



The Future of Digital Equity: Charting the Next Phase of the Affordable Connectivity Program

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Outline

- Policy Issue
- Background
- Policy Options
- Policy evaluation
- Recommended Option

The Policy Issue



The Problem: The Affordable Connectivity Program was discontinued due to insufficient congressional funding and this has limited internet access for millions of low-income households.

Focus: Propose the best course of action to address this issue.

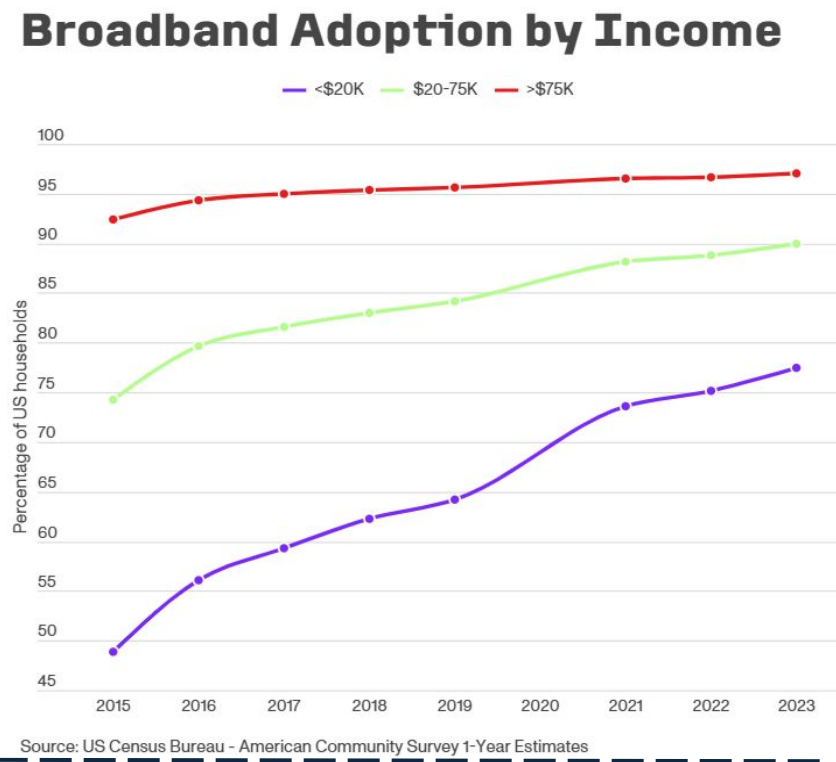
Background-The affordable Connectivity Program

- The COVID-19 pandemic uncovered the wide gap that existed in broadband access and affordability in the US
- To address this, the Emergency Broadband Benefit (EBB) was created by the U.S government for eligible households for whom broadband would otherwise be unaffordable
- In 2021, ACP was created by the congress as an extension of EBB under the Infrastructure Investment and Jobs Act
- Unfortunately, ACP officially ended on **May 31, 2024**



Background-The Impacts of ACP before it ended

- Served households whose income does not exceed **200%** of federal poverty guidelines.
- Helped **over 23 million** households save **\$30-\$75** each on their monthly internet bills
- “**More than two thirds** of households had inconsistent internet service or no internet service at all prior to ACP” (*The White House*)
- “Generated about **\$16.2 billion** in annual benefits to users of the service subsidy twice the \$8.4 billion it costs for the \$30 monthly subsidy” (*Benton Institute*)



Problem Statement	Background	Policy Options	Policy Evaluation	Recommended Option
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Background: Why ACP Ended - Political Resistance

Official Reason - Lack of congressional appropriation

Underlying Cause - Lack of Bipartisan support for the continuation of the program based on diverging opinions about the efficiency of the program

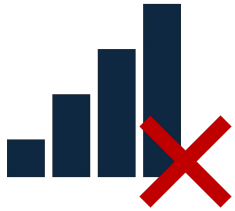


Democrats believe that ACP has been the most successful program in addressing broadband affordability issues. They wanted and pushed for ACP to continue.



Republicans believe that ACP is inefficient and allows for waste. *Their argument: “\$30 discounts go to people who already had broadband.”*

Background-The Impacts of ACP's Discontinuation



The Benenson survey revealed that 65% of ACP participants fear losing their job;

75% of others fear losing access to important healthcare services if ACP is discontinued

Should ACP be forgotten as an era or should ACP be brought back?

