

Does Comcast Really Reach Out to Poor People?

By Todd Shields - Dec 22, 2014

As he defended Comcast Corp.'s latest proposed acquisition before U.S. senators, a top company executive showcased the cable provider's cut-rate broadband service for poor families.

"An amazing success," [David Cohen](#), who handles government affairs for Comcast, said during an April hearing on his company's \$45.2 billion bid for Time Warner Cable Inc.

Comcast is dangling the promise of expanding the program -- and helping to close the digital divide that sees one in four U.S. households without an Internet connection -- as U.S. regulators decide whether to allow the merger.

Yet programs by Comcast and other cable companies offering cheap Internet aren't benefiting enough low-income families, critics say. Comcast's Internet Essentials, the biggest, has reached 350,000 households -- or about 13 percent of those eligible, according to one estimate. Cox Communications Inc., which has the capacity to provide service to 10 million homes, reports 15,000 subscribers. Time Warner Cable dropped its \$9.95 offer after a year.

The programs have tight eligibility criteria and balky signup procedures, where they exist at all, its detractors say.

"Everybody would like to pretend they're doing something," said [Harold Feld](#), senior vice president with the Washington-based policy group [Public Knowledge](#). "Cable has not done anything real in this space."

The cable industry bristles at such comments.

"It's unfortunate that people look at efforts like this to connect low-income families to an important service and find ways to criticize it," said Brian Dietz, a spokesman for the [National Cable & Telecommunications Association](#), the largest cable trade group.

Bargaining Chips

Critics such as Feld say cable companies use the programs as bargaining chips when they want something from government. Internet Essentials was a three-year commitment made in 2011 as part

of Comcast's acquisition of NBCUniversal.

Comcast extended the program indefinitely in March when Cohen, executive vice president, met with Federal Communications Commission officials to plead on behalf of the bid for Time Warner Cable.

"Bribing the FCC for three years with a cheap broadband program is fine, but that doesn't solve the problem," said Feld. "They only did it as a merger condition."

Comcast was considering a program like Internet Essentials before presenting it to the FCC, said Charlie Douglas, a spokesman for the Philadelphia-based company. He called it "a serendipity of timing."

While expanding Internet Essentials is "an attractive benefit," regulators will pay more attention to the merger's impact on competition, said [Paul Gallant](#), a Washington-based analyst with Guggenheim Securities LLC.

\$9.95 Monthly

Comcast's Internet Essentials offers Internet service at \$9.95 monthly to households with schoolchildren who qualify for subsidized lunches and other public assistance. The program helps consumers, but doesn't significantly close the gap between those who can afford broadband and those who can't, the advocacy groups [Consumers Union](#) and [Common Cause](#) said in a Dec. 17 filing to the FCC.

In areas Comcast serves in [California](#), signups take too long, service is sometimes denied contrary to program rules, and the offering isn't well publicized, according to the [California Emerging Technology Fund](#). Comcast should expand the program to include all low-income families, according to the nonprofit, which works to narrow the digital divide.

"We need to do a better job if we are to be globally competitive," said Sunne Wright McPeak, the fund's president.

Offering Help

In California's San Joaquin Valley, where 244,000 Hispanic families lack Internet service, some have needed help signing up for Comcast's Internet Essentials.

"There were all these different steps," said Santa Maldonado, 31, a homemaker in Fresno. Like more than 900 other families, she got help from Fresno State, a branch of [California State University](#) that has taken out newspaper advertisements to let residents know about Internet Essentials.

“We do that because Internet Essentials doesn’t advertise the program,” said [Eduardo Gonzalez](#), a project manager in the school’s community development office. “It’s rare that people know about it.”

The school devotes two staff members to helping families navigate Comcast’s call centers, Gonzalez said.

“We get on a three-way call. We make that call for them. Because if we don’t, we know they’re going to struggle,” he said.

The company’s operators have denied knowing about the \$9.95 broadband and offered regular-price service at five times the cost, said Gonzalez.

‘Simply Remarkable’

Accounts of troubled or few signups are “opinion. That’s not a fact,” said Comcast’s Douglas. The program depends on partnerships with schools and community groups. “Certain school districts are doing a phenomenal job -- others are not,” Douglas said.

In [Washington](#), Comcast in a filing told the FCC that claims the signup process is cumbersome or that call-center workers don’t know about Internet Essentials are untrue and that it’s inaccurate to say the program isn’t publicized. The company has distributed some 37 million brochures and broadcast almost 4 million announcements.

A success rate of 13 percent “is simply remarkable,” Comcast said in a filing. It compared the number with a rate of less than 40 percent for [Internet access](#) it has marketed for 20 years.

Signup numbers need to be put in perspective because Internet Essentials started just three years ago, according to Douglas.

“We think we’ve done a lot with our program,” Douglas said. “Who else can go out and do this?”

Poor, Uneducated

U.S. households without [Internet service](#) tend to be poorer, less educated and older than those with access, [the Census Bureau](#) found. That population is hard to reach and persuade, said John Horrigan, a researcher who helped write the FCC’s 2010 National Broadband Plan. Some people lack computer skills or worry about unsuitable content. Others aren’t interested in what’s on the Internet.

“Price is not always the thing that keeps people from having broadband at home,” said Horrigan. “You need additional training to get over the hurdle.”

Comcast’s purchase of Time Warner Cable would [leave it with](#) 29.8 million video customers. The

company told the FCC it would offer Internet Essentials in Time Warner Cable areas and “demonstrably advance the goal of bringing all Americans into the digital communications age.” New areas include [New York](#) City and [Los Angeles](#), the largest U.S. media markets.

“We will bring this program, voluntarily, to all those potential customers,” said Douglas, the Comcast spokesman.

Disadvantaged Job-Seekers

Americans see having broadband at home as an advantage in finding jobs, getting health information and using government services, a 2010 Pew Internet [survey found](#).

That doesn't ensure success for programs targeting needy households. The cable trade association in 2011 said member companies would follow Comcast's lead and offer service to low-income families with children in school at \$9.95 per month. The group estimated students in 5.5 million homes were eligible.

Three years later, the program doesn't report numbers of those it has helped, said Sheila Dugan, a spokeswoman.

Time Warner Cable dropped its low-income offer after a year but now offers \$14.95-a-month service with no eligibility criteria. Comcast's program ends when children leave school.

Bridging Divide

Still, U.S. officials have made it a priority to narrow the digital divide. Congress in 2009 devoted \$7.2 billion in stimulus funds to expand broadband service.

The FCC on Dec. 11 raised by 62 percent, or \$1.5 billion, an annual limit on U.S. subsidies for fast connections to schools and libraries.

President [Barack Obama](#) last year said the FCC should help connect 99 percent of U.S. pupils to broadband. In November he asked the agency to craft rules to ensure an open Internet, weighing in on a decision that may affect investment by broadband providers Comcast, AT&T Inc. and Verizon Communications Inc.

Congress, with a new Republican majority, is to consider a broad communications bill next year. Lawmakers have asked whether federal broadband adoption efforts should be changed, [for instance](#) by cutting programs or issuing grants to states.

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