



# FCC To Lower Broadband Internet Prices for Low-Income Consumers

## FACT SHEET

On Thursday, March 31, 2016, the Federal Communications Commission (FCC) will make it easier for low-income families to buy broadband service. It will expand its current “Lifeline” program, which currently subsidizes traditional telephone service for low-income consumers, and allow eligible low-income consumers to lower the price of their qualifying broadband service by \$9.25 per month.

### Expanding Lifeline to broadband is the largest federal broadband adoption program in history.

The Lifeline program was created in 1985, and it currently provides telephone and mobile voice service benefits to 13 million households in the United States. Households can enroll in the program by demonstrating that their income qualifies (at or below 135% of the federal poverty guidelines) and that they subscribe to a voice or mobile service that qualifies. The \$9.25 discount is applied directly to their bill. Today, the Lifeline program provides approximately \$1.6 billion per year in voice telephone subsidies. Subsidies for voice service will still be available, but the FCC will increase the program budget to \$2.25 billion to allow for its expansion to broadband.

### The Broadband Adoption Gap for Low-Income Families

**Nationally, 1 in 4 households (24.9%) do not have broadband Internet at home.**

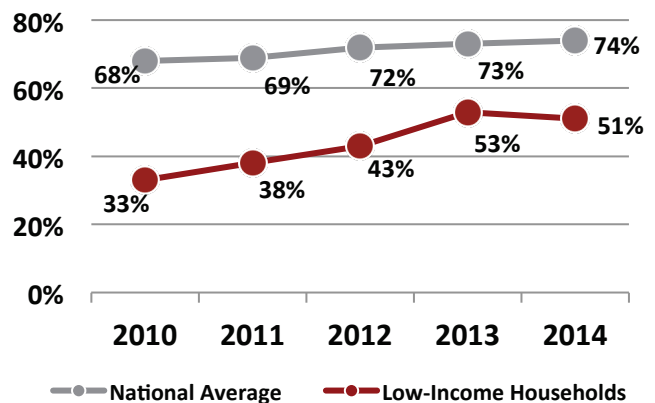
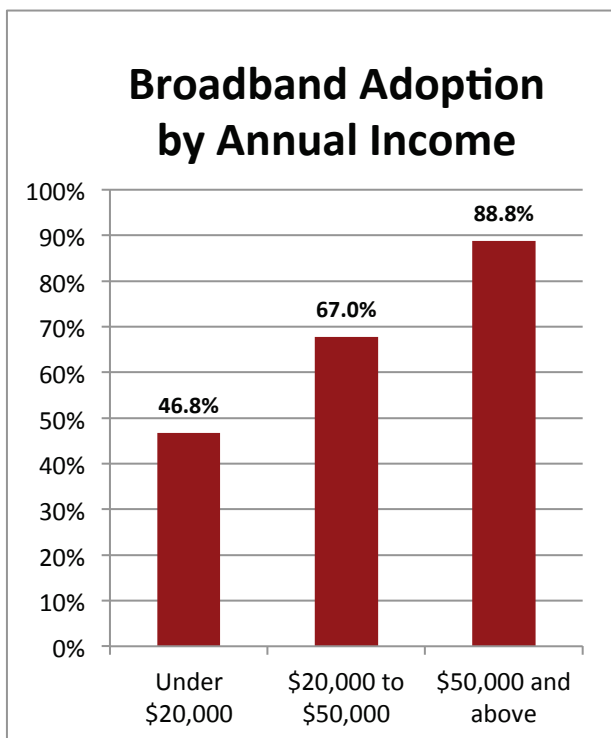
Source: U.S. Census, American Community Survey (2014)

**The broadband adoption gap is most stark in low-income households**

Source: U.S. Census, American Community Survey (2014)

**The broadband adoption gap for low-income households is nearly unchanged since 2012**

Sources: U.S. Department of Commerce, National Telecommunications and Information Administration Digital Nation Reports; U.S. Census Bureau, American Community Survey; Connected Nation Residential Technology Assessments (2010-2014)



**The broadband adoption gap and income inequality matter to future generations: teenagers whose parents have lower annual household incomes are significantly less likely to access the Internet than teens whose parents have higher incomes.**

Source: Pew Internet Project, “Technology use by different income groups,” (2013)

## **A Lifeline Broadband Subsidy Program Can Help Close the Adoption Gap**

**Cost is the single largest reason why low-income adults do not adopt broadband.**

*Source: Connected Nation 2014 Residential Technology Assessments*

**A \$9.25/month discount could increase broadband adoption among price-sensitive, low-income households by 11.5%.**

*Source: Connected Nation and FCC staff research; Octavian Carare, Chris McGovern, Raquel Noriega, and Jay Schwarz, The Willingness to Pay for Broadband Non-Adopters in the U.S.: Estimates from a Multi-State Survey, 30 INFO. ECON. & POL'Y 19 (March 2015)*

**14 million households in the United States and Puerto Rico, containing 34.4 million people, do not have broadband Internet at home and will qualify for the Lifeline program. This program scope includes a majority of the households that have not adopted broadband.**

*Source: Universal Service Administrative Company (March 2016); U.S. Census, American Community Survey (2015)*

**The Lifeline broadband program could potentially reach:**

- 10.8 million children that live in low-income households without broadband
- 6.4 million low-income seniors without broadband at home
- 1.4 million low-income Veterans without broadband at home

*Source: Universal Service Administrative Company (March 2016)*

### **For More Information**

Connected Nation Policy Brief, *FCC Chairman Outlines Details of Proposal to Fund Broadband Adoption by Low-Income Households* (March 2016).

[http://www.connectednation.org/sites/default/files/bb\\_pp/03082016\\_fcc\\_lifeline\\_proposal.pdf](http://www.connectednation.org/sites/default/files/bb_pp/03082016_fcc_lifeline_proposal.pdf)

Comments of Connected Nation to FCC on Lifeline Modernization (August 2015).

[http://www.connectednation.org/sites/default/files/connected\\_nation\\_lifeline\\_modernization\\_comments\\_8\\_31\\_2015.pdf](http://www.connectednation.org/sites/default/files/connected_nation_lifeline_modernization_comments_8_31_2015.pdf)

Reply Comments of Connected Nation to FCC on Lifeline Modernization (September 2015).

[http://www.connectednation.org/sites/default/files/connected\\_nation\\_lifeline\\_reply\\_comments\\_9\\_30\\_2015.pdf](http://www.connectednation.org/sites/default/files/connected_nation_lifeline_reply_comments_9_30_2015.pdf)

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