

## DIGITAL DENIED:

### The Impact of Systemic Racial Discrimination on Home-Internet Adoption

A persistent racial divide in home-internet adoption — wired and wireless combined — leaves people of color behind the digital curve. Free Press’ new report, *Digital Denied*, exposes this gap and explains how structural racial discrimination contributes to it.

Systemic discrimination creates serious income inequality in this country. Whites have far higher average incomes than Hispanics or Blacks. Low-income families are less able to buy internet subscriptions in a time when online access is an absolute necessity. Given how stark racial and ethnic income discrepancies are, it’s not surprising that people of color would lag behind in adoption.

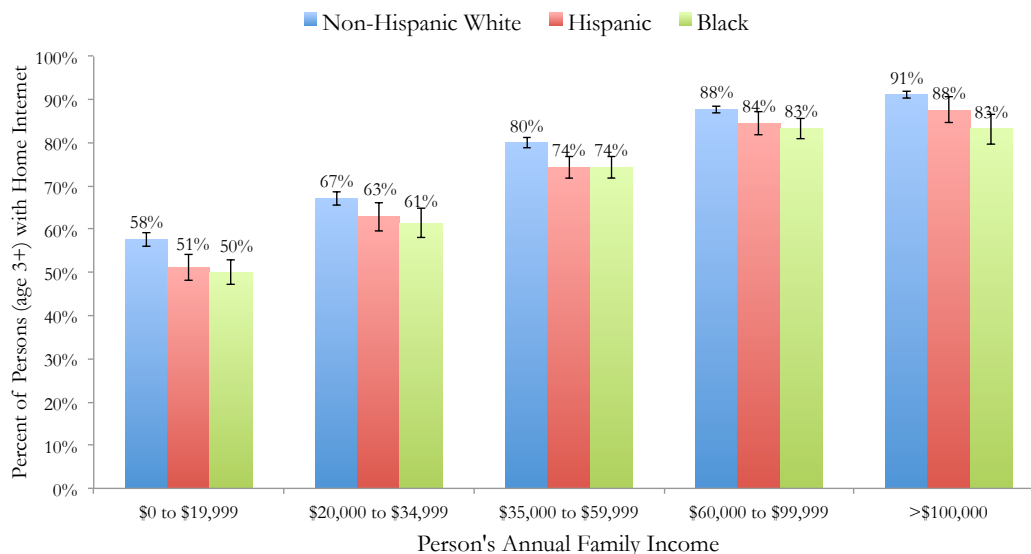
A few numbers, which draw on U.S. Census data, bear out this reality:

- 49 percent of households with incomes below \$20,000 have wired or wireless internet, versus nearly 90 percent of households with incomes above \$100,000.
- 81 percent of Whites have home-internet access, compared to 70 percent of Hispanics and 68 percent of Blacks.

**Our report finds that the racial-adoption gap persists even after one accounts for differences in income and a host of other demographic factors.**

There is a divide for internet adoption between people in the same income brackets but in different racial or ethnic groups. The gap is widest for people earning less than \$20,000: 58 percent of Whites in this group have home internet, compared to just 51 percent of Hispanics and 50 percent of Blacks.

