NO HOME LEFT OFFLINE

A Broadband Affordability Benefit to Connect the Unconnected

Education SUPERHIGHWAY

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"Urgent action is needed to maximize the impact of historic broadband investments and seize this generational opportunity to bridge the digital divide. **A new permanent broadband affordability benefit focused on unconnected households and funded by savings from the Universal Service Fund should be a priority for the new Congress.**"

EVAN MARWELL

FOUNDER AND CEO
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A Letter from Founder & CEO Evan Marwell

We are at a critical moment in the effort to close America's digital divide. Congress now has an opportunity to create a new broadband affordability program without taxpayer burden starting in 2025 by repurposing funding from expiring High Cost Programs as a first step toward modernizing the Universal Service Fund (USF).

The $42.45 billion Broadband Access, Equity, and Deployment (BEAD) program is on the verge of ensuring every U.S. household has access to 100/20 Mbps broadband, providing families with the connectivity they need for remote work and school or to access healthcare, job training, and economic opportunity. However, the broadband affordability gap remains one of the primary inhibitors of access to economic security and opportunity in our nation today. Closing it is a national priority, but 16.3 million households will remain offline because they cannot afford current internet options or the new networks BEAD will provide. **They urgently need an affordability solution.**

Three years ago, Congress took action to provide this assistance. The Affordable Connectivity Program (ACP) provided eligible households with a $30 monthly reduction ($75 on qualifying Tribal lands) in the cost of broadband. The ACP became the nation's most successful broadband affordability program, helping 23 million households get or stay online, including 4.6 million previously unconnected households. Unfortunately, Congress failed to pass an extension in time and the program lapsed. Among concerns from lawmakers were that the ACP provided pandemic-era subsidies to those who no longer needed them to get online, subsidized mobile services already covered by other programs, and cost $7.6 billion annually, relying on congressional appropriations.

To ensure every household has reliable, affordable internet, Congress should create a new permanent broadband affordability program targeted toward those who truly need it. The benefit should only apply to entry-level home broadband plans, and it can be revenue-neutral, fully funded by repurposing USF High Cost Program funds as they expire. The new program would provide greater stability to under-resourced households and ensure that states that included the ACP as a tool for addressing broadband affordability in their BEAD and Digital Equity Act plans have a viable alternative. The benefit should be:

1. **Focused on 16.3 million unconnected households and 3 million likely to be disconnected,** ensuring the benefit is a tool that provides a high-speed connection or prevents disconnection when financial circumstances change. Changing eligibility criteria to focus on unconnected households provides annual savings of $4.6 billion compared with ACP.

2. **Paid for by repurposing Universal Service Fund (USF) High Cost Program funds as they expire.** This revenue-neutral approach covers 100% of the cost of the broadband affordability benefit, starting immediately, without taxpayer burden.

3. **Applicable only to entry-level home broadband plans,** providing households with the high-speed connection needed to get an entire family online for remote work, education, and telehealth services. The Lifeline program should remain the primary program for supporting mobile service and connections outside the home.

4. **Limited to broadband plans at or below the $30 subsidy price (or $75 on qualifying Tribal lands or in high cost rural areas)** to harness market forces by acknowledging that households already subscribed to advanced broadband plans are financially capable of maintaining a connection without support and unlikely to trade down from their chosen plan.

The recommendations outlined in this report can make funding for a new broadband affordability benefit available from January 2025. This plan already has significant bipartisan support and could finally ensure that no home is left offline. We urge Congress to take the final step to ensure that no one who wants to be online is left on the wrong side of the digital divide.

Evan Marwell
Founder and CEO
EducationSuperHighway

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Executive Summary

A new permanent broadband affordability benefit focused on unconnected households and funded by repurposing USF High Cost Program funds as they expire can close the digital divide.

In 2021, Congress funded the largest single investment ever in broadband affordability as part of the Infrastructure Investment & Jobs Act (IIJA), establishing the nation's first-ever federal broadband benefit – the $14.2 billion Affordable Connectivity Program (ACP). The ACP became the nation's most successful broadband affordability program, providing a $30 monthly reduction ($75 for households on Tribal Lands) in the cost of broadband, helping more than 23 million households to get or stay online, and connecting 4.6 million previously unconnected households. However, as states prepare to make the most significant broadband investments in history using their share of $42.45 billion in the BEAD program, the ACP has expired, removing a critical affordability solution for households.

A key objective of the BEAD program is to ensure that every household in America has access to high-speed broadband and that these networks are affordable. Unfortunately, while the federal government covers most of the deployment costs, the reality is that many households will be unable to afford the new networks BEAD provides. States clearly understood this, as 45 included the ACP as a tool for addressing broadband affordability in their BEAD and Digital Equity Plans.

Now that the ACP has expired, a new program is needed to maximize the federal government's $42.45 billion investment in broadband access. Majorities (96% of Democrats and 62% of Republicans) support the creation of a federal broadband affordability benefit, but lawmakers have yet to shape a policy supported by all parties. Affordable broadband isn't just an opportunity equalizer, it is an economic accelerator. Research shows the more we connect, the more our economy grows. The National Bureau of Economic Research[1] found in 2021 that "moving to high-quality, fully reliable home internet service for all Americans ("universal access") would raise earnings-weighted labor productivity by an estimated 1.1% in the coming years. The implied output gains are $160 billion per year or $4 trillion when capitalized at a 4% rate." And given that 92% of jobs now require digital skills,[2] we need to ensure more Americans have access and can compete for jobs in the industries of the future. We simply cannot afford not to. In 2021, Congress, on a bipartisan basis, came to the same conclusion, finding that "access to affordable, reliable, high-speed broadband is essential to full participation in modern life in the United States;" and that "(t)he persistent 'digital divide' in the United States is a barrier to the economic competitiveness of the United States and equitable distribution of essential services, including health care and education." At a time when the cost of broadband is the biggest barrier to getting every American online, we now need to fulfill this bipartisan vision.

Fortunately, a path exists to create a new program that removes the affordability barriers that keep low-income families from connecting and maximizes the impact of the federal government's historic infrastructure investments. Critically, this approach has significant bipartisan support and can make funding for a new broadband affordability benefit available immediately.

To close the digital divide, Congress and the new Administration should create a new permanent broadband affordability benefit that focuses on households who truly need it. The benefit should only apply to $30 entry-level ($75 for households on Tribal lands or in high cost rural areas) home broadband plans that enable families to connect to the digital economy, education, healthcare, and critical government services. It should also be revenue-neutral and fully funded by repurposing USF High Cost Program funds as they expire.

Guiding Principles for Building a Permanent Broadband Affordability Benefit

1 Provides vital assistance for the 19.3 million households who truly need it.

16.3 million U.S. households make up the broadband affordability gap and are offline because they cannot afford an available internet connection. A further 3 million households risk being disconnected by their Internet Service Providers (ISPs) as they cannot afford their monthly bills. Prioritizing those households who would be offline without a federal affordability benefit provides a pathway to connectivity for under-resourced families and ensures households can afford the new networks

2 Funded by repurposing USF High Cost Program funds as they expire.

High Cost is the largest of the four USF programs, with an annual budget of $4.6 billion. A new broadband affordability benefit can be revenue-neutral, with 100% of the program's cost covered by repurposing USF High Cost Program funds as they expire. Funding a broadband affordability benefit with the USF leverages an existing funding source without additional appropriations and is only possible because BEAD funding will significantly reduce the number of unserved locations previously requiring funding from the High Cost Program.

