

Broadband Programs in the Bipartisan Infrastructure Law Will Help Close the Digital Divide and Expand Economic Opportunity

Access to broadband has rapidly become key to everyday life and a vital driver of economic growth. The coronavirus pandemic exposed inequality in broadband access as [school](#) instruction and certain [jobs](#) became fully online and it highlighted the need for investments to ensure all U.S. households have access to affordable and reliable internet. A combination of economic and geographic factors along with limited market competition have led to this “[digital divide](#)” of unequal broadband access, which hits low-income neighborhoods, rural areas and communities of color particularly hard.

To address this divide and increase the availability and affordability of broadband internet throughout the country, the bipartisan Infrastructure Investment and Jobs Act commits nearly [\\$65 billion](#) to broadband services. Funds from the law will both expand the physical infrastructure needed for new broadband service and subsidize internet plans for millions of low-income Americans.

An estimated 42 million Americans do not have access to broadband, blocking already disadvantaged communities from this vital service

In 2020, the FCC reported that [14.5 million](#) Americans did not have access to broadband. However, FCC Chairwoman Jessica Rosenworcel has explained that the agency’s data understates the extent of the problem in the United States because of how the FCC collects data. Other sources confirm Chairwoman Rosenworcel’s analysis, asserting that the number of Americans without broadband access is closer to 42 million, or 13% of all Americans.

This digital divide is created by two related issues: accessibility and affordability. Between [6 and 12% of Americans](#) do not have high-speed internet service, either because the places where they live lack the necessary broadband infrastructure or because they cannot afford the service.¹ Black and Hispanic people are likely to live in these digitally distressed areas, making up 21% and 24% of those who live in digitally distressed areas, while making up only 12% and 18% of the population, respectively. In comparison, non-Hispanic white people are less likely to live in areas of high digital distress compared to their share of the national population. Adults in digitally distressed neighborhoods are half as likely to have a bachelor’s degree than those in non-distressed tracts, and nearly twice as likely to have not graduated high school. The median

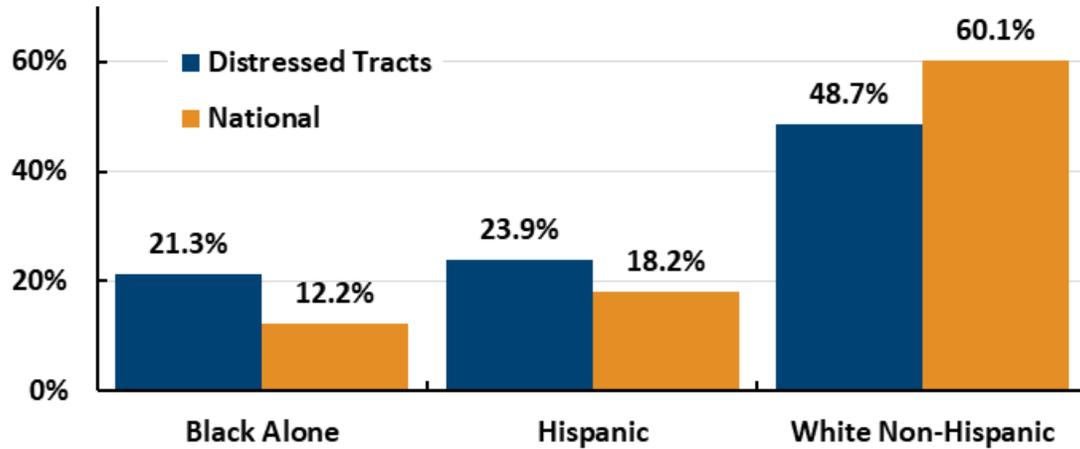
¹ To understand the scope of the digital divide, experts use the metric of digital distress. This measures the availability and accessibility of broadband through a range of computing devices and both standard internet and cellular data. According to the Purdue Center for Regional Development’s calculation of digital distress, 25% of Americans live in a Census tract (a statistical [subdivision](#) of a county with populations ranging from 1,200 to 8,000 people) deemed to be in high digital distress. These areas have low access to technology and low subscription rates.

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income for households living in digitally distressed areas is \$42,000, which is \$26,000 less than the national median income.

Black and Hispanic Americans Are More Likely to Live in Digitally Distressed Tracts

Population shares of census tracts experiencing high digital distress compared to national population shares, by race, 2020



Source: JEC Calculations, Gallardo, Roberto, "Digital Distress Index"

Note: Calculations are using 2016-2020 ACS data.



Data on this index is available at the district level for the 116th Congress [here](#).

Service providers' profit motives explain service exclusion in rural areas, low-income communities and communities of color

Rural areas, low-income communities and people of color are disproportionately more likely to lack access to high-speed internet due to unavailability of broadband infrastructure where they live. With [17% of rural Americans](#) lacking access to broadband services, rural communities are almost four times more likely than the rest of the country to be without this critical service. Black and Hispanic adults are nearly [twice as likely](#) as white adults to lack broadband access and individuals below 100% poverty are 29 percentage points less likely to have access to broadband than people at or above 400% poverty.