*Home-Internet Adoption by Race/Ethnicity and Family Income (2015)*



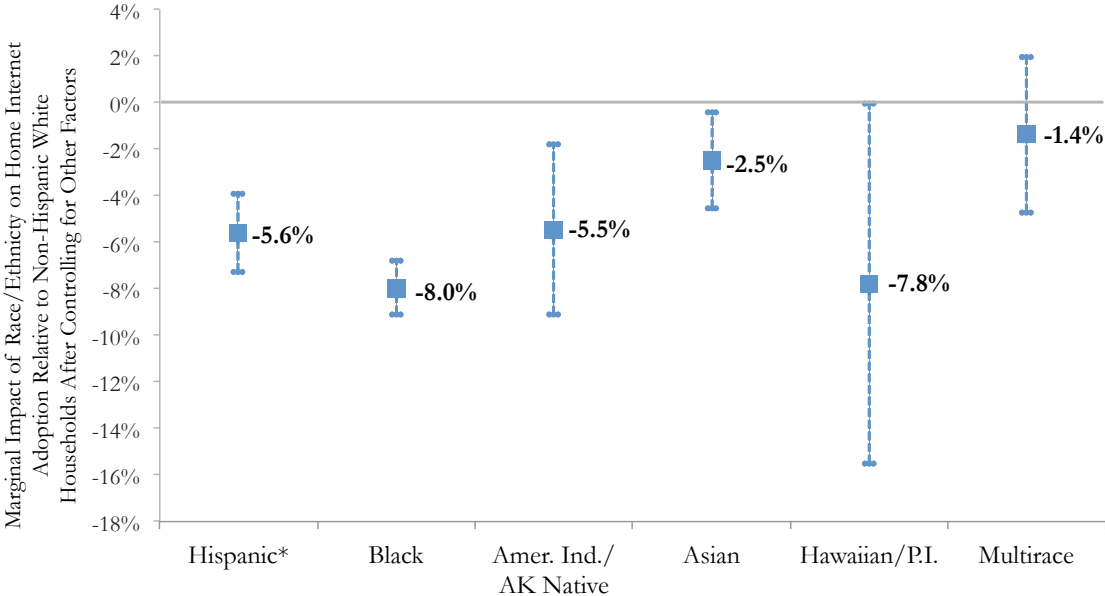
If income were the only determining factor, we would expect to see higher adoption levels for people of color. Based on average incomes, we should expect 69 percent of Hispanic households and 68 percent of Black households to have home internet, but the actual adoption levels for these populations are 66 percent and 62 percent respectively.

*Actual vs. Income-Based Expected Level of Home-Internet Adoption by Race/Ethnicity (2015)*

Race/Ethnicity	Percent of Households with Home Internet	Predicted based on income alone
Non-Hispanic White	76%	75%
Hispanic	66%	69%
Black	62%	68%
American Indian/Alaska Native	64%	68%
Asian	81%	77%
Hawaiian/Pacific Islander	67%	70%
Multirace	77%	72%

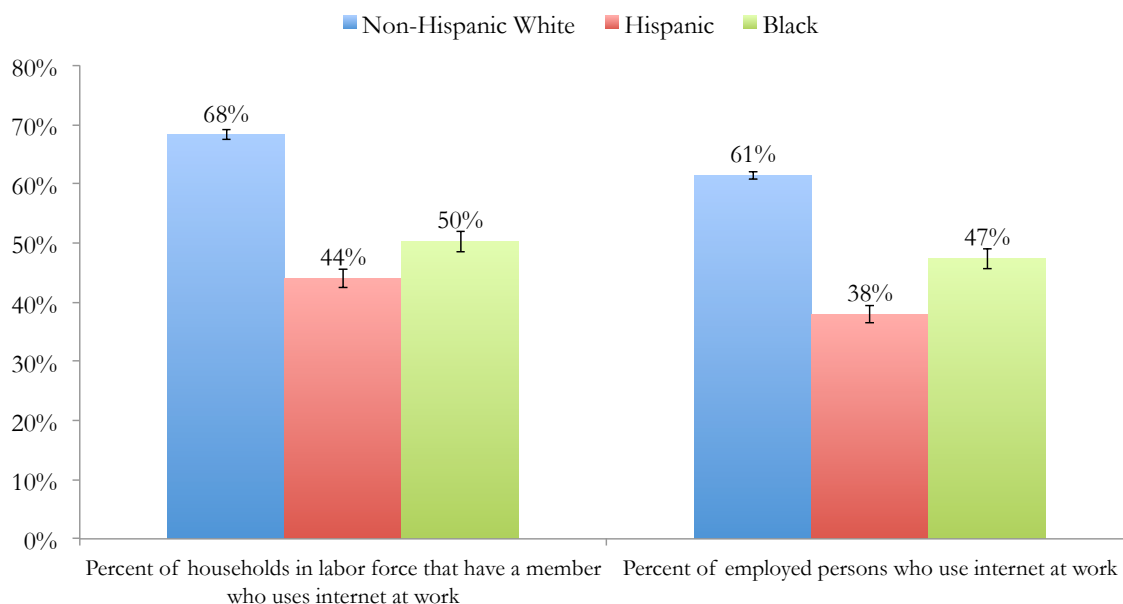
After we account for racial and ethnic disparities in average income, and also for a variety of other demographic factors (like education, age, geography and job status), we find that many people of color continue to lag behind Whites in home-internet access. After controlling for these factors, we find that **the marginal impact of race on household-internet adoption is -5.6 percentage points for Hispanics and -8 percentage points for Blacks relative to Whites.**

