The Adoption Gap in Low-Income Households with Children: 2011 Residential Survey Preliminary Findings

September 20, 2011

CONNECTED NATION®

The Adoption Gap in Low-Income Households with Children: 2011 Residential Survey Preliminary Findings

In its soon-to-be released annual residential adoption survey, Connected Nation has found wide gaps of digital inclusion for millions of our nation's children, particularly those in low-income households.

- Only 37% of low-income minority households with children have broadband at home, and only 46% of all low-income households with children have broadband at home
- We estimate that **17 million children do not have broadband at home** – and that **7.6 million of these children live in low-income households**. The disproportionate adoption gap has serious implications for technology education policy
- 40% of low-income households do not own a computer (compared to only 9% of all others)
- For low-income households, the **cost of access and computer ownership** is by far the most-cited reason why they do not adopt broadband

Earlier this year, FCC Chairman Julius Genachowski said that "broadband can be the great equalizer" that can offer new opportunities to individuals and reduce economic isolation. Various other studies have helped us better understand how this adoption gap is affecting job growth, economic opportunity, access to news and information, and education. But broadband is not only an opportunity, it is increasingly becoming a necessity — as more aspects of daily life move online, digital exclusion of the one-third of Americans that Connected Nation estimates have not adopted broadband could have profound societal effects.

As we enter the country's poorer neighborhoods, the adoption gap grows sharply – and we must explore and understand those gaps to help the most vulnerable populations make the leap. Connected Nation's 2011 research shows that only three in five (60%) low-income households even own a computer, compared to 91% of the rest of the population. Only 46% of low-income households have broadband at home, compared to 66% nationally. These gaps grow when you focus on the most vulnerable of these populations – we estimate that **only 37% of low-income minority households with children have broadband at home**.

Our research estimates that of the approximately 17 million children nationwide who do not have broadband at home, 7.6 million are in low-income families. The majority of those disconnected low-income children are ethnic minorities — approximately 1.75 million African-Americans and 2.9 million Hispanic children. These children simply do not have the ability to do online research, complete assignments, or interact with their teachers and fellow students on-line at home.

Studies have shown that children without broadband access are less likely to graduate high school, and when those children enter the workforce, their employment potential is significantly diminished. A persistent Internet Underclass – an impoverished and disconnected population with fewer educational

Connected Nation P.O. Box 43586 Washington, D.C. 20010 877-846-7710

and employment opportunities — could slam the brakes on economic recovery, job growth, and social development.

To avoid this result, America needs to act to close these persistent adoption gaps in a variety of creative ways. One policy designed at halting the emergence of an Internet Underclass is to focus on ensuring that school age children have access to broadband and technology, both at school and at home. This month, Comcast began rolling out its Internet Essentials program, which offers a low-price bundle of a computer and $9.95/month broadband service to households with children eligible for free or reduced cost school lunch. The effectiveness of this program, however, depends upon whether this category of non-adopting households would be substantially swayed by lower prices for access and computers — facts that Connected Nation's 2011 surveys aim to gather.

Using the Facts to Close the Gaps

The findings summarized in this Policy Brief are the result of extensive random digit dial telephone surveys conducted this summer. In these surveys, we spoke to over 12,000 randomly-selected residents across ten states to inquire about their adoption and use of broadband service. In addition, we spoke to 15,000 additional residents that have not adopted broadband. We took this approach to gain a full and complete understanding as to who these non-adopters are, their reasons for not adopting, and their responsiveness to certain policy initiatives. This research will support the state and outreach programs that we are initiating. These survey findings will explore which populations may be responsive to adoption programs focused on cost (like Internet Essentials) or programs focused on digital literacy and skill development (like Connected Nation's Every Citizen Online program in Ohio).

For low-income households with children, cost is by far the largest barrier to adoption.

