

The Pitfalls of an Affordability Tier

A Single Affordability Tier Risks Trapping Low-Income Families in Worse Plans.

- Requiring ISPs to offer a specific low-income service tier – either on a means-tested and subsidized basis, or else to all internet users – may be intended to ensure at least one good affordable option exists for struggling households, but the actual impact would be to trap these families into a plan that may either be too expensive or too slow to meet their needs.
- There is no single price or speed combination that is both affordable *enough* and fast *enough* to meet the needs of all low-income families, because these families have varying needs. Some may be satisfied with slower speeds as long as they are free-to-the-user, while others may seek out much faster tiers, even if those plans come with higher price tags post-benefit.
- Low-income households, like all households, deserve to have affordable access to the entire high-speed internet marketplace, rather than being confined to any single tier.

Setting the “Right” Price or Speed for a National Affordability Tier Is Not Feasible.

- ISPs have different cost models, meaning that what may be an appropriate price and speed combination for some may well be too little for some ISPs and a windfall for others. That’s why setting a specific affordability tier does not mitigate the risk of overpaying providers for affordable service.
- Without collecting comprehensive data on broadband prices and costs, any attempts to set a nationally affordable price and universally appropriate speed must rely on guesswork.
- Any effort to set a single speed and price point untethered to the actual costs of providing such service would face stiff political opposition from a variety of stakeholders.

A Flexible Benefit Serves People, Business, and Taxpayers Better Than a Specific Tier.

- Setting a price point that is too low may trap low-income families into plans that don’t meet their needs, but setting a price point that is too high would raise the total cost of a subsidy program without any analysis of the net benefits. Increasing the cost to taxpayers by mandating higher speeds that not all families would see benefit from is poor public policy.
- Free Press Action endorsed *LIFT America* and the *Accessible, Affordable Internet for All Act*, which included billions in additional funding for the Emergency Broadband Benefit program. Some ISPs have called for \$15 billion in affordability support alone. These higher numbers are needed to get and keep disconnected people online for good, not just for a few years.
- To improve the EBB, the infrastructure package should require all internet service providers to participate in the program, and require providers to accept the benefit for every tier. This ensures maximum choice for users, flexibility for providers, and accountability for taxpayers.