One of the primary reasons for this discrepancy is that cable TV and internet service providers make business decisions that leave rural areas and low-income communities without access to high-speed internet. Rural areas are less likely to have access to high-speed internet because low population density and long distances make it [unprofitable](#) for companies to expand infrastructure to those areas. Broadband availability also tends to differ based on the economic wellbeing of a community. As a result, many low-income communities and communities of color are left [without infrastructure](#) to access high-speed internet.

Lack of competition in the industry makes broadband inaccessible, especially for people of color and low-income individuals

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Many households [cannot afford](#) a broadband subscription, which average \$68 per month. Among non-broadband users, 45% say that a reason for not having a home broadband subscription is because the monthly cost is [too expensive](#). These monthly expenses for broadband disproportionately effect low-income individuals and people of color's access to the service.

These high prices are exacerbated by a lack of competition in the broadband industry. As of 2017, 70% of Americans had only one or no high-speed internet provider option in their areas. The lack of competition allows companies to charge higher prices to consumers, and as a result, U.S. consumers pay more on average for broadband than others in peer countries. For example, in 2017, broadband cost nearly two times as much in the United States as it did in France and Germany. While the high up-front costs of wiring a town or city for broadband [preclude](#) a large number of competitors from building broadband infrastructure in the same place, some [companies](#) have taken advantage of their market dominance to charge high prices for spotty or slow service.

Access to broadband is important for broader economic growth and opportunity, especially in communities of color and rural areas

Access to high-speed internet improves household economic stability and can help grow the overall economy. Research shows that there is a positive relationship between high-speed internet access and [economic growth](#), with two [studies](#) focusing on Indiana finding that every dollar invested in rural broadband deployment returned three to four dollars in increased economic benefit. Businesses that adopt [broadband](#) can help increase GDP through improvements to productivity, innovation and efficiency. Research also shows that residential broadband [increases](#) household income. Access to broadband is especially important for promoting economic growth in rural communities. While the expansion of broadband access into rural communities is costly, it is [linked to increased](#) job and population growth, higher rates of new business formation, higher home values and lower unemployment rates.

Access to high-speed internet facilitates community connections to necessary services, like healthcare, government and employment services. In 2015, 65% of non-broadband households said that not having service was a [major disadvantage](#) in getting news and information, obtaining health information, learning new things, accessing government services or looking for job opportunities. Black and Hispanic Americans were even more likely to view lack of high-speed internet access as a major disadvantage in their lives and that lacking broadband hindered their ability to earn a [good living](#). The coronavirus pandemic only heightened these inequities, as Americans were forced to rely on the internet for most or all [economic and social activity](#).

Federal government support is key to closing the digital divide

Past federal government support has successfully expanded access to broadband, especially in rural communities. The federal government has been [funding](#) broadband expansion since the enactment of the Telecommunication Act of 1996, which led to the establishment of the [Universal Service Fund](#) administered by the Federal Communications Commission (FCC). This fund supports both rural and urban communities through contributions made by telecommunication providers.

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In 2009, the American Recovery and Reinvestment Act furthered the federal government's commitment to expanding broadband access by allocating \$7.2 billion towards broadband initiatives to help low-income and rural communities. With this [support](#), the United States has made progress towards closing the digital divide. The FCC found that from [2016 to 2019](#), the number of Americans *without* broadband access has fallen by 44% and the urban-rural broadband divide has closed significantly.

The bipartisan Infrastructure Investment and Jobs Act continues the federal commitment to increasing broadband availability and affordability

The bipartisan Infrastructure Investment and Jobs Act commits nearly [\\$65 billion](#) in funding for broadband. It includes over \$42 billion to increase access to high-speed internet via the newly created the Broadband Equity, Access and Deployment Program. This program prioritizes funding for projects that improve internet speeds in areas with the highest need according to FCC data that measures the quality of local connectivity. States that receive federal funding through this program are required to provide [low-cost plans](#) to ensure that families benefit from this significant federal investment.

Along with the expansion of physical broadband infrastructure, the law also includes over \$14 billion for the new Affordable Connectivity Program (ACP) that [provides](#) a discount of up to \$30 per month for low-income families to spend on broadband service. The Biden administration recently announced a landmark [agreement](#) with internet providers across the country to offer broadband plans for no more than \$30 per month to households that qualify for the ACP, meaning millions of Americans could receive high-speed internet for free after accounting for the subsidy. The agreement also includes more generous subsidies for families living on Tribal lands who often face even higher internet costs.

These two programs are supplemented by [additional](#) funding to expand access in tribal communities and increase digital equity across the country. These targeted efforts will help ensure that the benefits of the investments reach communities who have historically been cut off from the benefits of broadband.

Federal support has played a critical role in expanding broadband access and the broadband investments in the bipartisan infrastructure law represent a massive down-payment on closing the digital divide by expanding internet access and improving affordability.