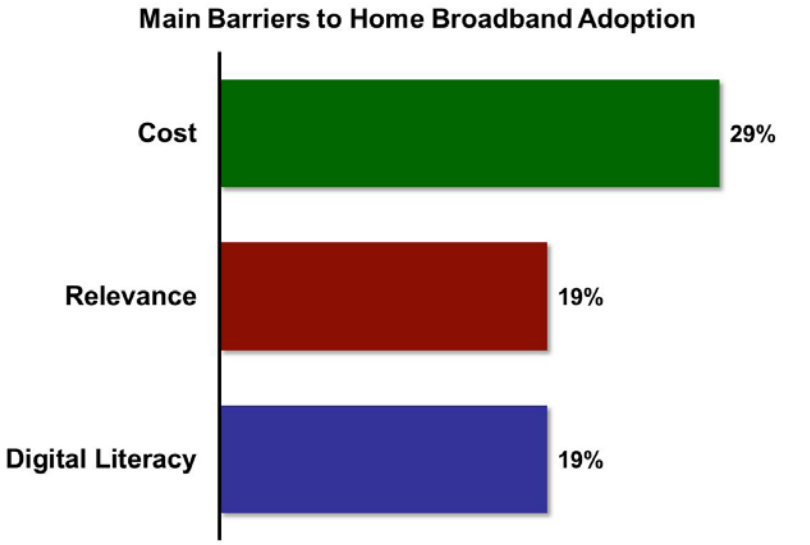
Main Barriers to Home Broadband Adoption Among Low-Income Households with Children

Cost	**43%**
The monthly cost of service is too expensive	26%
The cost of a computer is too expensive	12%
The activation and installation fees are too expensive	5%
Relevance	**12%**
There is nothing online that I want to see or use	11%
I don't want or need broadband	1%
I am satisfied with my current (dial-up) service	1%
Digital Literacy	**14%**
Broadband/the Internet is too complicated	5%
Concerns about fraud or identity theft	4%
I don't know what broadband is or anything about it	3%
I don't feel comfortable using a computer	2%

Q: "Which one of these is the main reason why you do not subscribe to home Internet service?" or among respondents with dial-up Internet service at home, "Which of these is the main reason why you do not subscribe to home broadband service?" (n=863 adults in states served by Connected Nation whose annual household income is less than $25,000 and have children living at home)

The above table explores the main reason given by non-adopters, broken down by demographic. We have categorized these into three general categories – barriers related to Cost (marked in green), barriers related to Relevance (red), and barriers related to Digital Literacy and Skills (blue). To be effective, a broadband adoption program needs to match these barriers – for example, a digital literacy training program alone would be an insufficient means of increasing adoption if targeted to a group for which cost is the preeminent concern.

For the population as a whole, the cost of access or a computer is cited by nearly one-third of all non-adopters as the main reason for not adopting.



Q: "Which one of these is the main reason why you do not subscribe to home Internet service?" or among respondents with dial-up Internet service at home, "Which of these is the main reason why you do not subscribe to home broadband service?" (n=15,082 adults living in states served by Connected Nation that do not subscribe to home broadband service)

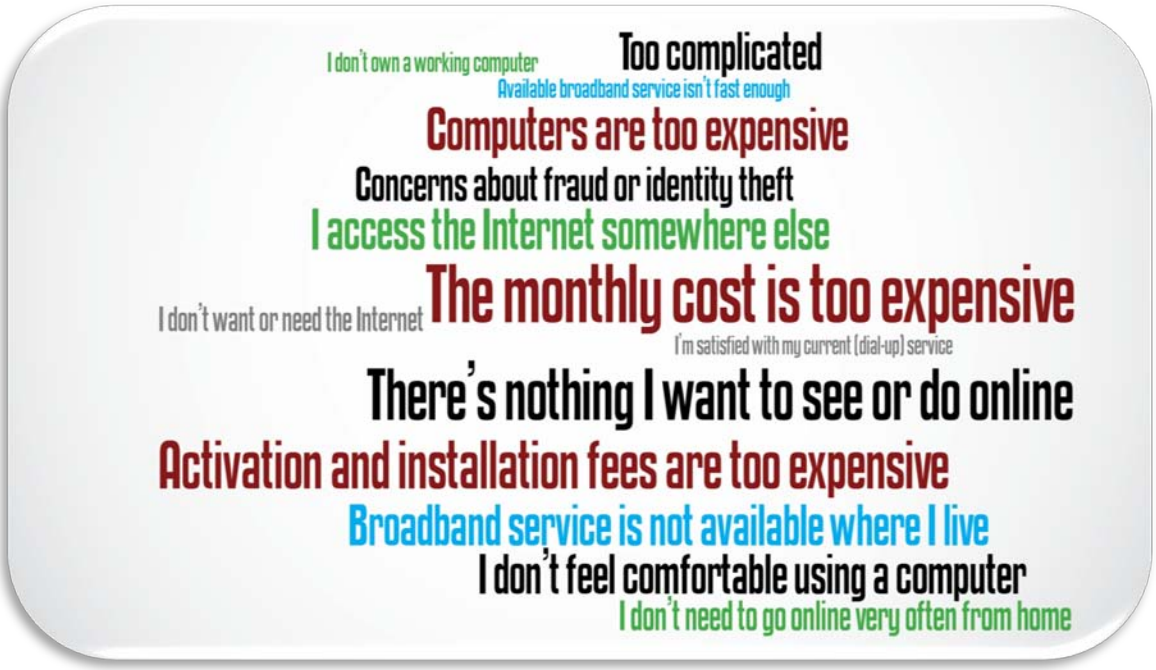
The Barriers to Broadband Have Evolved, So Must our Solutions

