

Testimony of Joseph Torres
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Hearing on Bill 150809, the Comcast Franchise Agreement
Committee on Public Property and Public Works

Thank you, Chairman Henon and committee members, for asking me to testify today. My name is Joseph Torres and I am the senior external affairs director for Free Press, a nonpartisan organization fighting for our rights to connect and communicate.

With close to a million activists on our list, including 8,000 in the Philadelphia area, Free Press advocates for media and telecom policies that serve a public good.

I am here today to urge the Philadelphia City Council to adopt a franchise agreement that removes the barriers that have prevented so many poor families in Philadelphia from getting affordable, high-speed Internet services.

Broadband is a critical lifeline in today's society. It is hard or even impossible to find a job, do your schoolwork, remain informed or advocate for your well being without high-speed broadband access.

This is why there is increasing recognition by lawmakers in Washington and by people all across the country that we need action to increase broadband adoption.

Earlier this year, President Obama said that "access to high-speed broadband is no longer a luxury; it is a necessity for American families, business and consumers." He also announced the creation of the Broadband Opportunity Council, directing federal agencies to take action to increase broadband deployment, competition and adoption.¹

We support these efforts. We believe a primary reason that nearly a third of the U.S. population remains unconnected to broadband is a lack of competition and a resulting lack of affordable service.

Last year, FCC Chairman Tom Wheeler said that "meaningful competition for high-speed wired broadband is lacking" and that "Americans need more competitive choices for faster and better Internet connections." He added that the overwhelming majority of high-speed broadband connections in this country are provided by the cable industry.²

¹ Department of Commerce and Department of Agriculture, Broadband Opportunity Council Report and Recommendations, page 3, Aug. 20, 2015.

² Remarks of FCC Chairman Tom Wheeler, Sept. 4, 2014:
https://apps.fcc.gov/edocs_public/attachmatch/DOC-329161A1.pdf

This lack of competition and affordable choices in the broadband market has resulted in a growing number of households citing the price of a monthly broadband bill as the main barrier to getting online.³ Not surprisingly, high prices are especially problematic for young people, people with low incomes, and people who are out of work — and thus unable to seek jobs online without a viable Internet connection.

But even as families struggle with broadband adoption, cable companies are raking in enormous profits.

Just consider that the average operating margin on broadband for the largest cable companies, like Comcast, is 60 percent.⁴ This is a major reason that a company like Comcast, the largest broadband provider in the nation, earned nearly \$70 billion in revenue last year.⁵

Meanwhile, the lack of competition has allowed companies like Comcast to come up with new ways to extract more money from customers struggling to pay their monthly bills.

Just a few days ago, the news media reported that Comcast was imposing data caps — unnecessarily — on more of its customers in a number of new markets. Customers who exceed the caps will have to pay overage fees. We are concerned that these fees may make it harder for customers to afford their broadband service.⁶

So as national lawmakers and cities like Philadelphia wrestle with closing the digital divide, the most vulnerable populations in our communities are among the most impacted by the lack of broadband adoption.

According to the latest figures, just 46 percent of households making less than \$20,000 a year have home broadband access. That figure rises to 94 percent for households

³ NTIA Report, “Exploring the Digital Divide,” October 2014, pages 30–31:
http://www.ntia.doc.gov/files/ntia/publications/exploring_the_digital_nation_embracing_the_mobile_internet_10162014.pdf

⁴ Free Press Comments submitted to Broadband Opportunity Council, June 10, 2015, at 13.

⁵ See Comcast Reports 4th-Quarter and Year-End 2014 Results, Feb. 24, 2015:
<http://www.cmcsa.com/releasedetail.cfm?ReleaseID=897872>

⁶ “Free Press to FCC: Comcast Must Answer for Unnecessary Data Caps,” Nov. 4, 2015:
<http://www.freepress.net/press-release/107187/free-press-fcc-comcast-must-answer-unnecessary-data-caps>

making more than \$100,000.⁷ This gap has been with us since 2004, when just 7 percent of households earning less than \$20,000 a year had broadband compared to 51 percent making more than \$100,000.⁸

Meanwhile, only 59 percent of households with children and with earnings less than \$20,000 a year had home Internet access, compared to 98 percent of such households making greater than \$100,000.⁹

The digital divide is an income-inequality issue, but it also exists along racial lines.

In 2013, 82 percent of White households had high-speed broadband compared to just 66 percent of Black and Latino households, a gap that has existed since the U.S. Census started counting broadband adoption rates in 2000.

And in Philadelphia, one of the poorest big cities in the country, a quarter of the city's 1.6 million residents live in poverty. Overall, the city ranks 23rd out of the country's 25 largest cities in broadband adoption, with more than a third of its residents lacking broadband.¹⁰

This is why Free Press and our allies across the country are currently urging the FCC to close the digital divide by expanding the agency's "Lifeline" program to subsidize broadband adoption.

And this is why we support the efforts of local Philadelphia residents, including the CAP Comcast campaign, to urge city action to close the digital divide here.

I want to commend the City Council and Comcast for working together and tentatively agreeing to expand the Internet Essentials program to all low-income seniors, people with disabilities and veterans.

But we join our allies in urging you to expand the program to include more low-income

⁷ See Free Press Comments in the Matter of Lifeline and Link Reform and Modernization, WC Docket 11-42, at 2.

⁸ Free Press Comments at 42.

⁹ Free Press Comments at 48.

¹⁰ See Sam Thielman, "Comcast's Towering Ambition Collides with Philadelphia's Street-Level Reality," *The Guardian*, April 20, 2015: <http://www.theguardian.com/us-news/2015/apr/20/comcast-towering-ambition-philadelphia-street-level-reality>

people who are currently eligible for such programs as Lifeline, Medicaid and food stamps.

And we believe it is critical to remove other barriers that have prevented more residents from signing up for the program, with otherwise eligible participants being made ineligible if they are without Comcast service for 90 days, fail to pay off any Comcast bills that are less than a year old or do not have a child who qualifies for the school-lunch program.

But we believe a better solution to solving the digital divide, beyond improving Lifeline and Internet Essentials and other targeted programs, is to demand that Comcast offer such affordable home-Internet service to all of its customers.

We are encouraged by the potential creation of the Digital Inclusion Alliance Fund, but this still does not go far enough to adequately address the large digital divide that exists in Philadelphia.

It is also critical for households that adopt broadband or subscribe to cable-TV service to have access to content that informs them about what's happening in their local communities and government, especially considering the recent layoffs at the *Philadelphia Inquirer* and the *Daily News*.

This is why we also support calls for the franchise agreement to increase financial support for government and educational television channels and to the city's public-access TV station, PhillyCam.

In closing, the City Council has a truly unique opportunity to address the digital divide by expanding the Internet Essentials program and demanding more affordable connections for everyone. This is not only critical to the health and well being of those who are not connected, but the health and well being of the entire city.

Thank you for allowing me to testify. I will be happy to answer any questions.