Policy Options

1 *The Status Quo*

- Do nothing: Do not bring back ACP but optimize and leverage existing initiatives within USF to bridge the digital divide.

3 *Incorporate ACP within USF*

- Bring back ACP - Incorporate within the USF

2 *Decentralization*

- Decentralize the broadband provision to states.

4 *Fed Govt Fund*

- Govt appropriation - Set a new eligibility criteria that have bipartisan support.

Option 1: The Status Quo- Can the Current USF Bridge the Digital Divide?

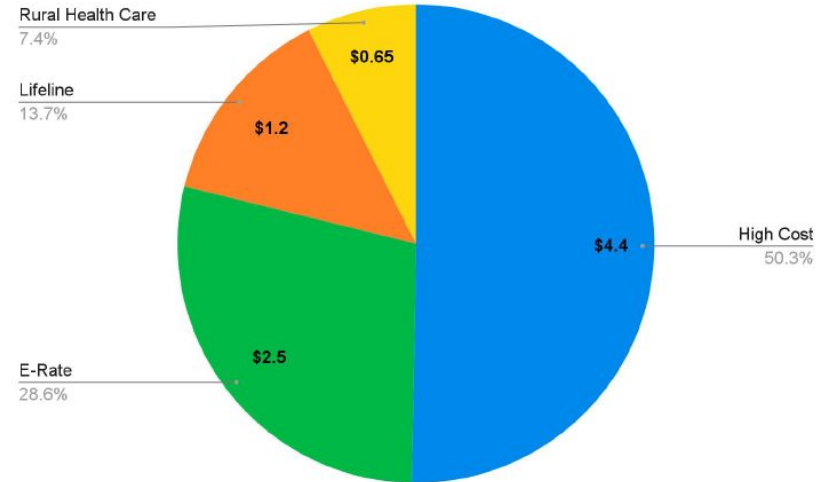
Connect America Fund: For consumers in rural and high-cost areas.

Lifeline: For tribal lands and low-income consumers.

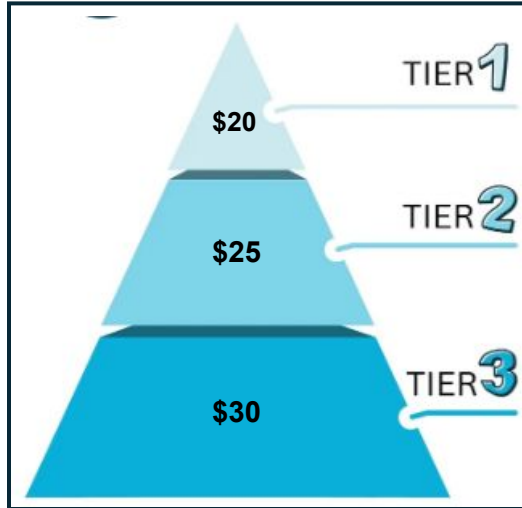
Rural Health Care: Telecommunications for the provision of healthcare.

Schools and Libraries (E-rate): For eligible schools, school districts and libraries.

USF Program Size (total: ~\$8.8 billion/year)



Option 3: Incorporate ACP within USF - Roll Lifeline into ACP & Define New Eligibility Criteria



Generate funds from stakeholders

- Funds from existing USF contributors
- Funds from expanding the contribution base to include large technology companies with substantial digital advertising revenues



Sustainably fund the USF

- Contributions would have growth potential and can be more adaptive to changes in the market



Support the ACP and other programs with the USF

- **Roll Lifeline into ACP**
- **Define new eligibility criteria for ACP**
- **Implement a needs-based, tiered system of benefits for more efficient allocation**

Recommended Option-Incorporate ACP within the USF

1 Major Wins

- Bipartisan support: Funding is no longer from Congress.
- Less complex legislative process.
- USF's existing structure can adequately accommodate ACP
- ACP will replace Lifeline Program improving operating efficiency and equity.

2 Key Challenges: Funding & Staff Training

- Shrinking contribution base
- Push backs from tech companies
- New tiered eligibility criteria would require specialized staffing

Thank You!