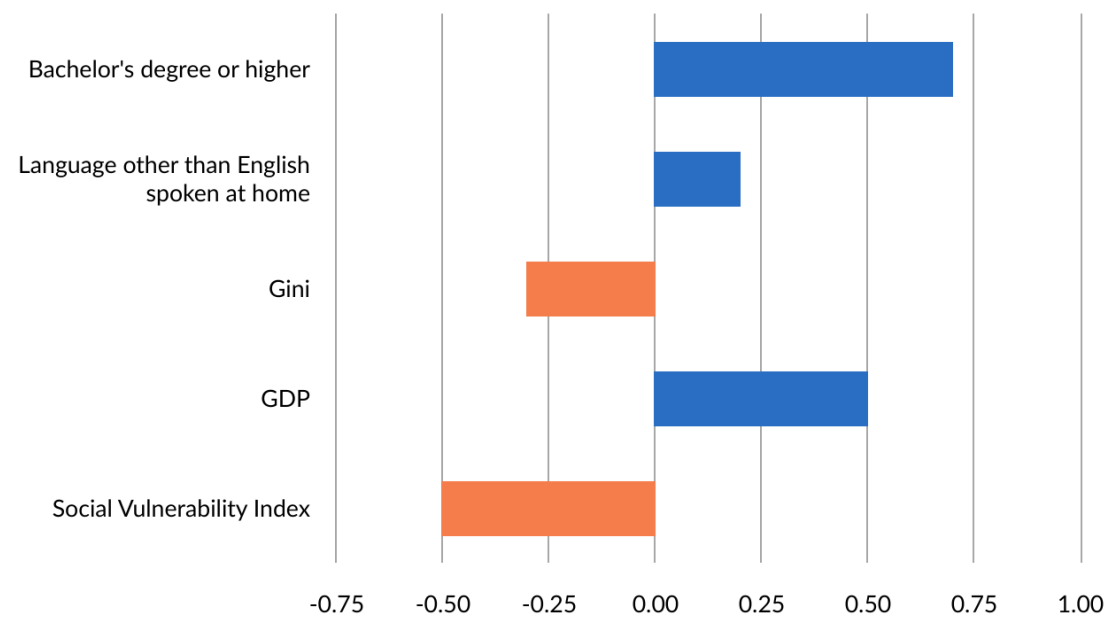
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Factors Influencing Local Affordability

Social Vulnerability & Inequality Help Identify Communities Needing Low Internet Prices

Figure 1

Social Vulnerability, Inequality Measures Can Help Identify Communities Needing Low Internet Prices

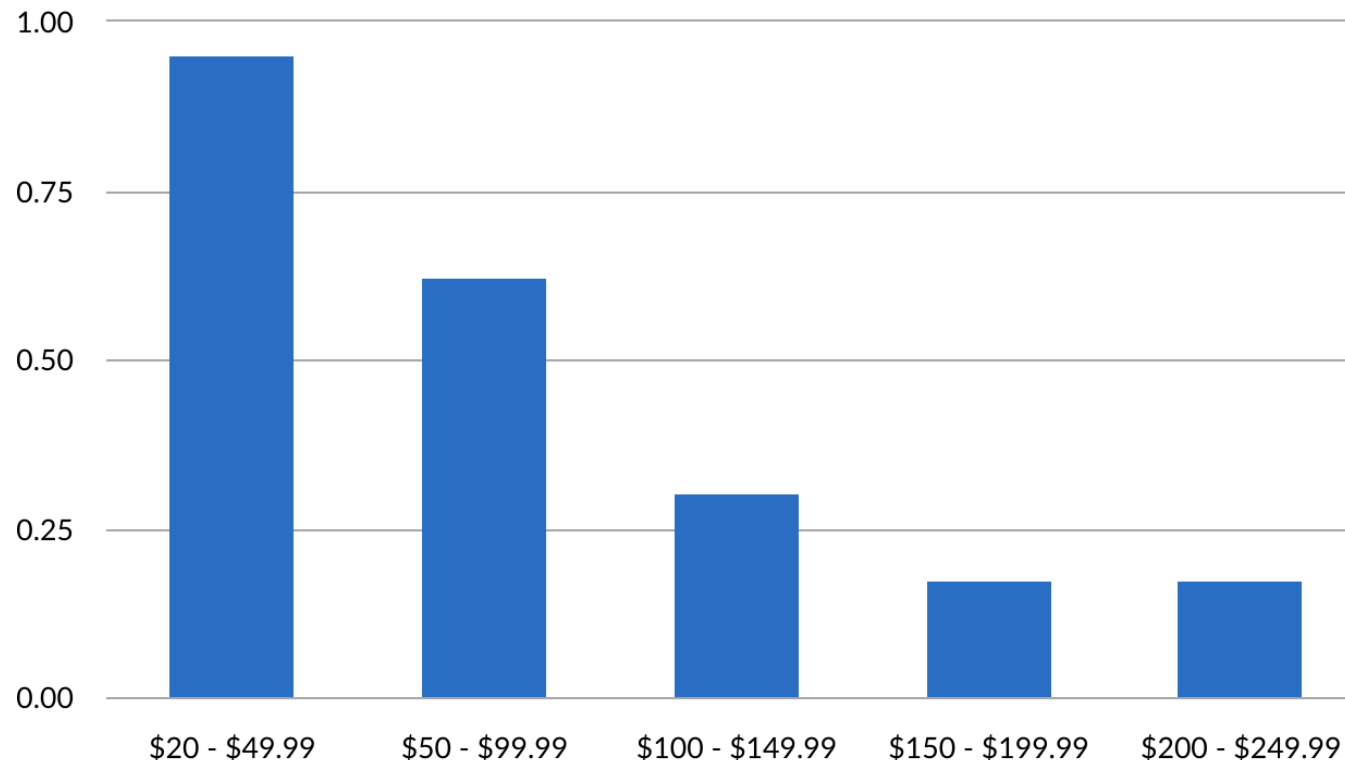Correlation of five indicators with broadband affordability

