

The High Price of High-Speed Internet

Indisputable Government and Industry Data Shows U.S. Broadband Prices Are Rising.

- BLS survey data shows the average U.S. household's inflation-adjusted expenditures for internet service **increased 19 percent** from 2016 to 2019.
- This means **U.S. internet subscribers saw their monthly bills increase** far faster than the rate of inflation during those first three years of the Trump administration. Many ISPs such as Comcast and Charter also saw their average per subscriber broadband revenues increase at more than double the rate of inflation during the past four years.
- **Top U.S. ISPs continue to raise prices and reap higher profits as investments decline.** During the Trump-era Comcast's and Charter's average prices increased 15 percent, while these companies posted 2020 operating profit margins of 42.1 percent and 38.3 percent, respectively. AT&T's 2020 investment dropped 52 percent from its 2016 level on an inflation-adjusted basis. Comcast's investment in that timespan dropped 22 percent.

The ISP Industry's Claims About Falling Prices and U.S. Superiority Are Badly Misleading and Contradicted by U.S. Government Data.

- Cable and Telecom lobbyists are eager to distract lawmakers from the fact that people are on average paying more out of pocket for internet service. Reading the fine print shows how the industry is spinning a few data points together to tell this misleading tale.
- USTelecom's analysis purporting to show declining prices uses **average and not median** prices from the FCC's Urban Rate Survey (an annual survey of standalone non-promotional prices, not reflecting what most people actually pay for internet bundled with other services). That approach is misleading, because between 2015 and 2020 there was a sharp decline in the extremely high prices of fiber service tiers, which distorts the average but not the median.
- This same FCC survey data indicates that the median non-promotional **cable modem service price** – which includes nearly two-thirds of the residential broadband market's subscriptions – **increased more than 34 percent between 2015 and 2020, approximately four times the rate of general inflation.**
- USTelecom also adjusts the FCC data to produce a “quality-adjusted” figure for price per Megabit. But this obscures key practical implications. A price hike of 10 percent is still a price hike, even if it comes with a 25 percent increase in speed. More people struggle to afford broadband when the price rises, even if the “value” arguably rises too.
- Affordable entry-level tiers are critical to closing the digital divide. But the FCC's data shows that median **prices for lower-cost entry-level tiers increased as much as 20 percent in recent years, double the rate of inflation.** Other data sources such as SNL Kagan show that **in some markets entry-level prices have increased by 50 percent or more in the past four years, more than six times the rate of inflation.**
- In the 2020 Communications Marketplace Report's Congressionally-mandated international broadband comparison, the FCC found that the **U.S. ranks 21st out of the 26 countries tracked in both standalone fixed broadband price and in mobile broadband price.**