3 Only applicable to entry-level plans at or below the $30 subsidy price.

The benefit should be reserved explicitly for $30 ($75 for households on Tribal lands or in high cost rural areas) wireline and fixed wireless plans that meet the FCC's 100/20 Mbps broadband definition. Major ISPs have already created plans at this price point that meet most household technology needs, and an expanded definition of high cost supports the participation of small and mid-size ISPs that serve more rural areas. Limiting how the benefit can be applied harnesses market forces by acknowledging that households already subscribed to advanced broadband plans with higher speeds and additional features can afford to maintain their current subscriptions and are

4 Streamlined enrollment to improve adoption and applicant retention.

Awareness, trust, and enrollment barriers prevent unconnected households from enrolling in broadband adoption programs. An all-inclusive, end-to-end platform that enables applicants to fully enroll in both the benefit and an internet service plan without navigating to other sites will remove barriers to participation and help increase the program's adoption.

5 Supported by a self-sustaining outreach and awareness fund to increase adoption.

Unconnected households are the last greenfield market for ISPs, representing a $5.5 billion annual market opportunity. By replicating existing lead-generation practices, ISPs will pay a $100 referral fee for every new customer acquired, creating a self-sustaining fund of up to $40 million annually to pay for campaigns that drive awareness of the program and provide enrollment support to unconnected households and hard-to-reach populations.

THE BROADBAND AFFORDABILITY GAP

16.3M
Unconnected Households

3M
"Likely To Be Disconnected"

This includes an estimated:

1.6M
Veteran Households

7.4M
Black or Latinx Households

3.3M
Households in Rural Areas

3.2M
Households with School-Aged Children

7M
Senior Households

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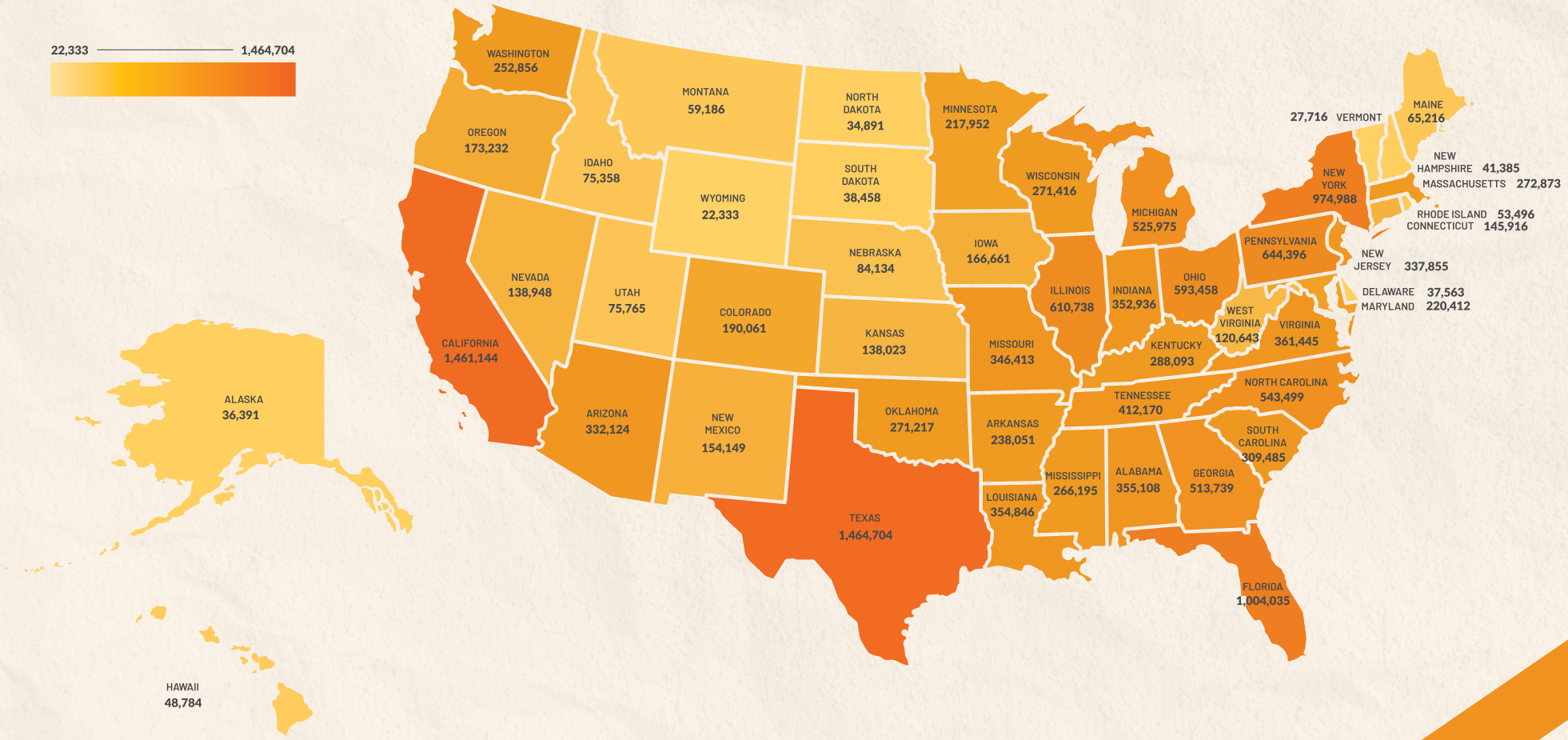
A Benefit for Unconnected Households

Our nation can only thrive if everyone is online.

In an increasingly digital world, affordable internet is essential for students to participate in online learning, for job seekers to search and apply for employment opportunities, and for individuals to access telehealth services and government resources. Access to home internet increases the annual income of low-income American households by $2,000,[3] yet 16.3 million households are offline because they cannot afford an available Internet connection. This broadband affordability gap accounts for two-thirds of the digital divide and hinders access to economic security and opportunity in every state. It accounts for 59% of the digital divide in states with rural populations that exceed the national average, disproportionately impacts people of color, and is prevalent in the nation's most under-resourced communities. Low-income, Black, and Latinx Americans are more likely to be offline due to affordability.

CHART 1: THE BROADBAND AFFORDABILITY GAP IMPACTS EVERY STATE.



Congress has repeatedly recognized the power of broadband to improve the lives of every American, investing billions of dollars in rural infrastructure and affordability programs like the ACP and its pandemic-era predecessor, the Emergency Broadband Benefit (EBB). Despite these investments, a sustainable affordability program has eluded congressional lawmakers, who have yet to agree on who should receive broadband affordability subsidies, how the benefit should be applied, and how to fund the program sustainably.

Which Households Should Receive the Broadband Affordability Benefit?

