

Doing Our Part on Broadband Affordability

The FCC's bipartisan [announcement](#) that it has adopted an emergency broadband benefit program is great news for universal connectivity. Congress, and now the FCC, are committed to making sure life-changing broadband service is within reach for all Americans, and we stand with them.

As for broadband service providers, they have been doing their part to make service more affordable and more powerful than ever before. USTelecom members are proud the [massive network investments](#) they have made are paying off for their customers and delivering more broadband throughput for less cost than ever, enabling unprecedented remote learning, working and streaming.

That's why it is disappointing to still see some groups ignore these facts about increasing broadband capability and affordability—in favor of tired lines about broadband providers gouging customers and false claims about trends in broadband pricing and competition.

In particular, Free Press made a number of such claims about broadband pricing in their recent [testimony](#) before the [House Energy & Commerce Committee](#). We'd like to set the record straight.

✘ CLAIM: Broadband pricing has risen by 20% over the past five years for the lowest-price tiers.

✔ THE FACTS: Prices for the most popular, the fastest, *and the least expensive* speed tiers have all dropped over the past five years while their speeds have increased.

Free Press claimed the [FCC's Urban Rate Survey](#) shows that broadband pricing has risen by 20% over the past five years for lower-priced service tiers. This FCC survey is something we have deep experience with, having recently analyzed it as part of the [Broadband Pricing Index](#) (BPI). The Urban Rate Survey consists of pricing data that broadband service providers have reported to the FCC since 2014 for universal service purposes, spanning both Democratic and Republican administrations. The BPI, using that FCC data, found that prices across the 2015-2020 period *dropped* by 20% for the most popular tiers and *dropped* by 38% for the fastest tiers. When adjusted for inflation, these price drops have been 28% and 44% respectively—all while speeds delivered by these service tiers increased between 16% and 28%. Put another way: America's broadband providers are delivering more for less to their customers!

Admittedly we did not study the data in this Survey on the lowest price service tiers that Free Press claims to have suffered a 20% price increases. So, we dug back into the data. Using the same [BPI methodology](#), whose results have been [independently corroborated](#), USTelecom's analysis shows the major ISPs' lowest price offerings to have *dropped* by 13.6% in price from 2015 to 2020 while their associated speeds increased by 64% over this timeframe. And when general price inflation is accounted for, these price drops are even larger in real terms. These results are right in line with a recent ITIF study finding ["U.S. entry-level broadband rates are also comparable with prices in peer nations."](#) How Free Press arrived at its claim of a 20% price increase isn't clear because it did not show its work, but its conclusion is just plain wrong.

✘ CLAIM: Broadband pricing has consistently outpaced inflation.

✔ THE FACTS: In nine out of the past ten years broadband price changes have been below inflation.

Another reason we are confident in our USTelecom-BPI results is because they are consistent with measures of broadband prices developed by the U.S. Department of Labor’s Bureau of Labor Statistics (BLS), the government agency that develops both the Consumer Price Index (CPI) and Consumer Expenditure Survey (CEX).

Neither of these data sources support the claims. Among them, the testimony first alleges “that broadband prices consistently increase faster than the rate of inflation.” While Free Press may have a definition of “consistently” that differs from ours, the CPI shows that in nine of the past 10 years real broadband prices have dropped at an average annual rate of 1.5%, while in just one year, 2020, a tiny uptick of 0.2% occurred.

Free Press also claims that a different inflation index, the CEX, shows average monthly broadband bills have increased 19% in real terms from 2017 through the end of 2019. The CEX shows no such thing. First, the CEX does not contain a broadband-only expenditure component that is reported individually and annually. Rather, households’ broadband expenditures are included as part of much larger expenditure categories. Further, CEX expenditure levels are affected by the percent of households adopting the service. Therefore, it is unclear from where and how this Free Press cited figure is derived, or what it even means.



CLAIM: Broadband price increases result from a lack of competition.



THE FACTS: Broadband competition has improved exponentially across the board. Four times as many homes have access to 2+ service providers in 2019 than in 2015, and 16 times more homes have access to 3+ providers than in 2015.

The fact that broadband prices are going down while the level of service is going up makes sense because, again contrary to Free Press’ testimony, competition and choice is in fact *increasing* in the broadband market. Recent FCC data on broadband deployment, which has also been consistently collected since 2014, shows that from 2015 to 2019, there are 4 times as many households with access to two or more providers at 100 Mbps; and 16 times as many households with access to three or more broadband providers. And this doesn’t even consider competition from multiple mobile broadband providers. In addition, we saw increases in the number of competitive broadband providers at *each* speed tier reported by the FCC—from less than 10 Mbps all the way to a Gigabit.

Further, many USTelecom members and other ISPs have voluntarily offered low-price plans for those with demonstrated need. For example, AT&T offers low-cost internet service to eligible households participating in the Supplemental Nutrition Assistance Program (SNAP), and Verizon offers a \$20-per-month discount for eligible households.

Perhaps it is inconvenient for Free Press that broadband is actually getting both cheaper and faster. But this truth matters, and Free Press should get it right and correct the record. Broadband providers are doing their part to make service more affordable for everyone. Where service still remains out of reach or unaffordable for low-income households, we look forward to partnering with the rest of the broadband ecosystem and other stakeholders to make fast, affordable connectivity a reality. In that pursuit, we’re all on the same team.