How Policymakers Can Help Bridge the Digital Divide in 2021

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Executive Summary

- Both parties in Congress have recently indicated a desire to reduce the "digital divide"—the disparity between those with reliable internet access and those without—creating a rare opportunity for bipartisan policymaking.
- The digital divide is a complicated issue, however, and policymakers must target their solutions to the variety of problems preventing internet access: It would cost $40 billion to reach the last 2 percent of households, access is not the same as connection, and myriad local issues present barriers to access and connectivity.
- While focusing on reforming existing programs, such as Lifeline, to ensure they are appropriately targeted and fiscally responsible, policymakers must also be cautious of attempting to impose a single or overly prescriptive solution and should instead look to leverage nuanced, on-the-ground knowledge.
- State and local policymakers should play an important role in bridging the digital divide by removing barriers to deployment and developing solutions that fit the unique needs of their communities.

Introduction

Both parties in Congress have recently indicated a desire to reduce the "digital divide" —or the disparity between those with reliable internet access and those without it. House Republicans on the Energy and Commerce Committee released a Broadband Connectivity Agenda, and House Democrats have indicated that closing the digital divide will be a goal in upcoming infrastructure proposals. The bipartisan desire to close the digital divide, particularly in light of the difficulties during the COVID-19 pandemic, provides an opportunity not only for short-term relief, but also lasting policy solutions. While politicians on both sides of the aisle appear eager to address the digital divide, they should be wary of overly prescriptive policies and should instead work to overcome the myriad challenges to internet access through policies that promote private-sector innovation and leverage local knowledge.

Understanding the Digital Divide

The digital divide is a complicated policy issue that will not have a simple, one-size-fits all solution.

Even the exact scope of the number of Americans impacted by the digital divide is debated. As of 2018, less than 6 percent (approximately 21 million people) of Americans still lacked access to broadband according to the FCC. Other studies suggest this number could be significantly higher. For example, a BroadbandNow study argues that the number of Americans without access is double the FCC's figure at approximately 42 million (nearly 12 percent) when conducted at a more granular home or apartment-building level. Meanwhile, Microsoft alleges an even more dire picture, saying that their data indicate as many as 162 million Americans in 2019 lacked high speed internet. Many of the discrepancies arise due to debates about the accuracy of current broadband maps

and what speed qualifies as "high speed internet."

Further, achieving universal broadband access would be costly. In order to expand broadband access to every household, a 2017 FCC study found that it would cost an estimated $80 billion with $40 billion being needed to connect the last two percent of households. This figure assumes that households are connected using traditional, land-based broadband and uses the current definition of high speed. Changes to the means or metrics would impact costs (not to mention affect which households actually would need to be connected in the first place).

Improving access alone, however, does not fully solve the digital divide. Analysis of why people were unconnected prior to the pandemic indicated that, while cost was a factor for some, in many cases individuals who lacked internet connection chose to remain unconnected either because they did not want the internet or did not see it as important. While we do not yet have new data on choices around internet, many internet service providers (ISPs) have seen unprecedented demands both from new and existing customers during the pandemic. It is still difficult to know fully if this spike in demand represents changes in adoption or is merely a short-term shift.

The impact of the digital divide can be seen in all 50 states and in vastly different kinds of areas. While we often think of the digital divide or "homework gap" as rural issues, these concerns also impact urban low-income communities. This prevalence is in part because the digital divide does not exist merely from lack of access to broadband, but rather involves myriad issues that are often particular to the local area. The reasons for being un- or under-connected are not as simple as cost and availability. Individuals also need to be able to use the internet in a productive way and understand its benefits.

In order to find solutions to the digital divide, policymakers will need to approach it in multiple ways and at multiple levels of government. In addition to expanding access, they must also respond to underlying problems regarding adoption.

FCC Efforts to Help Bridge the Digital Divide

When it comes to the digital divide, the FCC can establish a framework that supports private investment in internet infrastructure and the development of innovative telecommunications solutions. To do this, it will need to maintain an approach that limits regulatory barriers and best utilizes limited resources such as spectrum.

Early in the pandemic, the FCC developed the Keep Americans Connected pledge, working voluntarily with providers to help Americans maintain internet connections. The FCC also approved on a bipartisan basis various initiatives to make additional spectrum available, particularly in rural and tribal areas, to enable companies to meet new demands. This last policy helped enable households to connect without laying new (and costly) broadband cables.

Such efforts are continuing in 2021. Most recently, the FCC unanimously authorized an Emergency Broadband Benefit program. This program will allow a variety of eligible households—including those currently qualified for the Lifeline program (a federal program that assists low-income households with the cost of communication services), receiving free or reduced school lunch benefits, or currently receiving Pell grants for higher education—to receive a discount of up to $50 per month ($75 per month for households on tribal lands) toward broadband service. It also provides eligible households a one-time discount of up to $100 to purchase a device such as a laptop, desktop computer, or tablet from participating providers if they contribute $10-$50 toward the purchase price. All broadband providers, not just those currently providing Lifeline benefits, can participate in

this program. This program helps to solve one barrier to accessing the internet: cost, not only of internet service but also of the devices needed to connect.

These are short-term solutions, but the FCC should also look to lay the groundwork for longer-term solutions. Such policies include not only actions that increase access to traditional broadband but also policies promoting other internet connectivity options such as satellite internet and 5G. In some areas, the cost of deploying traditional broadband may be cost prohibitive. Other innovative telecommunications services may be able to provide the same (or perhaps even better) service without incurring these costs. For example, 5G will improve the connectivity experience and accessibility of videoconferencing and other data-intensive apps. This will be particularly important for those who rely on a mobile device for their only internet connection. In other cases, satellite internet may help to reach rural areas that would be difficult or costly to serve with traditional fixed broadband.

