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Press Release

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NEW PHOENIX CENTER STUDY FINDS DEMAND FOR BROADBAND VARIES ALONG RACIAL DIMENSIONS

Closing the Digital Divide may require policies more nuanced than mere low-income subsidies

WASHINGTON, D.C. — As governments push for universal adoption of broadband Internet service, policies must address the fact that even when many households have access to broadband, many households still do not subscribe to it. Lower adoption rates in some minority communities are one cause for concern. A confounding factor with respect to the Racial Digital Divide (versus divides defined on factors like age, availability, income, and so forth) is that adoption is correlated with income, education, and other factors that drive Internet adoption in the home but these socio-economic factors are, on average, lower in Minority homes. Do these differences in socio-economic resources fully explain the difference in adoption rates?

In a new study released today entitled *Race and Broadband Adoption: A Decomposition Analysis*, Phoenix Center Chief Economist Dr. George S. Ford decomposes the effects of socio-economic factors on broadband adoption distinct from the effects of race. Dr. Ford's analysis finds that differences in socio-economic resources like income and education do relatively little to explain the differences in adoption rates among race groups. The demand for broadband varies along racial dimensions; or, put another way, *adoption is influenced by unobserved factors correlated with race.*

Given Dr. Ford's findings, it appears that addressing the lack of adoption of the Internet at home may require remedial measures targeting specific minority groups rather than uniform policies that address socio-economic resources like income. What specific factors such targeted remedial measures address is beyond the scope of Dr. Ford's analysis. Of policy options currently under consideration, direct subsidies for broadband service for low-income households is receiving the most attention. Such subsidies aim to address affordability for low-income households. But resolving the effects of income differences, which are accounted for in Dr. Ford's analysis, may not do much to close the Digital Divide as it relates to race.

“Closing the Digital Divide, including differences in adoption based on race, is an important policy goal,” says study author and Phoenix Center Chief Economist Dr. George S. Ford. “According to the data, however, direct subsidies may not be an effective tool. With regard to a Racial Digital Divide, more nuanced policies may be required.”

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A full copy of PHOENIX CENTER POLICY BULLETIN NO. 52, *Race and Broadband Adoption: A Decomposition Analysis*, may be downloaded free from the Phoenix Center's web page at: <https://www.phoenix-center.org/PolicyBulletin/PCPB52Final.pdf>.

The Phoenix Center is a non-profit 501(c)(3) organization that studies broad public-policy issues related to governance, social and economic conditions, with a particular emphasis on the law and economics of the digital age.