*Marginal Impact of Race/Ethnicity on Home-Internet Adoption (2015)*



Our research indicates that exposure to the internet at work is highly correlated with home adoption. Nearly 95 percent of employed individuals who go online at work have home internet, compared to just 66 percent of employed individuals who do not use the internet at their jobs. Unfortunately, we see disparities here too: **Many people of color are less likely to use the internet at work.**

*Internet Use at Work by Race/Ethnicity, Household and Person-Level (2015)*



**Education disparities and hiring discrimination likely play a role here, but the data reveals disparities between White people and Hispanic and Black people even when they work in similar occupations.** This raises the specter of racial discrimination not only in hiring practices but also in the assignment of tasks and provision of opportunities to use the internet at work.

- For example, for people who reported working in “office and administrative support occupations,” 68 percent of Whites reported using the internet at work, but only 55 percent of Hispanics and 56 percent of Blacks in the same category did.

*Digital Denied* also shows that in the wireless market, the racial divide is smaller, with no gap between White and non-White low-income households.

- 65 percent of White households use mobile internet, compared to 62 percent of Hispanic households and 59 percent of Black households.
- For low-income households, people of color actually have higher levels of use: 46 percent of Hispanic households and 44 percent of Black households have mobile internet, compared to only 41 percent of White households.

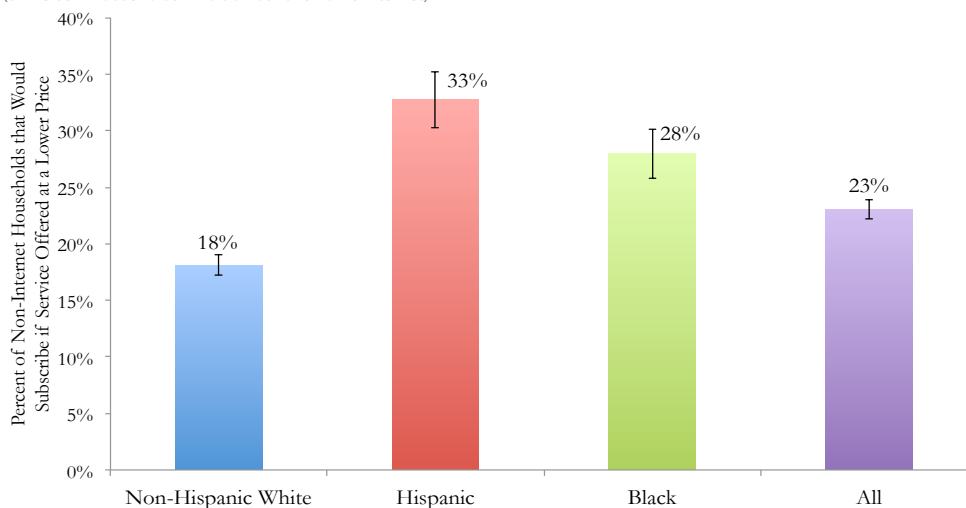
This does *not* mean that wireless is a perfect substitute for wired service, which typically comes with faster speeds and much higher data caps. But it suggests structural barriers to wired adoption are not as acute as in the relatively competitive wireless market. The report names a few possible culprits, including the wired market’s lack of resold and prepaid plans, and its reliance on racially biased credit scoring.

One thing we know is *not* to blame: people of color’s demand for internet access. Contrary to one conventional narrative, the data show that Blacks and Hispanics have high demand for internet. But steep costs and other financial barriers are two factors inhibiting these communities from adopting home internet.

- 39 percent of non-adopting Hispanic households and 35 percent of non-adopting Black households cite “can’t afford it” as a reason for not adopting home internet, compared to just 21 percent of White households.
- 18 percent of non-adopting White households say they would subscribe at a lower price while a full 33 percent of non-adopting Hispanic households and 28 percent of non-adopting Black households report that they would.

*Q: Would your household buy home internet service if it were offered at a lower price?*

(universe = households who do not have home internet)



People of color are also more likely to compensate for the lack of home access by going online in public spaces like libraries and community centers.

- 20 percent of non-adopting White households go online using some method other than their own wired or wireless subscription, compared to 26 percent of non-adopting Hispanic and 27 percent of non-adopting Black households.

**To address the digital divide, we need to eliminate structural barriers in the wired market and address the systemic racism that fuels disparities in income and education that may diminish opportunities to use the internet at work.**