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Press Release

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PHOENIX CENTER LOOKS TO DATA TO ASSESS SUBSIDIES FOR BROADBAND SERVICES IN THE HOME

U.S. Census Bureau surveys suggest monthly subsidies may have limited effect on adoption

WASHINGTON, D.C. — With the COVID pandemic drawing increased attention to the nation's Digital Divide, many in Congress want to spend billions to bridge it. In fact, a recent bill calls for \$100 billion in new spending—on top of the billions the United States already spends annually to shrink the Divide—to enhance broadband adoption, which is a sizable spend of \$5,400 per household not using broadband at home. For new spending to shrink the Digital Divide, however, any new program must address the reasons some Americans do not subscribe to broadband at home.

To shed some light on this important topic, the Phoenix Center released today a new analysis by our Chief Economist Dr. George S. Ford entitled *Subsidizing Broadband: Price, Relevance, and the Digital Divide*, in which Dr. Ford uses the largest surveys on Internet adoption available to study the reasons for non-adoption where service is available. This survey evidence, collected by the U.S. Census Bureau, spans two decades. As Dr. Ford points out, the U.S. Census Bureau surveys consistently reveal that the primary cause for non-adoption is a lack of interest in what the Internet offers. A distant second reason is the expense of the service and/or the devices required to use it. As such, Dr. Ford concludes that while direct subsidies for broadband service may address the adoption shortfalls of price-sensitive consumers, these trends suggest subsidies may not fully (and perhaps not materially) bridge the Digital Divide.

“Throwing money at the Digital Divide, even billions, will not bridge it completely,” says study author and Phoenix Center Chief Economist Dr. George S. Ford. “Direct subsidy is one of several policy options, but sober expectations as to its effectiveness are warranted.”

A full copy of PHOENIX CENTER POLICY PERSPECTIVE NO. 20-05, *Subsidizing Broadband: Price, Relevance, and the Digital Divide*, may be downloaded free from the Phoenix Center's web page at: <https://www.phoenix-center.org/perspectives/Perspective20-05Final.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.