These findings on barriers to broadband adoption represent an interesting trend. Connected Nation first started surveying consumers on the reasons why they did not adopt broadband in 2005. In that first survey, we found that the most significant barrier was relevance — many consumers simply did not feel they needed broadband or were satisfied with their current dial-up service. Broadband and computer cost concerns were present, but were not as preeminent. The words in the following graphic are sized by frequency of response, and point to the fact that relevance was a strong reason why individuals did not adopt broadband in 2005:

2005 Barriers to Broadband Adoption
Among Kentucky Residents

But the current 2011 survey demonstrates that as adoption has grown (and as the U.S. economy falters), cost concerns are increasing in importance. Moreover, as broadband has grown and integrated into daily life and consumers become more sophisticated, the reasons given for not adopting have also become more diverse:

2011 Barriers to Broadband Adoption



Over the coming weeks, we will be releasing more findings from these 2011 surveys. And they will indicate that consumer attitudes to and uses of broadband are shifting. These surveys will explore the rise of mobile broadband, prices paid, the willingness of certain demographics to pay for broadband, consumer uses for broadband, the adoption of eGov, eHealth, eLearning, and a host of other important changes to the broadband landscape.

But while that landscape is changing, one fact remains constant: broadband technology is a critical tool for the twenty-first century economy and is the key to economic growth. As a result, there is simply no greater communications policy challenge than preventing the development of a disconnected Internet underclass.

Survey Methodology

In 2011, Connected Nation conducted random digit dial telephone surveys of residents across 10 states (Alaska, Iowa, Michigan, Minnesota, Nevada, Ohio, South Carolina, Texas, Florida, and Tennessee). These surveys included speaking with approximately 1,200 adults in each state (via landline or cell phone) to measure technology adoption and to explore ways in which individuals use broadband technology. In addition, Connected Nation oversampled a total of 15,082 adults who do not subscribe to home broadband service in seven of those states (Alaska, Iowa, Michigan, Minnesota, Nevada, South Carolina, and Texas) to explore barriers to broadband adoption and measure these adults' willingness to subscribe at different prices. Surveys were conducted in each of these states by either Thoroughbred Research Group or Eastern Research, with weighting and research design consultation provided by Lucidity Research. At a 95% level of confidence, this sample provides a margin of error of ±1.3% among all residents who do not subscribe to home broadband service and ±1.4% for the Residential Technology Assessment sample, using the effective sample sizes.

These surveys were conducted as part of the State Broadband Data and Development (SBDD) grant program, funded by the National Telecommunications and Information Administration (NTIA). The SBDD grant program was created by the Broadband Data Improvement Act (BDIA), unanimously passed by Congress in 2008 and funded by the American Recovery and Reinvestment Act (ARRA) in 2009. To learn more about Connected Nation and its programs please visit www.connectednation.org or e-mail us at info@connectednation.org.

Connected Nation P.O. Box 43586 Washington, D.C. 20010 877-846-7710