For under-resourced households, broadband connectivity is just one of many competing priorities for tight household budgets. A new broadband affordability benefit must be financially sustainable and impactful, targeting affordability resources where they are needed to accelerate closing the digital divide. The benefit should serve primarily as a program of last resort to help households get online or stay connected and should only apply to:

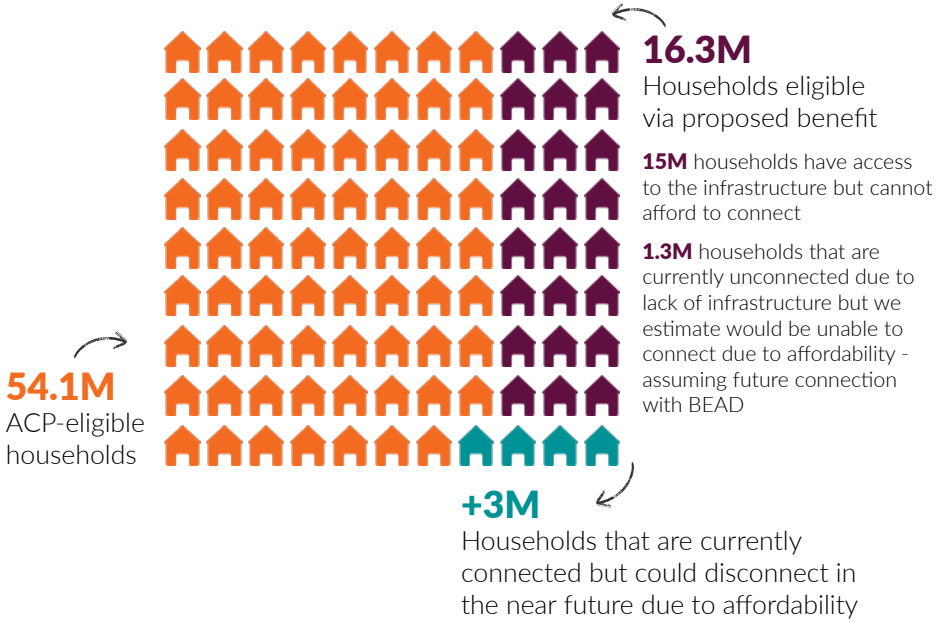
- **Households that are unconnected or likely to be disconnected.**
- **Low-cost internet plans at or below the subsidy price (i.e., $30 or $75 for households on Tribal Lands or high cost rural areas).**

Unconnected households are the 16.3 million in the broadband affordability gap that have access to internet service but lack home broadband due to affordability. These households are most in need, cut off from the digital economy, and unable to access remote work, online learning, telehealth, or critical government services.

The broadband affordability gap fluctuates as households enter and leave connectivity, either by selecting home internet when it's financially viable or disconnecting due to falling behind on payments. A recent study of ACP-enrolled households found that 13% of those surveyed reported that they would disconnect their home broadband service without the $30 ACP subsidy.[5] These estimated three million households are **"likely to be disconnected"** and should also be a priority target for support as they are most at risk of losing their connection and becoming part of the digital divide. The research further reveals that 36% of ACP-enrolled households said they would also downgrade to a cheaper or slower plan without the ACP subsidy, and more than half indicated they were stable in their connectivity.[6] While highlighting the extent to which households struggle with broadband affordability, this evidence suggests that many actively manage the cost and are unwilling to deprioritize basic connectivity over other expenditures. These are tough choices for families managing tight household budgets, but the study indicates that there is likely scope for more effective resource targeting within broadband affordability programs focused on those who would be forced offline without it.

> **"Two short years ago, some 23 million American households saw their government do something real and meaningful to help improve their lives – only to take it away. We owe them not words of regret or vague promises, but urgent collective action.**[4] - JONATHAN SPALTER, PRESIDENT & CEO, U.S. TELECOM

CHART 2: FOCUS ON 19.3M HOUSEHOLDS THAT ARE UNCONNECTED OR LIKELY TO BE DISCONNECTED.



Preventing Inflated Enrollment

To most effectively target the benefit to unconnected or likely-to-disconnect households, it should **only be applicable to entry-level home broadband plans at or below the $30 subsidy price ($75 for households on Tribal lands or in high cost rural areas).** Restricting the benefit to these home broadband plans that meet the FCC's 100/20 Mbps definition of broadband positions the benefit as a critical program that prevents disconnection when a household's financial circumstances change. This approach leverages market forces by acknowledging that households already signed up for advanced broadband plans with faster speeds and add-ons can afford to pay for them and are unlikely to trade down from their chosen plan. This approach provides participating ISPs with a simple way to downgrade subscriptions of vulnerable households that qualify for the benefit but for whom a change in circumstances has put them at risk of losing service. It goes against an ISP's financial interest to proactively downgrade customers who can afford to pay for more expensive plans, helping to prevent inflated enrollment, which can occur when ISPs automatically apply the benefit to existing customers. ISPs will also be unable to move existing customers to the broadband affordability benefit without further proof of financial hardship.

We recommend that the FCC include rules for broadband affordability benefit audits with a 60-day lookback to verify unconnected households and clawback funds where ISPs are found to have certified existing customers. We acknowledge that for some ISPs who serve rural areas, it may not be possible to meet the 100/20 Mbps speed requirement. In these circumstances, we recommend that the ISP apply for an FCC waiver to participate in the program, and offer lower speeds, on the condition that there are no other eligible providers in an area.

Although the ACP offered a one-time discount of up to $100 toward the purchase of a laptop, desktop computer, or tablet from participating **ISPs**, we recommend that the new broadband affordability program not provide households with a device credit. While access to an internet-enabled device that meets the user's needs is critical to digital inclusion, providing a device credit as part of a broadband benefit has proved ineffective. The ACP device provision had limited participation from ISPs and was underutilized by households. There are also sufficient and better options for households to receive discounted devices, including through state implementation of Digital Equity Act plans or local device refurbishment programs, e.g., school districts, non-profit refurbishers, etc.

Co-Exists with Lifeline

We recommend that the **Lifeline program continue supporting mobile phone plans** and that a new broadband affordability benefit be created focusing solely on home broadband. Internet access outside the home is critical to staying connected; however, to fully participate in the digital economy, households need reliable and affordable home broadband. Remote work, homework, job applications, and telehealth can be highly challenging on smaller screens, so it is critical that families have reliable, stable connections without data caps. While changes are needed to improve the Lifeline program, we recommend that eligible households be able to access both programs and choose connectivity solutions that best suit their needs.

Support for a $30 Benefit

Establishing the benefit at $30 ($75 for households on Tribal lands or in high cost rural areas) works for businesses and consumers. Many ISPs already created plans for the ACP that meet most household technology needs at this price point. Furthermore, despite the program ending, over a dozen major ISPs continued to offer plans at $30 or less to low-income households.[7] Even at the $30 price point, we acknowledge that ISPs serving high cost locations may still struggle to participate due to the increased cost of providing service in rural areas. For this reason, we recommend that FCC rulemaking expand its definition of higher subsidy areas to include communities served by previous recipients of High Cost Program funds. This will increase the number of households in all high-cost rural areas eligible for the $75 benefit, providing small and mid-size rural providers with greater financial incentives to participate in the program.

Targeted To Bridge the Digital Divide

A key driver of the ACP's success was allowing households to prove eligibility via income and participation in specific assistance programs. We recommend maintaining multiple pathways, including income levels at or below **200% of the federal poverty level or participation in specific assistance programs**, such as SNAP, Medicaid, WIC, SSI, VA benefits, Free and Reduced-Price School Meals, Pell Grants, Government Housing Assistance Programs, and Tribal benefits. While making it easier to confirm eligibility drives program adoption, an additional mechanism is needed to ensure resources are targeted where they are needed most.