As the Biden Administration begins, its FCC should maintain the less intrusive regulatory approach that has allowed innovation and resulted in a robust internet infrastructure. The FCC should, for example, avoid placing unnecessary regulatory barriers on ISPs that could deter infrastructure investment by the private sector. For example, since the removal of "net neutrality" requirements, private investment has increased and the catastrophic predictions of the internet loading one word at a time failed to come true. Constant changes to the classification of ISPs could deter investment not only because of the additional requirements, but because of the regulatory uncertainty such a change creates. In attempting to close the digital divide, the FCC should be cautious about the impact that additional regulatory requirements might have on improving service and expanding deployment. Regulatory red-tape raises costs for deploying in areas that often are already more costly. Similarly, additional regulation can deter innovation and entrepreneurship in new technologies by raising costs and slowing the deployment process.

Opportunities for Congress to Help Bridge the Digital Divide

Congress should consider embracing this opportunity to reform existing programs that aid rural and low-income communities but should avoid proposals that seek to dictate the means of supplying internet access or presume that solutions will be the same for all communities. Still, Congress has an important role to play through existing programs that target those who may not otherwise be able to afford communication services.

Among the low-hanging fruit for Congress to consider is reforming programs such as Lifeline and the Universal Service Fund to provide more equal access and ensure funding is going to those who truly need it. For example, the current approach to the Universal Service Fund, a series of subsidies and fees for various programs to increase access to telecommunications services, can result in unequal distribution toward seemingly similar geographic regions particularly in rural parts of the United States. Lifeline can be difficult and cumbersome program for qualified individuals to access, and its limitations may not properly serve qualifying individuals' needs when it comes to broadband access.

The current bipartisan momentum toward action provides opportunities to reform these programs in a way that better reflects today's telecommunications needs and improves their accessibility and usefulness. Lifeline, for example, should be given the objective of broadband connectivity, targeted eligibility, a new finance source, and a capped budget. One potential solution would be to switch to a more accessible direct voucher program to eligible households and expand the providers with whom these funds are eligible to be used. These reforms would help increase adoption by eliminating complications and barriers to access and allowing more providers to compete for these consumers.

Congress should also build on the light-touch regulatory framework and seek to delegate decisions to those who understand the specific challenges to access. In many cases, it may find that state or local governments may better understand the unique problems facing their communities and are able to better target programs than a national program that may overly limit the use of funds or attempt to create government-sponsored solutions.

State Solutions: Removing Barriers and Responding to Community Needs

Policy solutions for the digital divide may vary depending on the needs of a community. As a result, state policymakers are uniquely positioned to develop creative solutions for the underlying issues in their particular areas that result in the digital divide. In some cases, there may be a lack of access that requires removing barriers to deployment. In other cases, the main challenge may be the cost of service or devices. State and local policymakers should examine how local policies may impact deployment and how they may be able to expand adoption in their own communities.

For states seeking to expand access, a multifaceted approach working with the private sector and local governments is often a successful way to improve broadband access in currently underserved areas. As a member of the Minnesota Governor's Broadband Task Force noted, "No one entity has the resources to solve the problem on its own. No one knows it all." In many cases, states provide funding to support expansion in currently underserved areas through various competitive grant programs after working with local leaders to identify their needs. These programs can encourage private-sector competition for areas that might otherwise be overlooked.

States may also need to examine their own regulatory barriers that may be preventing deployment. For example, Louisiana passed legislation that creates a "dig once" policy to lay fiber cable for broadband during other local construction projects and to allow rural co-ops to compete for broadband business. Such policy changes can reduce the cost of deployment and encourage more competition in currently underserved areas.

Reducing the digital divide does not always mean increasing broadband availability through deployment. State and local governments have also found creative policy solutions to address accessibility and adoption concerns, particularly around e-learning. Alabama issued vouchers to households with eligible students to ensure that every K-12 student could be connected, and one school district turned dormant school buses into WiFi hotspots that could move to different community locations for those that might not have internet access. Connecticut recognized that device access might also be a barrier and issued laptops as well as WiFi hotspots to every student who indicated such a need during the pandemic. While in many cases these are short-term solutions, they show that states and localities may find different solutions regarding the many aspects around accessibility, adoption, and devices—all of which contribute to the digital divide.

While pursuing solutions, state policymakers, like their federal counterparts, should avoid heavy-handed regulation and costly top-down proposals. Instead, they should embrace opportunities that remove barriers to deployment and empower families to pursue and adopt the right services for their needs. Lessons from short-term programs in response to the COVID-19 pandemic can provide insight for leaders into the various reasons digital divide exists in their communities and assist in the development of long-term solutions.

Conclusion

The digital divide is a complicated issue that will require policymakers at all levels to consider how they can enact policies that expand internet access and adoption. Federal, state, and local policymakers all have a role to play in developing solutions. In considering policy solutions, the best options will continue the development of

a robust internet infrastructure and avoid options that limit choice or discourage innovation. These solutions should address not only access but also seek to make adoption easier for currently unconnected households. While addressing short-term concerns about the digital divide in the current pandemic, policymakers should use this opportunity to embrace policies that will support telecommunications innovation and investment to yield more lasting results.