As Social Vulnerability Increases, Affordable Broadband Prices Decline

Figure 2

As Social Vulnerability Increases, Affordable Broadband Prices Decline

Social vulnerability and affordable broadband price ranges, for all U.S. counties
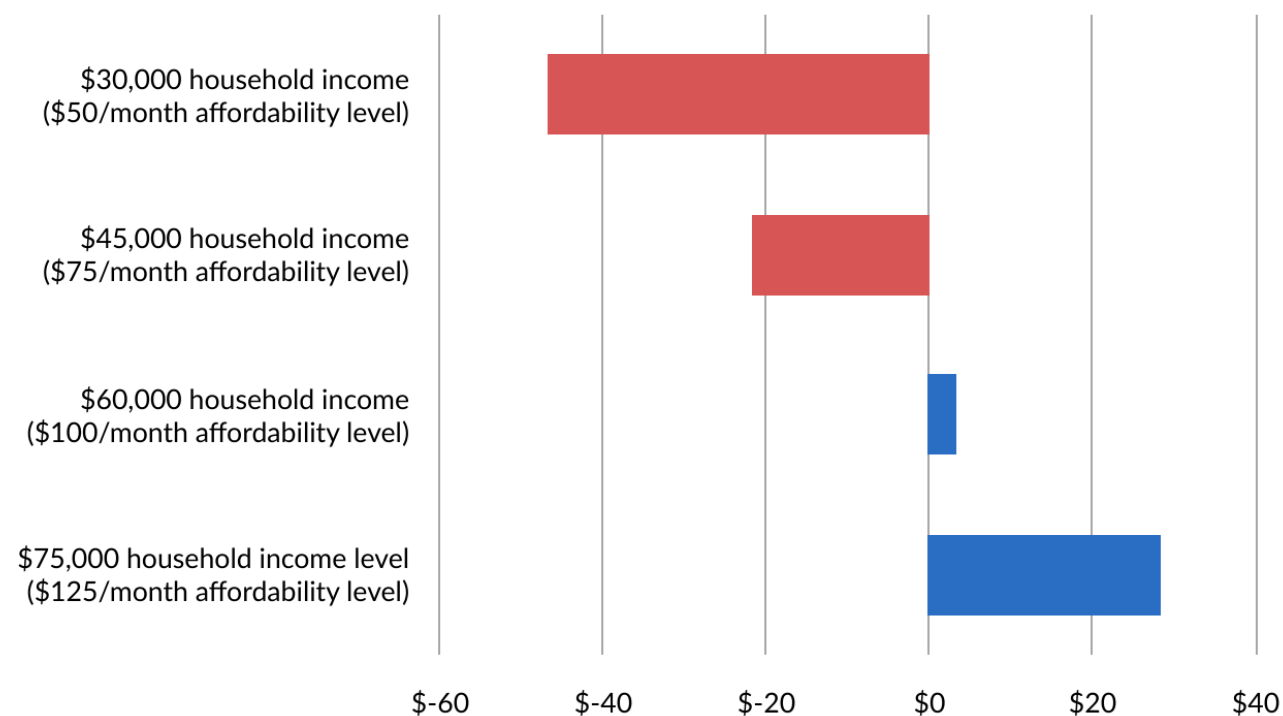
Affordability Measures in the Context of Household Income

Figure 3

Median Middle-Class Broadband Price of $96.63 Is Unaffordable for Families Earning $60,000 a Year or Less

Pricing gaps by household income, based on the 2% standard

BEAD Planning and Broadband Affordability

Broad themes across BEAD's Initial Proposal Volume II Plans:

- Establishing affordability benchmarks based on *regional* data

- Structuring grant scoring to incentivize subgrantee behavior

- Adding transparency to the marketplace through public reporting of broadband prices

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Considerations for Policymakers

Localized data is critical: Incorporate local social and economic demographics into grant scoring metrics for BEAD and state broadband grant applications to better reflect middle class affordability across the state

Customize affordability policies: Consider multiple factors when crafting affordability plans to avoid pricing out targeted households

Thank you!

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