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## Press Release

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### NEW PHOENIX CENTER STUDY FINDS AFFORDABLE CONNECTIVITY PROGRAM MATERIALLY REDUCED BROADBAND INEQUALITY

#### *Broadband inequality delinked from income inequality in recent years*

WASHINGTON, D.C. – The Affordable Connectivity Program (“ACP”), established by the Infrastructure Investment and Jobs Act, is a broadband subsidy program providing support of \$30 per month (or \$75 per month for tribal areas) to lower-income households that may have difficulty paying for broadband services. These subsidies exist alongside the Lifeline Program, which offers a lower \$9.25 per month subsidy for broadband service, with most Lifeline participants choosing low-cost mobile wireless plans designed specifically for the program.

Funding for ACP has run out, and earlier this year the Federal Communications Commission closed the program to new subscribers. In a matter of months, the ACP budget will be exhausted and, without new funds to replenish the program, some 23 million participants will be forced to pay full price for broadband services, tempered perhaps by migrating to a cheaper plan. In the midst of a Congressional budget dispute, the prospects for continued funding appear grim.

Broadband subsidies, whether publicly- or privately funded, aim to reduce inequality in broadband adoption. Have they accomplished the task? In a new analysis released today entitled *Broadband Inequality in the Era of Subsidies*, Phoenix Center Chief Economist Dr. George S. Ford estimates a Gini Index for broadband adoption using data from the American Community Survey (“ACS”) for years 2013-2022. While income inequality has remained somewhat constant over the period, Dr. Ford finds that broadband inequality has declined substantially over the years, with a marked decline beginning in 2016 when Lifeline subsidies became available for broadband service and the low-income, low-priced offers by broadband providers began in earnest. For fixed and the combination of both fixed and mobile, large declines in inequality appear with the introduction of the Emergency Broadband Benefit program and the ACP. Some evidence pointing to subsidized pricing as a contributor.

“Broadband subsidies have reduced broadband inequality to near the lower bound of the Gini Index, but the loss of the ACP funding is certain to increase inequality in broadband adoption, though by how much is unknown,” says study author Phoenix Center Chief Economist Dr. George S. Ford. “While many low-income households participating in the ACP may remain online when the subsidy expires, it is undoubtedly true that many may abandon broadband service altogether while many others will have to forgo some services or else subscribe to more limited services.”

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A full copy of PHOENIX CENTER POLICY PERSPECTIVE NO. 24-02, *Broadband Inequality in the Era of Subsidies*, may be downloaded free from the Phoenix Center's web page at: <http://www.phoenix-center.org/perspectives/Perspective24-02Final.pdf>.

*The Phoenix Center is a non-profit 501(c)(3) organization that studies broad public-policy issues related to governance, social and economic conditions, with a particular emphasis on the law and economics of the digital age.*