



Analysis: Low-income Americans will take a \$20 billion hit when the Affordable Connectivity Program expires

The \$30 subsidy, telehealth access, education, and employment opportunities are just some of the benefits that 23 million households may lose

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Introduction

With just a few weeks of funding remaining for the Affordable Connectivity Program (ACP), more than 23 million low-income American households will soon see a new line item in monthly expense statements: prohibitively expensive internet bills. For some, the new cost will eat into other essential areas of their budget - for others, it will mean going without the internet altogether.

While the federal price tag for monthly internet subsidies under the ACP comes to \$8.4 billion annually, our research indicates that, for low-income communities, the economic impact of losing the ACP will be more than twice that. Accounting for lost economic opportunities, education, telehealth services, and the internet subsidies themselves, **vulnerable communities are projected to lose over \$20 billion annually in economic benefits.**

Affordable internet means children and college students can access educational resources beyond what their towns can provide. It means jobseekers cast a wider net while exploring employment opportunities. It means small business owners can leverage e-commerce platforms to reach customers anywhere, regardless of their geographic location. It means people of all ages can use telehealth services where healthcare options are limited or expensive.

Ensuring everyone in the United States, regardless of income level, has reliable access to high-speed internet service makes for a more resilient and competitive economy. Congress must take action to fund the ACP.

Lost Subsidy Benefit

ACP subscribers benefit from the [program](#) in numerous ways.

First, they benefit directly from the \$30 subsidy offered by the program. Eligibility requires an applicant's income to be no more than 200% of the federal poverty level. [Data](#) from the Universal Service Administrative Co. (USAC) show that more than 23 million people have subscribed to the ACP. Each subscriber receives at

least \$30 per month for internet services or \$360 annually. The table below shows the annual benefit from the subsidy by access type - mobile or fixed internet.

Service Type	Total Subscribers	Total Annual Benefit (\$B)
Mobile Access	13,017,580	\$4.69
Fixed Wireline Access	10,251,970	\$3.69
Total	23,269,550	\$8.38

Overall, the expiration of the subsidy threatens to remove over \$8 billion of direct annual benefits to low-income households.

For low-income households that choose to keep internet access after ACP funding ends, the lost benefit will likely force sacrifices in other key areas of spending, including groceries, education, and health care. For households that choose to forgo internet service following the loss of the ACP, former beneficiaries will face a range of negative economic consequences.

Telehealth Savings Lost

One important way households use broadband is to access affordable health care.

Telehealth services have become increasingly popular and a [study](#) by John B. Horrigan for the Benton Institute for Broadband and Society identifies this as an area of benefit for subscribers. A study of Cigna health insurance customers in 2022 found that telehealth appointments offered cost savings for patients stating that “the average cost for a low-acuity virtual care visit is \$93 less expensive than an in-person provider visit.”¹

So, each visit a subscriber attends virtually yields savings of \$93. [Data](#) from the CDC’s National Ambulatory Medical Care Survey show that individuals visit the

¹ “Does Virtual Care Save Money?” Cigna White Paper, January 2022. Available online at: <https://newsroom.cigna.com/download/does-virtual-care-save-money.pdf>

doctor on average 3.21 times per year. Thus, **the average individual savings for using telehealth for just non-urgent doctor appointments is almost \$300 per year.**

Recall that data from the USAC describe subscriber households, so the \$300 per year individual estimate is an underestimate since each member of the household using telehealth is benefitting. Additionally, this does not take into account cost savings from urgent or specialist visits, which Cigna estimates to be even larger.

Not all households will lose the value of this telehealth benefit since households that retain internet access despite losing the subsidy will not lose the cost savings from telehealth. Horrigan estimates that 80% of low-income households have mobile broadband plans and that 55% of wireline household subscribers had broadband prior to the ACP. These households will likely maintain internet access when the ACP expires. Thus, roughly 45% of wireline subscribers will lose this telehealth benefit when the ACP expires.

The table below presents the number of subscribers and estimated benefits lost from telehealth when the ACP expires. New subscribers gained broadband access for the first time when they signed up for the ACP. Intermittent subscribers had broadband access in the past but have not been able to maintain consistent access.