To accurately identify households that are unconnected or likely to be disconnected, we propose the ISP must verify through their records that the beneficiary is not a current or recent (within 60 days) broadband customer. For households that are likely to be disconnected, our proposal allows ISPs to offer subscribers a chance to downgrade their service to an eligible low-cost plan if a household is 60 days delinquent on their bill and can demonstrate eligibility. If a customer calls their ISP to cancel their subscription due to affordability, the ISP can offer to retain them through a plan covered by the broadband affordability benefit, providing they can demonstrate eligibility and financial hardship or a change in circumstances. The numerous ways to demonstrate eligibility with the ACP were crucial to ensuring applicants had options and agency when applying. We recommend maintaining these pathways.

CHART 3: HOUSEHOLDS ELIGIBLE FOR THE PERMANENT BROADBAND AFFORDABILITY BENEFIT

Program eligibility should be limited to households with income at or below 200% of the federal poverty level or if someone in the household meets at least one of the following criteria:

Participation in one of the following federal assistance programs

- Lifeline
- SNAP
- Medicaid
- Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
- Supplemental Security Income (SSI)
- Federal Public Housing Assistance (FPHA)
- Veterans Pension and Survivors Benefit
- Free and Reduced-Price School Lunch Program or School Breakfast Program

Received a **Federal Pell Grant** during the current award year.

Participation in one of these assistance programs and live on Qualifying Tribal lands:

- Bureau of Indian Affairs General Assistance
- Tribal Temporary Assistance for Needy Families (TANF)
- Food Distribution Program on Indian Reservations
- Tribal Head Start

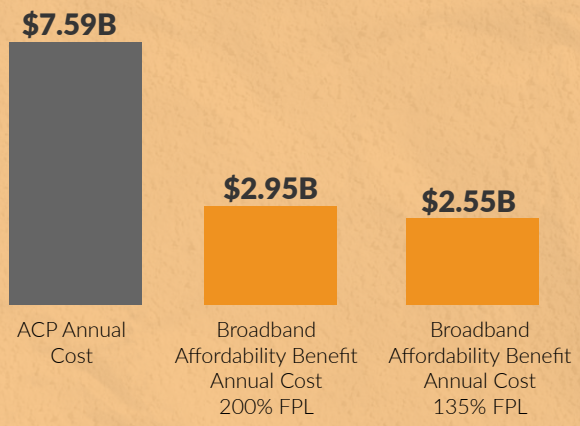
The exception we propose to the ACP's eligibility criteria would be no longer allowing households to demonstrate eligibility solely using the Community Eligibility Provision (CEP), as we saw numerous households that received the ACP benefit using CEP who would have otherwise not been eligible. We recommend modifying this requirement so that a household can demonstrate they are actually participating in and receiving Free And Reduced Meals (FARM) versus solely residing in a CEP district or school attendance area. While this is a change in eligibility to the ACP, school administrators can continue to verify eligibility through FARM in the same manner as they did under the ACP, confirming that the student actually participates in the program.

CHART 4: KEY FEATURES OF A PERMANENT BROADBAND AFFORDABILITY BENEFIT

Benefit Amount	Home Broadband Service Only	Eligibility Criteria	Multiple Ways To Prove Eligibility
• $30/$75 monthly subsidy **only applicable to** plans at or below the subsidy price point • **No device credit**	• FCC **minimum standard** speed of 100/20 Mbps • **Lifeline will cover Mobile service**	• Households at or below **200% of the Federal Poverty Line**	• **Enrollment** in SNAP, Medicaid, WIC, SSI, VA benefits, Free /Reduced Price School Meals, Pell Grants, Government Housing Assistance programs & Tribal Benefits • **No eligibility through CEP**

Changing eligibility criteria to focus on unconnected households provides annual savings of $4.6 billion compared with ACP.

CHART 5: A NEW BROADBAND AFFORDABILITY BENEFIT WOULD COST A FRACTION OF THE ANNUAL COST OF THE ACP.



*Compares the last 12 months of ACP disbursements with hypothetical broadband affordability benefit disbursements assuming same adoption rates but smaller eligibility pool.

To accelerate closing the digital divide, program eligibility should extend to households with income at or below 200% of the federal poverty level. While some assistance programs make households eligible at 135% of the federal poverty level, applying this approach to a targeted broadband affordability benefit undermines its goal to connect the unconnected and bridge the digital divide. Reducing eligibility criteria to 135% of the federal poverty level would save $400 million, however, the reduction would mean that 3.3M unconnected households become ineligible for the benefit. Additionally, lowering the qualifying poverty level would disproportionately impact households in the priority populations the benefit is designed to support – unconnected seniors and rural households by more than 20%, and veteran households by 25%.

CHART 6: REDUCING ELIGIBILITY FROM 200% OF THE FEDERAL POVERTY LEVEL TO 135% MOST SIGNIFICANTLY IMPACTS UNCONNECTED HOUSEHOLDS IN RURAL STATES.

