Digital Divide: Inequities in Advertised Pricing for Internet Service

Residents of higher poverty communities routinely are offered more expensive, slower service than those in wealthier communities.
Study finds inequity in internet charges

Wealthy enclaves in L.A. County enjoy lower prices than poor ones, report says.

By Samantha Masunaga

The pandemic proved how crucial it is to be connected to the internet. Without it, students couldn’t learn online, residents had a harder time making COVID-19 vaccine appointments and loved ones found it more difficult to stay in touch.

But not everyone in Los Angeles County has equal access to the kind of high-speed broadband that makes these everyday tasks doable. And, low-income residents often pay more for the same or worse service.

Spectrum, AT&T and Frontier noted their participation in the federal Affordable Connectivity Program, which provides monthly broadband discounts to qualifying, low-income households.

Like Spectrum and Frontier, AT&T did not see the report before it was released but said it had invested nearly $2.6 billion in the Greater L.A. region over a three-year period.

We are committed to offering affordable, fast connectivity to consumers and businesses in Los Angeles.
Findings

Published pricing for Charter Spectrum service shows a clear and consistent pattern of the provider reserving its best offers - high speed at low cost - for the wealthiest neighborhoods in LA County.

People who live in higher poverty neighborhoods are not only routinely offered slower service at higher prices, but are offered contracts with worse terms and conditions. For example, Charter Spectrum’s promotional offers - guaranteeing a period of time before prices will increase - are for two years in wealthy communities, but for just one year in high-poverty communities.

Charter Spectrum's low-cost plans are not consistently advertised to households in high-poverty neighborhoods.
Case Study 1: Watts and Manhattan Beach

Poverty Rate: 2%

Poverty Rate: 31%
Case Study 3: Compton and Mar Vista

Poverty Rate: 1%

Poverty Rate: 30%
Case Study 4: South LA and Mar Vista
South LA and Mar Vista

Adoption rates are lower where advertised prices are higher

South LA Census Tracts
25/3 household broadband adoption rate
(per CPUC)

Mar Vista Census Tracts
25/3 household broadband adoption rate
(per CPUC)
Average price difference: $16/month more expensive in high poverty communities
Independent research confirms similar patterns for AT&T, CenturyLink

- Increase in share of addresses offered slow internet speed in lower-income areas compared to upper-income areas

Providers offer different speeds for the same price

<table>
<thead>
<tr>
<th>Price per megabit per second of download speed</th>
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<tbody>
<tr>
<td><strong>Best deal</strong></td>
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<tr>
<td>----</td>
</tr>
<tr>
<td>Verizon</td>
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<tr>
<td>EarthLink</td>
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<td>AT&amp;T</td>
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<tr>
<td>CenturyLink</td>
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- 850,000+ data points from 38 cities across the country
- “Scraping” advertised offers from ISP websites

Map: Joel Eastwood and Paroma Soni • Source: The Markup analysis of AT&T, CenturyLink, Verizon; U.S. Census Bureau
Regarding the Affordable Connectivity Subsidy Program

- If pricing to lower income households is higher, then the effectiveness of public subsidies to private companies may be significantly diminished.
- Research published by USC’s Dr. Hernan Galperin found that subsidy programs primarily went to households that were already connected, and have not advanced new connectivity.
- Systemic solutions are needed, and bigger picture questions should be addressed.
Urgent need: Collaborate to Understand the Facts

We anticipate that Charter Spectrum will take issue with these findings; the company should not only be required to participate in further public investigations but should welcome them if indeed the grassroots research presented here paints an inaccurate picture. In public on-the-record comments before the Los Angeles County Board and the California Assembly Communications and Conveyance Committee, Charter Spectrum government affairs professionals have claimed that they have a national pricing model that affords the same price for the same service to every consumer in their national service area. If that is true, despite what CCF and Digital Equity LA have documented here with screenshots from the Charter Spectrum website, Charter should welcome the opportunity to set the record straight.

-page 23 of the Pricing Disparities Report
1. Investigate these findings of potentially discriminatory disparities in advertised pricing for fast and reliable internet service and their implications for closing the digital divide.

2. Make equal access the policy of the State of California.

3. Build equal access into state, county, and local procurement policy.