Subscriber Type	Impacted Subscribers	Lost Health Savings (\$B)
New subscribers	2,261,072	\$0.67
Intermittent subscribers	2,404,958	\$0.72
Total	4,666,030	\$1.39

These subscribers may lose almost \$1.4 billion in annual cost savings due to lost telehealth benefits. This benefit will be lost when the ACP expires and likely represents an underestimate of the total loss.

Educational Benefit Loss

Another [study](#) by Horrigan found that 66% of new users use their home broadband service for schoolwork.

When the ACP expires, students who rely on the subsidized internet to complete assignments will suffer, particularly in households that did not have internet prior to the ACP. Households that had service intermittently in the past may have internet access at certain points in the year but are unlikely to have uninterrupted access. Thus, both types of users are likely to have education impacted when the ACP expires.

USAC [reports](#) information on subscribers' age and eligibility for other government programs. As part of the ACP application, applicants provided information about their eligibility criteria for other government programs. These eligibility numbers are likely underestimated since some applicants may not know if they are eligible for specific programs. For example, while all 23 million subscribers met the income requirement only 62% indicated they met the threshold when asked.

USAC [data](#) show that 9.4% of applicants self-identified as Pell Grant eligible and 5.9% of total applicants are of traditional college age. Again, these numbers likely underestimate the number of students since respondents may be unaware of their Pell Grant status, students can be of any age, and students living with other people in their household will not be counted if another member of the household filled out the application. Of the wireline subscribers, 45% will likely lose access and experience educational disruptions as a result. This leaves 26,128 subscribers potentially impacted.

How do educational disruptions impact those subscribers? The expiration of the program could delay their ability to complete courses or graduate, which in turn limits their earning potential. According to the [Federal Reserve Bank of New York](#), college graduates in 2023 made \$24,000 more per year than people with high school diplomas.

The table below shows the number of subscribers impacted by the loss of the ACP as well as the potential annual lost wages, by subscriber type.

Subscriber Type	Impacted Subscribers	Annual Lost Wages (\$B)
New subscribers	12,661	\$0.30
Intermittent subscribers	13,467	\$0.32
Total	26,128	\$0.63

The potential lost benefit to students affected by the program ending is at least \$627 million.

Employment Opportunities

For both businesses and job seekers, internet access is a necessity. Bringing low-income Americans online enables a stronger, more competitive economy.

A 2015 [Pew study](#) shows the vast majority of job seekers apply for jobs online (84%). Nearly a decade later, especially after the COVID-19 pandemic pushed most economic activity online, online job applications and virtual interviews have become the norm. Without ACP funding, low-income jobseekers who lose access to the internet will face additional barriers to applying to stable, well-paying opportunities.

Additionally, [research](#) by George W. Zuo in *American Economic Journal: Economic Policy*, found that broadband access for low-income households generated benefits of roughly \$2,200 per household due to increased employment rates. The table below shows the number of impacted subscribers and the estimated annual forgone wages.

Subscriber Type	Impacted Subscribers	Lost Employment Benefit (\$B)
New subscribers	2,261,072	\$4.97
Intermittent subscribers	2,404,958	\$5.29
Total	4,666,030	\$10.27

The potential lost wages total over \$10 billion on an annual basis.

According to research from [Columbia Business School](#), broadband access also facilitates “job creation spillovers” especially in the services sector, as entrepreneurial individuals are able to establish e-commerce businesses.

This economic multiplier effect is especially salient in rural areas, according to the 2022 economic [study that finds](#) that a one percentage point increase in wired broadband adoption increased the employment rate of a rural region by 0.869 percentage points. Thus, the true employment impact is likely even larger.

Conclusion

Without the Affordable Connectivity Program, millions of low-income households risk being left behind, without internet access. The ACP isn't just about internet access though, it's about empowering millions of low-income Americans to compete in the modern economy. Affordable internet unlocks a world of opportunity – from telehealth services to remote job markets and online education. Everyone, regardless of income status, has the right to access this opportunity.

Chamber of Progress joins the [hundreds of organizations](#) pushing Congress to fund essential access to high-speed internet services to empower low-income Americans and maintain a thriving, competitive American economy.