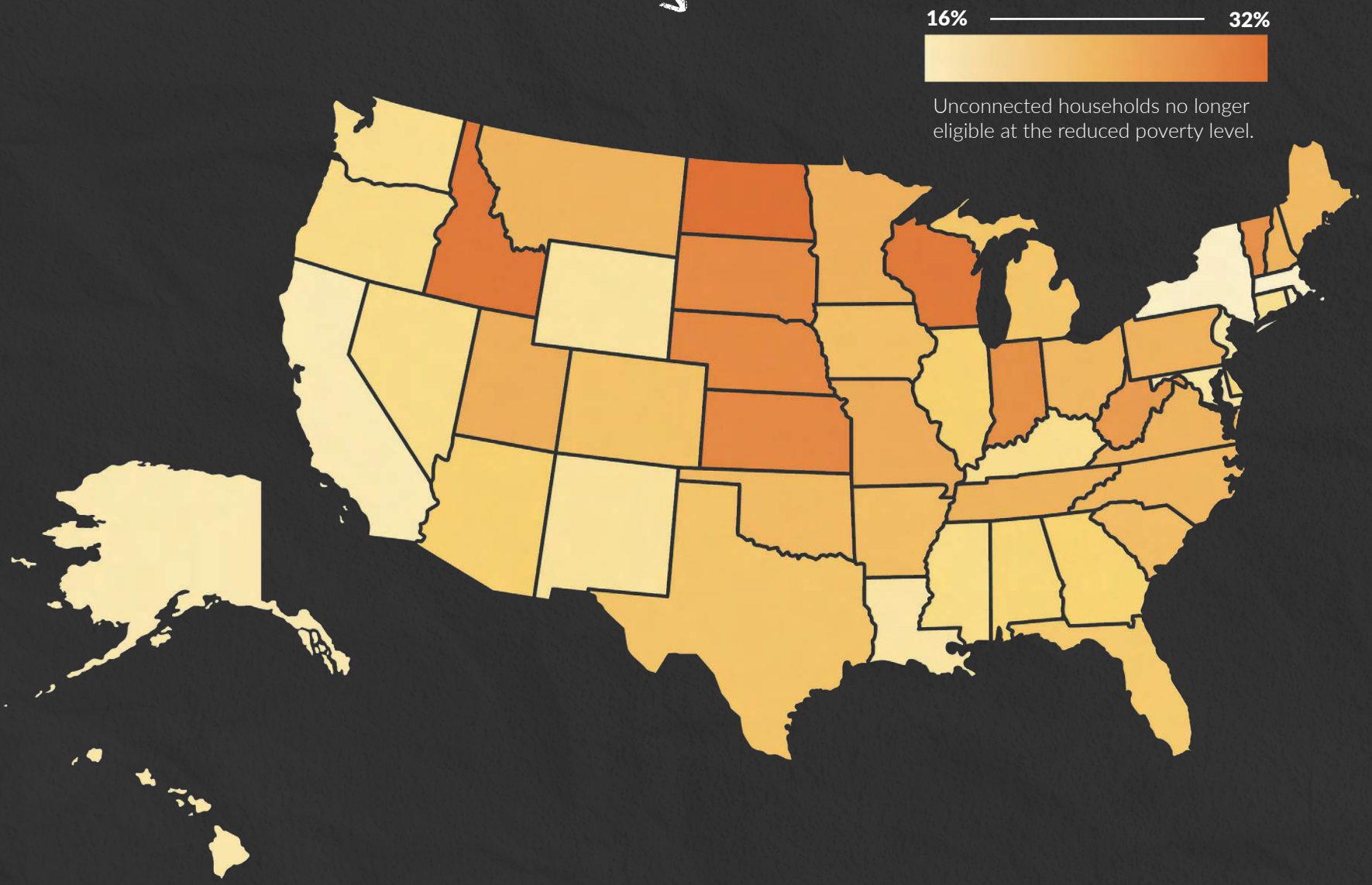
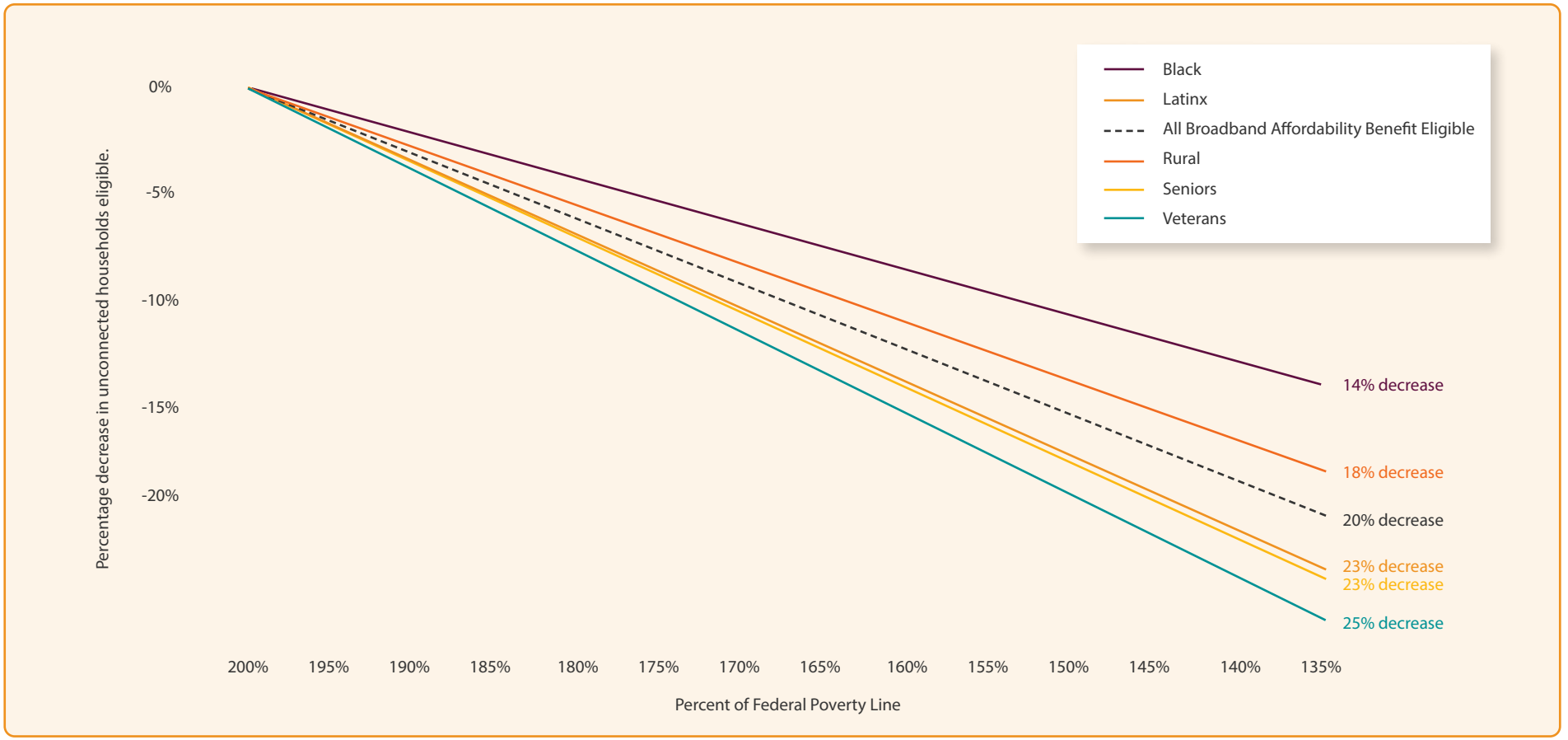


CHART 7: REDUCING ELIGIBILITY FROM 200% OF THE FEDERAL POVERTY LEVEL TO 135% MOST SIGNIFICANTLY IMPACTS SENIORS AND VETERANS.



How Does An ISP Verify Unconnected Households?

Approximately 80% of ACP-enrolled households already had broadband before the subsidy. To prevent repeating this type of inflated program enrollment, **existing customers can not directly enroll in the broadband affordability benefit, and ISPs cannot enroll existing customers en masse**. When an unconnected household enrolls, ISPs must verify through their records that the beneficiary is not a current or recent (within 60 days) broadband customer. This requirement only applies to initial enrollment, and for recertification, beneficiaries would need to prove income level or enrollment in an eligible government program. As long as a beneficiary receives the benefit, they will be free to switch eligible service providers.

How Does An ISP Enroll Households Likely To Be Disconnected?

There are two ways participating ISPs can downgrade the subscriptions of vulnerable households that qualify for the benefit to an entry-level plan at or below the $30 subsidy price. This will depend on whether the household has fallen behind on its bills or a customer is actively seeking to end service to avoid debt.

REACTIVE ENROLLMENT

An ISP may sign up an existing customer for the broadband affordability benefit once the customer's bill is 60 days overdue as long as the customer meets the broadband affordability benefit financial eligibility criteria (i.e., income at or below 200% of the federal poverty level or if someone in the household participates in an eligible federal assistance program).

PROACTIVE ENROLLMENT

When a customer calls to disconnect their service due to financial hardship, an ISP may assist the customer with signing up for the broadband affordability benefit, as long as the customer meets both the broadband affordability benefit financial eligibility criteria and financial hardship criteria determined by FCC rulemaking.

Consumer Protections

ACP-like consumer protection rules would apply, ensuring households have access to supported broadband services regardless of their credit status. ISPs would also be prohibited from excluding consumers with past-due balances or prior debt from enrolling in the program and subscribing to the $30 plan. Limiting how the benefit can be applied will have a negligible impact on consumer choice, as most urban and suburban residents have two or three internet providers from which to choose, and BEAD will ensure residents in more rural regions will have increased provider offerings. Ultimately, the benefit gives unconnected households access to a choice of participating providers that would otherwise be unaffordable. This approach also provides participating ISPs with a simple way to downgrade subscriptions of vulnerable households that qualify for the benefit but for whom a change in circumstances has put them at risk of losing service.

