Press Release

Contact: Lawrence J. Spiwak
Phone: +1 (202) 274-0235

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NEW PHOENIX CENTER STUDY FINDS BROADBAND PRICES “AFFORDABLE” FOR MIDDLE-CLASS AMERICANS

Analysis offers objective criteria for monitoring middle-class affordability for purposes of NTIA’s Broadband Equity, Access, and Deployment (“BEAD”) program

WASHINGTON, D.C. — The Infrastructure Investment and Jobs Act of 2021 allocated nearly $43 billion in subsidies to expand broadband networks to unserved and underserved areas via the “Broadband Equity, Access, and Deployment” (“BEAD”) program. These BEAD funds are to be administered and allocated by the National Telecommunications and Information Administration (“NTIA”). To this end, in May 2022, NTIA released its Notice of Funding Opportunities (“NOFO”) which set forth the processes, deadlines, and expectations for the BEAD program.

The NTIA imposed several conditions to qualify for BEAD funding beyond those required by the statute, including a requirement that states (i.e., “Eligible Entities”) craft “a middle-class affordability plan to ensure that all consumers have access to affordable high-speed internet.” The NTIA permits states to “adopt diverse strategies to achieve this objective” so long as the end result ultimately ensures that “high-quality broadband services are available to all middle-class families in the BEAD-funded network’s service area at reasonable prices.” Notably, the NOFO does not conclude that broadband service is unaffordable for the middle-class, only that states must plan for such a scenario. Naturally, the threshold question is whether broadband is affordable for middle-class Americans by some objective standard.

In a new analysis released today entitled Middle-Class Affordability of Broadband: An Empirical Look at the Threshold Question, Phoenix Center Chief Economist Dr. George S. Ford provides guidance to the states on how to comply with the NTIA’s affordability mandate, and to do so in a way that respects Congressional intent expressed in the Infrastructure Act. Based on objective criteria, Dr. Ford finds that broadband is at present affordable for middle-class households both nationally and for all individual states. Dr. Ford suggests states might monitor affordability over time using the method in compliance with the NTIA’s requirement.

“While NTIA’s middle-class affordability requirement is nowhere to be found—implicitly or explicitly—in the Infrastructure Act, it is possible to analyze affordability in a manner compatible with Congressional intent,” says study author Phoenix Center Chief Economist Dr. George S. Ford. “The threshold question is whether broadband is affordable to the middle-class and I find that it is.

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Thus, no action is presently required, though states might continue to monitor affordability in the future."

A full copy of PHOENIX CENTER POLICY BULLETIN NO. 61, Middle-Class Affordability of Broadband: An Empirical Look at the Threshold Question, may be downloaded free from the Phoenix Center’s web page at: https://www.phoenix-center.org/PolicyBulletin/PCPB61Final.pdf.

The Phoenix Center is a non-profit 501(c)(3) organization that studies broad public-policy issues related to governance, social and economic conditions, with a particular emphasis on the law and economics of the digital age.