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Press Release

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NEW PHOENIX CENTER ANALYSIS OF THE FCC'S EMERGENCY BROADBAND PROGRAM SHEDS LIGHT ON AFFORDABLE CONNECTIVITY PROGRAM

Analysis reveals that FCC is correct to avoid aggressive minimum service requirements in the ACP Program

WASHINGTON, D.C. – Faced with the economic fallout of the Covid Pandemic in early 2021, Congress aimed to help low-income Americans remain connected by providing up to a \$50 monthly subsidy for Internet connections. The Emergency Broadband Benefit (“EBB”) Program, established by the Consolidated Appropriations Act of 2021, had nearly nine million participants by the end of 2021. Now, as the Federal Communications Commission (“FCC”) prepares rules for the EBB Program’s longer-term replacement – the Affordable Connectivity Program (“ACP”) established by the Infrastructure Investment and Jobs Act – in a new analysis released entitled *EBB, Lifeline, and ACP: Some Guidance*, Phoenix Center Chief Economist Dr. George Ford studies the EBB Program in search of guidance for the ACP.

By way of background, the EBB Program was, in large part, a beefed-up version of the long-lived Lifeline Program, increasing the subsidy from \$9.25 to \$50 per month and expanding the eligibility criteria. Importantly, Lifeline customers could participate in both programs, allowing for Lifeline subscribers to obtain an additional broadband service (either from the same provider or a different one). According to data from the Universal Service Administration Company (“USAC”), in November 2021 at least two-thirds of EBB participants were Lifeline subscribers (qualifying as such). Dr. Ford’s analysis suggests that in November 2021, Lifeline subscribers perhaps accounted for about 80% of EBB participation.

Several policy implications follow from Dr. Ford’s analysis.

First, the EBB Program, despite its large subsidy, did not materially increase broadband adoption by disconnected households. Instead, the bulk of EBB funding provided second broadband connections for Lifeline subscribers.

Second, the ease of enrollment, a familiarity with communications subsidy programs, and the efforts of Lifeline providers to inform households about subsidy programs, played key roles in EBB participation. Participation in the ACP is encouraged by simplifying and improving the verification process, marketing the ACP through eligibility programs such as the Supplemental Nutrition

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Assistance Program (“SNAP”), and providing incentives for broadband providers to seek out and accommodate qualified households.

Finally, given the reduction in the monthly subsidy (from \$50 currently for the EBB to \$30 for the ACP), Dr. Ford recommends that the FCC should keep net prices low by avoiding aggressive minimum service requirements and providing broadband providers the flexibility to craft lower-priced offerings that target eligible households (such as Comcast’s Internet Essentials). According to the Agency’s recently released draft order, this is the approach the Commission intends to take.

“Despite its large subsidy and broad eligibility criteria, the EBB Program was, in effect, a way for Lifeline subscribers to get a second connection rather than a means to close the Digital Divide,” says study author and Phoenix Center Chief Economist Dr. George S. Ford. “Lessons learned from the EBB Program may help expand participation in the Affordable Connectivity Program, including promoting the program, easing eligibility procedures, and motivating broadband providers to seek out eligible households.”

A full copy of PHOENIX CENTER POLICY PERSPECTIVE NO. 22-01, *EBB, Lifeline, and ACP: Some Guidance*, may be downloaded free from the Phoenix Center’s web page at: <https://www.phoenix-center.org/perspectives/Perspective22-01Final.pdf>.

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