04

Funding a Broadband Affordability Benefit

"Every community deserves a pathway to an affordable, resilient, and secure internet connection, and strengthening the Universal Service Fund is a key part of delivering our promise to connect every corner of America." - SENATOR BEN RAY LUJÁN, NEW MEXICO

The $42.5 billion BEAD program is on the verge of ensuring every U.S. household can access 100/20 Mbps broadband. For the first time in our nation's history, we have the opportunity to close the digital divide. However, the program Congress created to ensure households can afford a high-speed home connection has expired. The ACP connected 4.6 million previously unconnected households, but the program was too expensive ($7.6 billion annually), lacked an existing funding source, and relied on congressional appropriations to renew and extend it. A path now exists to build a long-term broadband affordability benefit with bipartisan support that fulfills our shared goal of internet for all.

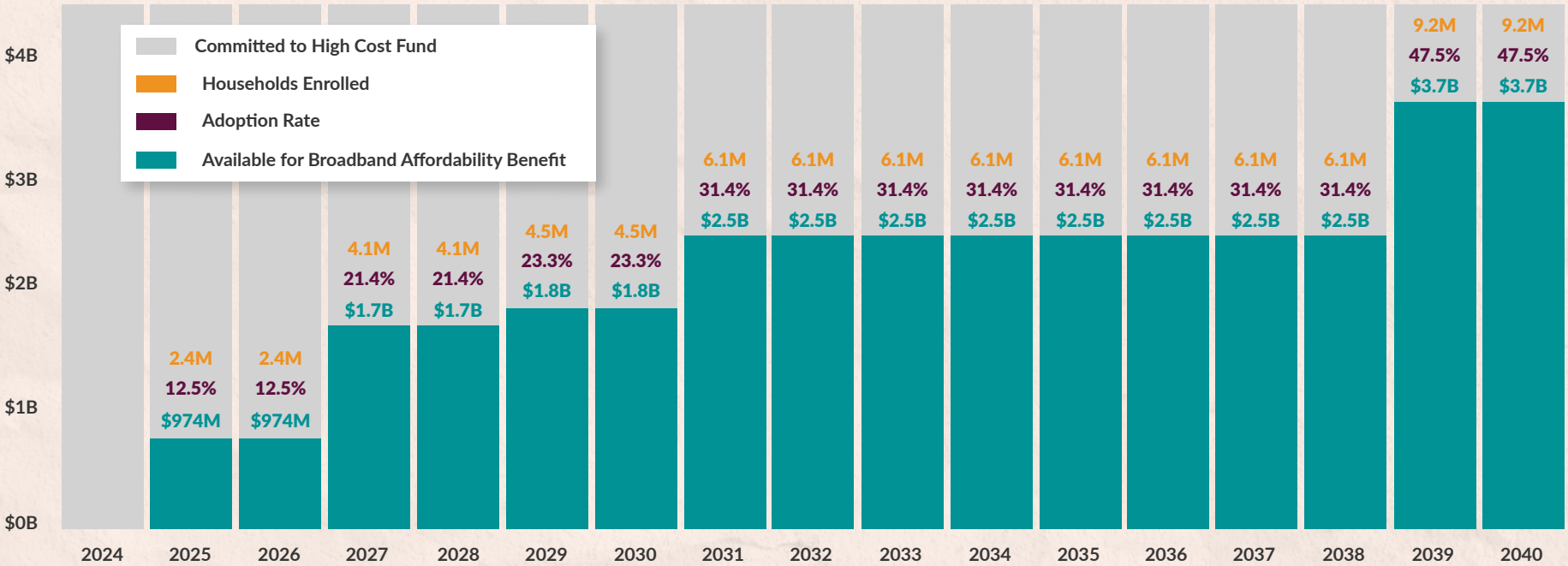
Congress should immediately instruct the FCC to create a new permanent broadband affordability benefit within the USF, funded by repurposing funds from USF High Cost Programs as they expire.

This approach is revenue-neutral, meaning it does not raise the USF ceiling, enables all High Cost Programs to deliver on their existing commitments, but provides sufficient funding to cover 100% of the cost of a new affordability benefit. It also leaves sufficient money in the High Cost Program to cover operating expenses (OpEx) even after the deployment of new networks. Creating the new program within the USF permanently removes the need for future appropriations and additional government funding, which can be destabilizing for under-resourced families managing tight household budgets. It can also be done immediately without needing to wait for broader reform, meaning households cut off by the expiration of the ACP can get back online, and states that included the ACP as a tool for addressing broadband affordability in their BEAD and Digital Equity Plans have a viable alternative.

Funding to Surpass ACP Adoption Rates

The ACP was the nation's most successful broadband affordability program, enrolling 44% of the eligible population of households (23 million) and 22% of eligible unconnected households (4.6 million). As with ACP, we expect the adoption of a new broadband affordability benefit to increase gradually over time. While future adoption rates are hard to predict, our model shows sufficient funding will be available to match the 22% adoption rate by unconnected households achieved by the ACP after three years and to support more than double the enrollment level by 2039.

CHART 8: A PERMANENT BROADBAND AFFORDABILITY BENEFIT CAN BE FULLY FUNDED WITHOUT ADDITIONAL TAXPAYER BURDEN BY REPURPOSING FUNDS FROM USF HIGH COST PROGRAMS WHEN THEY ARE DUE TO EXPIRE.



A Revenue-Neutral Funding Model

The Universal Service Fund (USF), managed by the Federal Communications Commission (FCC), provides telecommunications and broadband access and affordability to rural and low-income Americans via four programs: Lifeline, E-Rate, High Cost, and Rural Health Care. Fitting a new permanent broadband affordability benefit within the USF is only possible because it can be funded by repurposing funds from USF High Cost Programs when they expire.

The High Cost Program comprises 18 separate legacy and modernized funds, most with defined end dates. Holding High Cost's projected 2024 budget of $4.6 billion constant, each program's funding can be repurposed towards a new broadband affordability benefit once that program has delivered on its commitments and reached its end date.

Our model is based on the program extending a $30 benefit to all eligible households and a $75 benefit to eligible Tribal and or in high cost rural areas. We estimate that 6.85% of eligible households are in locations that have received High Cost Program funds. We also include a 2% administration cost and provide transition and maintenance funding for High Cost Programs. Through this model, we project:

- $974M will be available by 2025
- $1.7B will be available by 2027
- $2.5B will be available by 2031 – end of Rural Digital Opportunity Fund (RDOF) term
- $3.7B will be available by 2039 – end of Enhanced Alternative Connect America Cost Model (E-ACAM) term

CHART 9: REPURPOSING FUNDS FROM USF HIGH COST PROGRAMS WHEN THEY ARE DUE TO EXPIRE IS REVENUE-NEUTRAL.

	2024	2025	2026	2027	2028	2029	2030	2031
E-Rate (Schools & Libraries)	$2.46B	$2.46B	$2.46B	$2.46B	$2.46B	$2.46B	$2.46B	$2.46B
Rural Healthcare	$468.3M	$468.3M	$468.3M	$468.3M	$468.3M	$468.3M	$468.3M	$468.3M
Lifeline	$869.9M	$869.9M	$869.9M	$869.9M	$869.9M	$869.9M	$869.9M	$869.9M
High Cost	$4.63B	$3.66B	$3.66B	$2.95B	$2.95B	$2.81B	$2.81B	$2.17B ↓
Broadband Affordability Benefit	$0	$974.4M	$974.4M	$1.68B	$1.68B	$1.82B	$1.82B	$2.46B ↑
Total USF Revenue	**$8.43B**	**$8.43B**	**$8.43B**	**$8.43B**	**$8.43B**	**$8.43B**	**$8.43B**	**$8.43B**

Delivering on High Cost Commitments

Repurposing funds from USF High Cost Programs when they are due to expire means a new broadband affordability benefit can be fully funded without impacting High Cost Programs:

1. Guarantees High Cost Programs deliver on existing commitments.
2. Provides funds for High Cost Program operating expenses (OpEx) even after deployment of new networks.
3. Retains $2.17B for High Cost programs post-2031.

