

**Testimony for the Record Submitted to the
Senate Committee on Commerce, Science, and Transportation
Subcommittee on Communications, Media, and Broadband
for the Hearing
The Future of Broadband Affordability
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Chairwoman Cantwell, Ranking Member Cruz, Chairman Lujan, Ranking Member Thune, and other members of the Subcommittee on Communications, Media, and Broadband, thank you for inviting me to testify in today's hearing, "The Future of Broadband Affordability." My name is Kathryn de Wit, and I am the project director for the broadband access initiative at The Pew Charitable Trusts.

Pew is a nonprofit, nonpartisan, evidence-based organization. For more than 75 years, we have used data to make a difference—addressing the challenges of a changing world by illuminating issues, creating common ground, and advancing ambitious policies that lead to tangible progress. Pew's broadband access initiative was established in 2017, and we partner with state and federal policymakers, researchers, industry, community organizations, and other stakeholders from across the broadband landscape to accelerate the nation's progress toward universal, affordable high-speed internet service. In addition to providing research, informing state and federal policy, and educating stakeholders, my team is working directly with the broadband offices from 36 states and territories to help them navigate this unprecedented moment: the largest federal investment in affordable broadband access in our nation's history.

These investments may finally put affordable, high-speed internet within reach of every American in this country. Research is clear that achieving universal access requires interventions to address the high capital costs of deployment and the long-term cost of network operations, and the cost of broadband for low-income households, aging Americans living on a fixed income, veterans, and others. Closing the digital divide requires addressing these supply and demand side barriers simultaneously, thus decreasing risk for private sector investment and increasing consumer confidence in the service. The Affordable Connectivity Program (ACP) is the best tool we have to make broadband more accessible and affordable to all Americans. A lapse in funding would harm the 23 million households currently enrolled in the program and threaten the federal deployment programs currently underway that will connect millions more unserved households and businesses. I implore Congress to act quickly and identify a short-term funding solution to save the ACP.

I am grateful for the opportunity to share insights and learnings from our years of work on affordable broadband access, including state broadband programs. Like others, including private sector internet service providers, [we have concluded](#) that millions of people across the country still lack sufficient access to broadband service, largely because they live in rural communities, which are the most difficult and expensive to serve. The challenges of deploying broadband network infrastructure in rural locations, particularly those with low population density and difficult terrain, create high costs and low returns on investment that discourage providers from expanding into those areas. Moreover, broadband deployment in the U.S. has been market-driven, with [private-sector telephone and cable companies](#) investing in infrastructure in areas that provide higher rates of return. This means, as rational economic actors, private internet service providers (ISPs) tend to focus on areas with denser and higher-income populations.

In addition to the economic challenges associated with broadband in rural areas, the cost of broadband negatively impacts the demand for broadband by low-income Americans. Last year, [Pew Research Center](#) found that, despite 87% of U.S. adults with annual household incomes of \$30,000 or less saying they used the internet, just 57% of that same cohort had broadband at home. Comparatively, 98% of U.S. adults with annual household incomes of over \$70,000 use the internet, 88% of which report having broadband at home. Further, although the research center found differences in broadband adoption by gender, race and ethnicity, and community type (urban, suburban, and rural), income is the only category for which this difference is statistically significant. Pew Research Center also found that 45% of U.S. adults cite the high monthly cost of a connection as the reason they do not have broadband, and researchers at [the R Street Institute](#) have argued increased availability of service does not necessarily result in increased adoption. Price matters.

Given the influence of cost on customer demand and the high capital costs of deploying broadband, [internet service providers have little reason](#) to upgrade existing networks or build new ones in low-income areas. That investment decision may also impact customers who can pay full price for a subscription. Although public funds such as loans or grants can help offset the cost of capital expenses, ISPs require additional funding to keep these high-cost communities online.

Additionally, the prevailing argument for lack of expansion has been that most non-adopters do not perceive the internet to be “relevant” to their lives and therefore will not purchase service. Yet the data shows us that broadband is still too expensive for households, even though they report it being relevant to their lives.

Broadband Affordability and Deployment Investment Go Hand-in-Hand

Many combine the two challenges of making broadband more affordable for all consumers and cost as a barrier to adoption for low-income Americans into one conversation about broadband affordability. However, we conclude that these issues require different policy interventions.

Addressing affordability for all broadband consumers requires supply-side solutions—steps that reduce the cost of building networks and delivering service to American homes. It also requires more transparency to help customers understand the cost of the service they are purchasing. But these will not fully address the challenge of affordability as a barrier to adoption for low-income households. Doing so requires demand-side policy interventions that remove cost as a barrier, such as policies and programs that help cover the cost of both connections and devices, as well as efforts to help connect households with those programs.

