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The Affordable Connectivity Program: Extend It, But Mend It

by

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As a free market-oriented conservative, I tend to cast a wary eye at government subsidy programs. With the U. S. national debt at \$31 trillion, Congress should too.

Simply labeling government expenditures "investments" – as is all too often the case – shouldn't excuse taking a hard look at the effectiveness and efficiency of particular spending programs. This is true as well for "safety net" programs aimed at providing subsidies to low-income persons, such as programs providing food stamps, school lunches, or public housing.

But as Congress moves forward with the appropriations process this year, there's a particular "safety net" program worth highlighting that, to my mind, deserves to be extended, albeit perhaps with some reforms directed at mending it by enhancing its fiscal integrity. This is the [Affordable Connectivity Program \(ACP\)](#) which provides eligible low-income households with a redeemable monthly subsidy to support broadband adoption.

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Created by the Infrastructure Investment and Jobs Act in 2021 and overseen by the Federal Communications Commission, the ACP began operating at the beginning of 2022. Congress appropriated \$14.2 billion to provide eligible lower-income households with a monthly subsidy up to \$30 (\$75 on qualifying Tribal lands) that recipients may apply to acquire the Internet service package of their choice from any participating Internet service provider (ISP).

Additionally, the program provides up to \$100 on a one-time basis that may be used towards the purchase of a laptop, desktop computer, or tablet from participating Internet providers.

According to a May 2022 [White House Fact Sheet](#), at least twenty of the leading ISPs – covering more than 80% of the U.S. population across urban, suburban, and rural areas – offer ACP-eligible households high-speed, high-quality Internet service plans for no more than \$30 per month. So, for these households, their basic Internet service is essentially free.

As of the end of February 2023, more than 16 million households have signed up to receive the ACP benefit. The Biden Administration calculates the "savings" realized by all the program's beneficiaries at \$500 million per month – but of course these savings are also a "cost" to the Treasury.

But here's the problem. Based on current estimates, given the current rate of spending, it's likely the ACP will run out of already appropriated funds by year-end, or shortly thereafter. Congress should focus now on whether the program should be extended.

In my view, it should be. Foremost, to the extent any doubt existed before the pandemic, it is now obvious that, for most people, having access to a high-speed broadband connection plays an important role in enhancing, if not in many cases determining, a person's quality of life. The ability to take advantage of various educational opportunities, apply for jobs, interact effectively with government websites to obtain critical public services, participate in community activities, use social media, or just connect with family and friends, usually requires adequate broadband access. There's no doubt that the lack of a broadband connection often puts lower-income persons who are unable to afford one at a distinct disadvantage. This not only impairs their own prospects for advancement, but their impairment adversely impacts overall societal welfare.

The ACP has features that make it superior to some other subsidy programs aimed at lower-income persons, including other safety-net programs in the telecom area. For example, because the ACP monthly benefit takes the form of a voucher that can be used to acquire broadband service from any of the participating ISPs, consumers are empowered to choose the provider with a plan that best meets their needs. And, on the other side of the coin, the exercise of choice by consumers should stimulate further competition among participating ISPs, especially if some of the providers without large market shares are able to land new customers.

But in extending the ACP program, it is appropriate for Congress to consider reforms to ensure it's operating on a fiscally responsible, sustainable basis. The current eligibility threshold is set at or below 200% of the federal poverty guidelines – presently \$60,000 in income for a household with four persons. Or a household may be eligible if a member of the household participates in any of several other programs, such as SNAP or federal housing assistance. Reducing the

eligibility threshold in one way or another to some lower level could still protect those truly in need. For example, eligibility for participation in the FCC's Lifeline program, which also supports telecommunications access for low-income households, is set at or below 135% of the federal poverty level. Presently, this is \$40,500 for a four-person household.

A lower eligibility threshold would enable the funds available to last longer, while also helping to maintain broad public support for the program.

And in extending the ACP, Congress also should consider incorporating strong independent accountability and transparency measures, along with frequent reporting to Congress to facilitate congressional oversight aimed at minimizing any waste, fraud, and abuse in the program.

The evidence shows that in both rural and urban areas, and in both so-called Red and Blue states, the Affordable Connectivity Program is enabling millions of low-income persons to obtain a broadband connection that otherwise they might not be able to acquire. This is not only good for the beneficiaries, but also good for America.

So, in considering the Affordable Connectivity Program, Congress should extend it, while mending it.

* Randolph J. May is President of the Free State Foundation, a free market-oriented think tank in Rockville, MD. The views expressed in this *Perspectives* do not necessarily reflect the views of others on the staff of the Free State Foundation or those affiliated with it. *The Affordable Connectivity Program: Extend It, But Mend It* was published in *Real Clear Markets* on April 5, 2023.