The FCC intentionally aligned the "deploy" timeline for E-ACAM with BEAD to complete all broadband deployment across programs by 2028. Once BEAD and the deployment phase of E-ACAM are complete, High Cost Program funds can be significantly reduced, as capital expenditures (CapEx) for broadband network deployment will no longer be necessary. The FCC's E-ACAM report and order determined as much, stating that 50% of the full E-ACAM support level was sufficient to account for "ongoing operational and depreciation costs"[8] for locations where fiber had already been deployed. We agree that cost is a significant barrier to fiber deployment, and our approach ensures sufficient funds are available to cover OpEx costs even after the networks are deployed. Our model maintains post-2031 High Cost Program funds at approximately 50% of the current $4.6 billion level to guarantee that High Cost programs deliver on existing commitments and support ongoing maintenance thereafter. Post-2031, we maintain $2.2 billion for High Cost programs with no expiration date, such as High Cost Loop, Frozen High Cost Support, and ICC Recovery ($900 million), with a further $1.3 billion annually allocated to E-ACAM until 2038. We also expect approximately $333 million annually to be available to ISPs that serve rural populations via the broadband affordability benefit.

05

The ACP: Lessons In Adoption

"As the internet becomes more vital to everyday life, reliable broadband networks are an essential component to help rural Americans stay connected. I will continue to support broadband investment at the Federal Communications Commission to close the digital divide and ensure rural areas have access to the internet." - SENATOR JOHN THUNE, SOUTH DAKOTA

Through our work connecting households during the pandemic, we recognized that awareness, trust, and enrollment barriers prevented unconnected households from enrolling in broadband adoption programs. As a named partner in several FCC Your Home Your Internet grantee programs, EducationSuperHighway was given API access to the National Verifier, which helped us ascertain who applied their approval code and who did not. One of the biggest lessons was that a two-step approach, requiring customers to use two different processes to obtain their ACP benefit and then enroll in service, meant many applicants who received an ACP approval code never applied it to an internet plan. By forcing applicants to leave the National Verifier to identify and order available service options with an Internet Service Provider, the customer journey was broken, inhibiting program adoption.

Simplify Enrollment With A One-Stop Shop

The ACP highlighted the importance of a broad public-private partnership that provides the tools and support to remove the barriers that keep low-income families from connecting. We recommend the FCC build on lessons from the ACP by creating an **end-to-end online marketplace**, managed by the Universal Service Administrative Company (USAC), that enables applicants to fully enroll in both the benefit and an internet service plan without navigating to other sites. Additionally, recognizing the market opportunity for ISPs to generate new business by reaching previously unconnected consumers, our plan outlines how a self-sustaining outreach and awareness fund can drive adoption to a rate achieved by the ACP and support the ongoing operations of the marketplace, providing support to enroll in the benefit and sign up for an ISP plan.

Creating an all-inclusive, end-to-end online platform that enables the applicant to fully enroll in both the benefit and an internet service plan without navigating to other sites will help ensure the adoption and success of the program. The "one-stop shop" platform is an online marketplace that lists all eligible home broadband plans in one place, ensuring consumers learn about and select the plan that best fits their needs. A key benefit of this comprehensive marketplace is that it can lower new customer acquisition costs and give access to a new consumer base, addressing the issue of small and rural ISPs needing help reaching customers. The platform promotes consumer choice and competition by displaying all available plans for consumers in one place, no longer placing the burden on families with limited resources to conduct their own market research and price comparisons. We recommend that 2% of the available expiring funds be made available for the development of the platform and that it deliver **five key components:**

1. DIGITAL LITERACY RESOURCES

Unconnected households may face additional enrollment barriers because they are unfamiliar with broadband terminology. The platform would make digital literacy information available to the applicant so they can make an informed choice for the plan that best fits their household's needs.

2. STREAMLINED VERIFICATION PROCESS

Agency data-sharing agreements are crucial to streamlining the enrollment verification process and alleviating some of the administrative burden placed on households, reducing the time they must spend verifying eligibility. This process should be maintained and expanded; the marketplace would build off the National Verifier enrollment system, allowing users to quickly and easily verify their eligibility and enroll in a plan.

3. INTERNET SERVICE PLAN INFORMATION

A comprehensive platform enables multiple internet service plans to be aggregated and portrayed based on the household's location. This alleviates the burden on new customers from having to leave the government application system, find plans available in their area, contact multiple providers to inquire about the cost of their plans, learn what they offer, and compare them separately. All of these details would be displayed in a consumer-friendly manner, and broadband nutrition labels will help convey this information, leveling the playing field for smaller ISPs and ensuring parity. Moreover, this promotes competition

by displaying all available internet service plans identically, leaving ISPs to compete for consumers through available speeds. Households can quickly review and select a plan that best works for their household, encouraging competition and consumer choice.

4. FULL END-TO-END ENROLLMENT

The platform will seamlessly integrate with ISP portals. This streamlined, all-inclusive system can also build trust throughout the entire process. For many of these consumers, this will be the first time they have an internet service plan. The consumer never has to leave the site to get the answers they need as there should be digital navigators who can answer questions and support the broader enrollment process. Internet Service Providers would have access to the portal to easily downgrade existing customers who are at risk of falling out of connectivity.

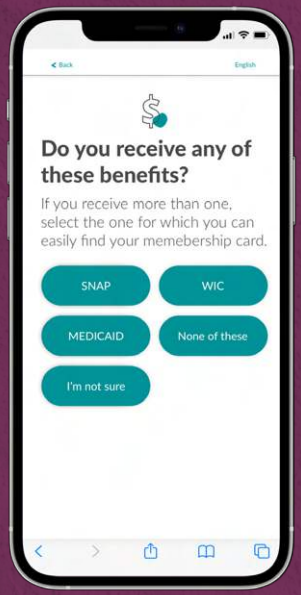
5. ACCESSIBLE FROM A MOBILE PHONE

Technology dramatically simplifies the application process using user-centered design principles. With 97% of Americans owning a mobile phone,[9] a mobile website is a natural place to provide enrollment support solutions.

CHART 10: SIMPLIFYING ENROLLMENT FOR HOME BROADBAND ADOPTION WITH A STREAMLINED 'ONE-STOP SHOP' MARKETPLACE, MANAGED BY USAC.

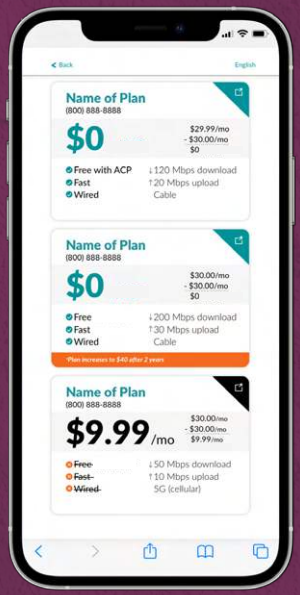
STEP 1: ELIGIBILITY VERIFICATION

Users can quickly and easily verify their eligibility through the marketplace's connection to the National Verifier, building trust in the process.