Those realities are reflected in a series of programs Congress authorized in response to the COVID-19 pandemic and ongoing efforts to invest in our nation's infrastructure: the American Rescue Plan Act's Capital Project Fund (CPF), the Investment Infrastructure and Jobs Act's (IIJA), and the Broadband Equity Access and Deployment (BEAD) program. Specifically, these programs are designed to defray the capital costs of deployment to higher-cost areas like rural and low-income communities. However, unlike past grant programs, recipients must participate in a subsidy program targeted at vulnerable populations that may be unable to pay for regular service, including low-income households, veterans, and Pell Grant recipients. This requirement should expand the customer base for internet service providers by increasing the number of customers who can afford and maintain subscriptions and decreasing turnover of those customers, [defraying the cost for ISPs](#). The Affordable Connectivity Program currently helps ISPs meet this requirement.

High Enrollment and Support for the ACP

The ACP has been a success, demonstrating high rates of enrollment, a positive effect on individuals and networks, and assumed impact on the nation's GDP. More than 23 million households are currently enrolled, far exceeding participation in programs like Lifeline. Of these participating households, approximately half are Americans over 50 and military families or veterans. Enrollment is high across states. [For example](#), 58% of eligible Ohioans are enrolled as are 48% of Wisconsinites, 52% of eligible North Carolinians, and 41% of Texans. Even in states with lower enrollment, South Dakota

(19%) and Montana (29%), still had [significantly higher participation](#) in this program than they do in Lifeline, which is around 2% in each state. Data also show that ACP spending almost equally benefits districts represented by Republicans and Democrats. What's more, 62% of Republican, 78% of Independent, and 96% of Democratic voters all support continuing ACP, according to the [Digital Progress Institute](#).

[In a November 2023 letter](#), a bipartisan group of 26 governors including: Arizona Governor Katie Hobbs (D), Colorado Governor Jared Polis (D), Illinois Governor J.B. Pritzker (D), Kansas Governor Laura Kelly (D), Massachusetts Governor Maura Healey (D), Michigan Governor Gretchen Whitmer (D), North Carolina Governor Roy Cooper (D), New Mexico Governor Michelle Lujan Grisham (D), Nevada Governor Joe Lombardo (R), Vermont Governor Phil Scott (R), Wisconsin Governor Tony Evers (D), and Wyoming Governor Mark Gordon (R), among several others, implored Congress to preserve ACP. Additionally, Mississippi Governor Tate Reeves (R), Missouri Governor Mike Parson (R), Ohio Governor Mike DeWine (R), Tennessee Governor Bill Lee (R), and Texas Governor Greg Abbott (R), among others, have individually voiced their [support for the importance of ACP](#) and the continuation of the program.

[A recent survey](#) of participants from the Benenson Strategy Group in collaboration with Comcast allows me to add further clarification on who benefits from ACP:

- 49% of participating households are military families.
- 19% of participating households are 65 and older.
- 26% live in rural areas.
- 47% are white, 23% are Black, 23% are Latino, and 8% are Asian American Pacific Islander.
- 41% live in the South, from Texas to Virginia.

Researchers also asked the surveyed population how losing ACP could affect their lives and livelihoods. Responses included:

- 77% of military families and 73% of Americans 65 and older said they were concerned about losing contact with their communities and loved ones.
- 67% of rural residents were worried about losing their jobs or primary source of income and 68% of military families were concerned about missing out on job opportunities.
- 95% of surveyed participants said they would struggle with other household costs, including groceries, utilities, housing, and health care.

[Recent research from Cox Communications](#) found that newly connected residents in rural communities felt broadband service “has improved their lives,” with 70% of those under 30 surveyed reporting they are “more likely to remain in their communities when there’s a high-speed internet connection at home.” This sentiment is echoed by many organizations that represent the interest of rural communities and agricultural producers – from the Farm Bureau to Land ‘O Lakes to the U.S. Soybean Association – note the critical relationship between affordable broadband and rural prosperity.

As former FCC Chair Michael O’Rielly noted in a February 2023 op-ed in *The Hill*, “there is bi-partisan agreement that access to broadband can be a key tool for citizen self-sufficiency and upward social mobility,” leading to greater access to services such as education and training that could ultimately lower participation in other social welfare programs. This is supported by research from other research institutions, such as the [American Consumer Institute](#), that note the higher earning potential associated with digital skills. [George Zuo](#), an economist at the University of Maryland, found that recipients of Comcast’s Internet Essentials benefits – a subsidy program similar to ACP – had higher rates of employment and earnings, as well as decreased probability for unemployment. John Horrigan, publishing Pew-supported research at [The Benton Institute](#), applied Zuo’s methodology to ACP, concluding, “every dollar of ACP subsidy returns nearly two dollars in impacts to those using the program.”

Similarly, [Sprintson and Oughton](#) concluded that ACP could have a greater effect on the economy than BEAD, specifically due to the downstream effects on sectors such as retail, health care, and social assistance, which are “more reliant on broadband as a production input.”

