



# ***THE AFFORDABLE CONNECTIVITY PROGRAM & ITS AFTERMATH***

*Revati Prasad, Vice President of Programs*  
October 9, 2024



# ACP (ICYMI)

- Launched December of 2021 (rolling over from the pandemic-response, Emergency Broadband Benefit)
- Participants received a \$30 monthly subsidy (\$75 if on Tribal lands) for their internet bills through their service provider.
- By February 2024, some 23 million households enrolled.
  - Just over half of urban and a third of rural households who were eligible for the program (greater number of rural households were eligible)
  - Nearly half of ACP enrollees were military families; four million enrollees were seniors and 10 million were over the age of 50; 25% of all enrollees were African American families and 25% Latino families; and over 320,000 enrolled households were on Tribal Lands
- The program was not refunded by Congress and therefore ran out of funding in May of 2024



Affordable Connectivity Program  
ACP Has Ended for Now



**BENTON  
INSTITUTE**  
for BROADBAND  
& SOCIETY

# THE SUCCESS OF ACP

## Broadband Benefit Programs are Helping to Close the Digital Divide Four Lessons for Policymakers

- 3.2 million households got online in 2022  
(highest since Census Bureau began collecting data in 2015)
- 2.8 million households in 2023
- 22% of ACP households as new subscribers
- 23% of ACP households as consistent subscribers

The  
**AFFORDABLE  
CONNECTIVITY  
PROGRAM**  
CREATES  
BENEFITS  
THAT FAR  
OUTWEIGH  
the PROGRAM'S  
COSTS

## Quantifying Benefits by Building off Prior Research

- Zuo (2021) traced the Internet Essentials offer to increases in household income (adoption increases and employment).
- Dolfen et al. (2023) places a value of \$1,150 per household on average in 2017 on the convenience and quality gains associated with ecommerce.

LEAVING  
MONEY  
on the  
TABLE:  
**The ACP's  
Expiration  
Means Billions  
in Lost Savings**

John B. Horrigan, PhD  
Benton Institute for Broadband & Society Senior Fellow

July 2024

# THE SURVEY

- SSRS Opinion Panel among low-income (<\$50,000) U.S. adults ages 18 and older with internet access
- Data collection from April 16 to April 29, 2024
  - English (N=2,381) and Spanish (N=144).
  - Median survey length ~ 9 minutes
- Post-paid compensation of \$5 electronic gift card (\$10 for Spanish-speaking panelists and panelists with less than a high school education)



# BURDEN OF BROADBAND BILLS

## LEAVING MONEY on the TABLE: **The ACP's Expiration Means Billions in Lost Savings**

John B. Horrigan, PhD  
Benton Institute for Broadband & Society Senior Fellow

July 2024

- Average monthly bill was \$66.53 per month
- More than half (53%) of all respondents said that it is either very (11%) or somewhat (42%) difficult to pay for their monthly internet service in addition to other household expenses.
- 54% of respondents said that their service has been interrupted in the past.
  - Within the group, 20% said that it was due to either service being too expensive, a carrier disconnecting due to unpaid bills, or price increases that made service unaffordable.
- Half (50%) said an unexpected expense of \$500 would be very difficult for them to handle, and 72% regarded the affordability of housing as a major problem in their local community.

# THE SUBSCRIPTION VULNERABLE

## LEAVING MONEY on the TABLE: **The ACP's Expiration Means Billions in Lost Savings**

John B. Horrigan, PhD  
Benton Institute for Broadband & Society Senior Fellow

July 2024

- Say it is very difficult to pay for service.
- Have had their service disconnected due to unpaid bills, a price increase that put service out of reach, or a determination that the monthly bill is too high.
- Have incomes of \$20,000 or less (that is, they are at or near the federal poverty line).

*43 percent of low-income households fall into one or more of the three categories listed above*

# ESTIMATING “CHURN”

- 41 percent said they would continue with their service while cutting other household expenses
- 36 percent said they would downgrade to a cheaper or slower service plan
- 13 percent said they would cancel their home service altogether

	ALL	USE ACP (% ALL)	WIRELINE	NEW WIRE	CANCEL	DOWN- GRADE	PAY (UN- BUNDLE)
CENTER CITY	39%	29%	78%	25%	14%	34%	\$62
COUNTY w/ URBAN CORE	32%	25%	75%	16%	14%	36%	\$68
SUBURBAN	13%	25%	73%	13%	11%	33%	\$70
NON-METRO	15%	27%	68%	16%	11%	44%	\$72

\*Different study released in July found that 13% of ACP recipients had already canceled their home internet service; Another 12% planned to do so within the next three months.

# HOW “CHURN” TRANSLATES

ACTIVITY	A LOT	SOMEWHAT	NOT VERY MUCH	NOT AT ALL
STAY IN TOUCH with FAMILY and FRIENDS	42%	32%	14%	11%
PURCHASE ITEMS at an AFFORDABLE PRICE	41%	33%	17%	9%
SAVE TIME in CARRYING OUT DAY-TO-DAY ACTIVITIES	36%	37%	17%	10%
MANAGE HEALTH CARE for YOURSELF or OTHERS	29%	33%	21%	17%
DO YOUR JOB	27%	18%	15%	40%
DO SCHOOLWORK or COMMUNICATE with TEACHERS or SCHOOL ADMINISTRATORS	25%	12%	9%	54%

If 17.25 million households use the ACP for a wireline benefit, and 13 percent say they will cancel home service without the subsidy, then that is 2.25 million fewer households with a key tool for telehealth.



LEAVING  
MONEY  
on the  
TABLE:  
**The ACP's  
Expiration  
Means Billions  
in Lost Savings**

John B. Horrigan, PhD  
Benton Institute for Broadband & Society Senior Fellow

July 2024

# BUDGETING FOR BROADBAND

Qualitative research on internet access since the program ended

- impacts on household finances, household expenses they might have had to forego, alternative benefits or programs that support home internet access, and effects on internet-dependent household activities.
- two waves, second post-election

# IMPACT ON THE INFRASTRUCTURE INVESTMENT

- Sustaining Networks: The CPF and BEAD programs required broadband providers to participate in ACP and offer a low-cost option to be eligible for an award. A 2022 study found that ACP reduced customer turnover and ISPs' break-even cost by 25% when building networks in new service locations. ACP's demise narrows the margins for viable business cases for operating in higher-cost communities.
- National Verifier: many states planned to rely on ACP eligibility to determine which households will qualify for low-cost options. It remains unclear how households will demonstrate their eligibility based on income. Households might be able to demonstrate their participation in certain other federal assistance programs—think SNAP, Medicaid, Federal Public Housing Assistance, SSI, WIC, Lifeline—but states will have to figure out new ways for ISPs to verify that participation.

# STATES LEFT SCRAMBLING

- California and Oregon—are considering modifying their state-operated Lifeline subsidy programs to supplement the federal Lifeline subsidy of \$9.25.
- New York, North Carolina, and Pennsylvania—considered legislation to establish their own broadband subsidies.
- New York's Affordable Broadband Act, requires ISPs to provide a low-cost option at \$15 or \$20 for low-income subscribers. But the legislation is facing legal challenge.