STEP 2: ISP PLAN SELECTION

Lists all eligible home broadband plans in one place, ensuring consumers can find the plan that best fits their needs. The tool also enables Digital Navigators to support enrollment.



STEP 3: ENROLL USING THE MARKETPLACE

Integrates backend access to ISP portals; consumers will no longer need to bounce between multiple sites. ISPs can also downgrade existing customers who are at risk of losing connectivity.

Creating a Self-Sustaining Outreach and Awareness Fund

As the ACP showed, investments in closing the broadband affordability gap create a significant new business opportunity for ISPs. While historically low price points, high customer acquisition costs, churn, and bad debt have made it difficult for ISPs to create a viable business case for serving low-income households, a permanent broadband affordability benefit changes the calculus. Unconnected households are the last greenfield market for ISPs, representing a $5.5 billion annual market opportunity with a reliable payor.

Replicating existing market-based practices, **ISPs will pay a $100 referral fee for every new customer or unconnected beneficiary acquired through the online marketplace.** The fund established by these referral fees can be used to provide outreach and enrollment support to unconnected households and maintain the marketplace.

To further ensure small and mid-size rural providers can participate in the program, the referral fee would be waived for households in high-cost rural areas that enroll via the marketplace and qualify for the $75 benefit. We estimate that this accounts for 6.85% of households eligible for the new broadband affordability benefit. These referral fees will create a self-sustaining fund of up to $40 million annually for campaigns that drive program awareness and provide enrollment support to unconnected households and hard-to-reach populations.

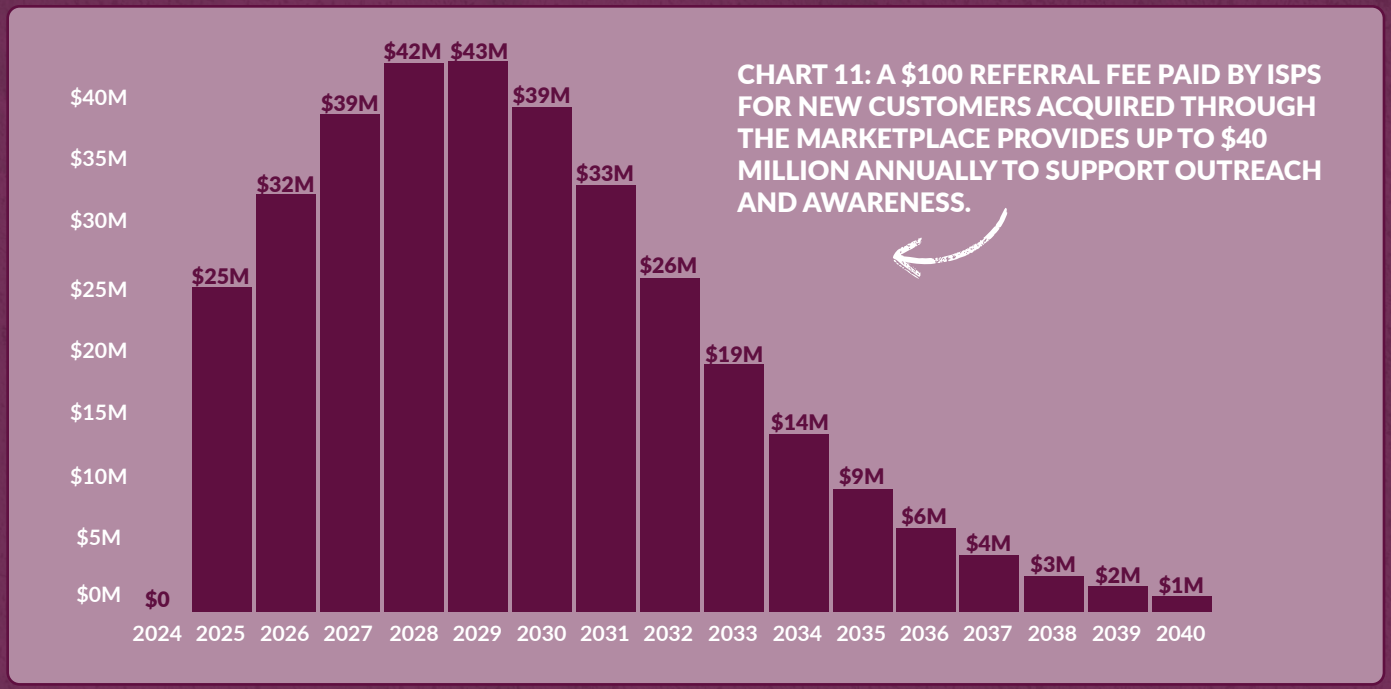


CHART 11: A $100 REFERRAL FEE PAID BY ISPS FOR NEW CUSTOMERS ACQUIRED THROUGH THE MARKETPLACE PROVIDES UP TO $40 MILLION ANNUALLY TO SUPPORT OUTREACH AND AWARENESS.

06

A Roadmap for Action

A new permanent broadband affordability benefit focused on unconnected households and funded by the Universal Service Fund can close America's broadband affordability gap.

Policymakers

- The new Administration should prioritize broadband affordability.
- Members of Congress should sponsor and pass legislation to create a permanent broadband affordability program like the one outlined in this paper.
- Congressional members should continue work on Universal Service Fund reform.

Internet Service Providers

- Service providers and ISP trade groups should review and endorse this plan.
- ISPs should raise awareness of this effort through associations and trade groups and encourage others to endorse this plan.
- Service providers should contact members of Congress and ask for their support in passing a permanent broadband affordability benefit.
- ISPs should review their service plans and ensure that they have a low-cost plan that meets or exceeds the requirements of this proposal.

Local Organizations and State Broadband Offices

- State Broadband Offices that included the ACP as a tool for addressing broadband affordability in their BEAD and Digital Equity Plans should endorse this plan as a viable alternative that can be implemented immediately.
- Local organizations should review and endorse this plan.
- Organizations should contact their members of Congress and ask for their support for a permanent broadband affordability program.
- State Broadband Offices should evaluate how this plan would help achieve connectivity goals in the state and educate members of Congress on the impact.

Advocates

- Advocates should contact their federal representatives and ask for their support for a permanent broadband affordability program.
- Share this report with your representative and senators and ask them to sponsor and pass a permanent broadband affordability program.

Data Sources

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About the Data

For more about our data and metric calculations, please view the full version of the methodology. In addition, a digital version of this report is available at educationsuperhighway.org.

About EducationSuperHighway

EducationSuperHighway is a national non-profit with the mission to close the digital divide for the 16.3 million households that have access to the internet but can't afford to connect. We focus on America's most unconnected communities, where more than 25% of people don't have internet.

From 2012-2020, we led the effort that closed the classroom connectivity gap. In 2013, only 10% of students had access to digital learning in their classrooms. Today, thanks to an unprecedented bi-partisan effort by federal, state, and school district leaders, supported by K-12 advocacy organizations, the classroom connectivity gap is closed – 47 million students are connected, and 99.3% of America's schools have a high-speed broadband connection.

To learn more, visit:

www.educationsuperhighway.org

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