The rapid growth of ACP is attributable to several factors, including the participation of ISPs across the country. Research has reinforced this, concluding that adoption has steadily increased since 2020, due to both the increased availability of wired connections and pandemic relief efforts. This is observable in states such as Kentucky, New Mexico, and Ohio, where broadband access has steadily improved over the lifespan of ACP. All three states also exhibit high participation in ACP. In fact, [a study on a public-private partnership](#) between the Housing Authority of the City of Los Angeles (HACLA) and an internet service provider, concluded that sufficient speeds and limited enrollment barriers can induce low-income customers to stay online after free service runs out. In this case, 2,071 residents – more than half of the residents in the 10 HACLA communities in the study – paid \$15 per month for service. Although ACP recipients pay a median of \$40 a month after the benefit is applied, positive trends in adoption and

retention paired with increasing speeds are important lessons to consider for future policy efforts, including BEAD, CPF, and the ACP.

Room for Improvement – ACP Reforms

Even with this success, there is room for improvement. An [audit of the ACP](#) released in January 2024 found that the program could benefit from several changes, such as setting specific programmatic targets. Other recommendations centered on improving the oversight of the program through activities such as publishing reports on ISP compliance and enhancing quality controls for verifying eligibility of consumer applications and ISP claims.

Pew agrees that the ACP would benefit from such changes, adding needed transparency to this program. Additionally, it would enable policymakers, researchers, and other stakeholders to understand ACP's effect on consumer behavior and ISP market dynamics. Examples of improving program oversight include tracking new subscribers, subscriber retention over time, and customers using ACP to upgrade service. Policymakers at every level of government are increasingly interested in understanding how consumers benefit from these subsidies. As such, Congress could direct the FCC, in partnership with other agencies, to establish a framework to analyze the immediate and long-term effects of ACP or a similar subsidy program on factors of social vulnerability and economic opportunity. Another analysis could focus on how programs focused on low-income households can save money through the provision of digital services.

Studying ACP, particularly paired with upcoming BEAD and the Digital Equity Act programs, will enable lawmakers to continue refining program requirements and estimating cost over time.

Life Without the ACP – Threat to Federal Broadband Deployment Efforts

ACP's lapse will call these gains into question. Failure to fund the program would undercut the success of other significant federal programs, including the \$14.2 billion previously spent on ACP and \$66 million in outreach grants to nonprofits, state, and local government, and other entities to establish trust in the program and encourage signups. Not to mention the approximately \$52 billion committed to CPF and BEAD, where providers of [different sizes](#), service delivery, and [technologies](#) have expressed hesitation about participating in those programs if ACP goes away. These numbers do not account for the investments in marketing and outreach from nonprofit organizations and for-profit companies inside and outside the telecommunications

community. In fact, more than 400 organizations, representing a range of political, social, and industry interests, called on Congress to fund the ACP.

All 56 states and territories have incorporated ACP or a similar success program into their deployment strategies for BEAD and their plans for Digital Equity Act funding. In their BEAD Initial Proposal Volume II, every state has proposed how an awarded provider would make a low-cost service option available to ACP eligible households. The National Telecommunications and Information Administration (NTIA) is actively reviewing these proposals, but as of April 30, 2024, four states are approved to move forward. These states - Kansas, Louisiana, Nevada, and West Virginia – all designed their low-cost service options to be between \$30 - \$65 to ensure ACP eligible households can afford service on a BEAD-funded network. Not only is the ACP subsidy critical to the success of BEAD, but states are also relying on the administrative infrastructure of the National Verifier to determine which households are eligible for a low-cost service option.

Further, nearly every state detailed in their statewide digital equity plans how they planned to leverage ACP and utilize their Digital Equity State Capacity Grant allocation to promote enrollment. In Texas, the broadband office planned to utilize these funds to “increase the percentage of Texans who are aware of the Affordable Connectivity Program.” Similarly, in Ohio, the broadband office planned to “support ACP outreach and enrollment and other affordability efforts statewide” by leveraging regional networks to increase ACP awareness and convene the recipients of FCC ACP Outreach grants to share best practices. The Ohio plan directly notes that, “ACP has helped more than 1 million Ohioan households sign up for and maintain a home internet subscription by offering a \$30 monthly subsidy. Unfortunately, the program’s funding is projected to run out by the spring of 2024. This would, in turn, abruptly disrupt access to affordable internet that low-income Ohioans rely on for education, work, and healthcare.”

ACP’s dissolution is adding risk to these programs at a critical moment in project planning for state policymakers and private sector partners. Twenty-six states have launched their challenge processes to determine which areas will be eligible for BEAD and are preparing to begin the subgrantee selection process. As [providers](#) across the country have noted, the existence of ACP will factor into their decision to participate in the program.

Conclusion

Ambitious goals – such as connecting every American to high-speed, affordable internet – require a combination of public and private sector partners working together. The central responsibility in the public sector is the providing of secure and reliable funding. With millions of people lacking access to a service that has become essential for quality of life and economic well-being, there is no time to waste. Pew asks that Congress act swiftly to ensure the future of ACP and prioritize long-term policies that promote access to high-speed affordable internet for all Americans.