

Economic and Policy Insights

Making Strides on Broadband Affordability

May 2023

The COVID-19 pandemic demonstrated that having access to high-speed internet is critically important – and that access is unavailable to many low-income families, often because of cost. In 2021, the Office of the State Comptroller <u>reported</u> that more than 1 million (roughly 14 percent) New York households lacked access to broadband.¹ Two federal programs—the Emergency Broadband Benefit Program and the Affordable Connectivity Program—have been established to address these disparities in access and are demonstrating positive results. The share of low-income households with a broadband subscription climbed from 64 percent to 76 percent between 2019 and 2021, a 12 percentage point increase. As of May 15, 2023, more than 1.3 million New York households are receiving affordable broadband subscriptions with federal support.²

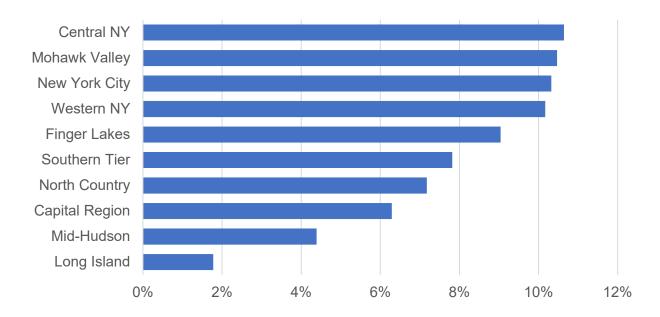
Emergency Broadband Benefit Program

The \$2 trillion pandemic relief package in the Consolidated Appropriations Act of 2021 included authorization for the Federal Communications Commission (FCC) to develop the Emergency Broadband Benefit Program (EBBP), which was launched in May 2021. Funded at \$3.2 billion, the program was intended to provide temporary relief during the pandemic emergency to households struggling to afford broadband services or a computing device at home. A subsidy of \$50 per month for a subscription and a credit of up to \$100 for a computing device was made available to households that met certain criteria, including being at or below 135 percent of the Federal Poverty Level.³ Over the eight months the program was active, \$1.9 billion in support was claimed nationally.

By the time the program expired on December 31, 2021, 609,748 New York households had enrolled, comprising 7 percent of the 8.7 million total enrollment nationwide. The more than 600,000 households enrolled comprised approximately 8 percent of all New York households. Over eight months, 2.6 million claims were filed for support under the program for a total of \$123.4 million, or \$202 per enrolled household.⁴

New York City households comprised 55 percent of households enrolled in the program in the state. Bronx and Putnam Counties enrolled the highest and lowest percent of households at 17.7 percent and 1.1 percent, respectively. Five regions exceeded the State average of 8 percent with the Central New York region having enrolled the largest share of its households. The Long Island region enrolled the lowest share at 1.8 percent.⁵

Figure 1 Share of Region's Households Enrolled in Emergency Broadband Benefit Program



Source: Universal Service Administrative Co.; OSC analysis

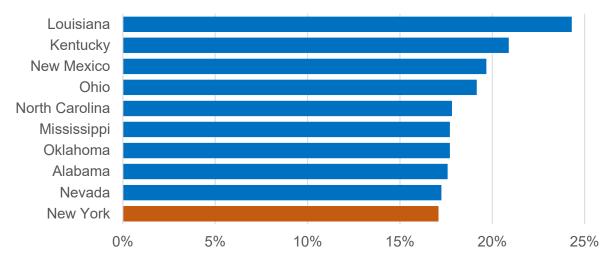
Affordable Connectivity Program

To address the issue of access and affordability beyond the pandemic emergency, the Infrastructure Investment and Jobs Act (IIJA) authorized a new \$14 billion Affordable Connectivity Program (ACP) to succeed the EBBP. Notable differences between the two programs are that the ACP's maximum monthly subsidy was reduced to \$30 for eligible households, while the threshold for eligibility was expanded to include households at or below 200 percent of the Federal Poverty level. All enrollees from the EBBP were automatically enrolled in the ACP and continued receiving the higher monthly subsidy for six additional months during the transition.

As of May 15, 2023, more than 1.3 million New York households have enrolled in ACP, 7.2 percent of the total national enrollment of 18 million and 17.1 percent of all New York households – above the state average of 13.7 percent, ranking New York 10th among all the states.⁶

From January 2022 through March 2023, the latest date for which county data are available, 12.5 million ACP claims were filed in New York totaling over \$410 million representing a cost per enrolled household of \$331, nearly 64 percent higher than under the EBBP.⁷

Figure 2 Highest Rates of State ACP Enrollment through May 15, 2023



Note: Rates exclude enrollments in Puerto Rico and U.S. territories. Source: Universal Service Administrative Co.; OSC analysis

As was the case under the EBBP, Bronx and Putnam Counties enrolled the highest and lowest percentage of households in their counties at 29.2 percent and 3 percent, respectively. The Mohawk Valley region has enrolled the largest share of households at 21.6 percent and the Long Island region enrolled the lowest share at 4.8 percent.⁸

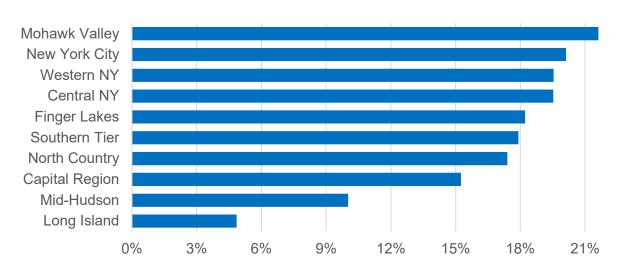


Figure 3 Share of Region's Households Enrolled in ACP Enrollment through March 31, 2023

Source: Universal Service Administrative Co.; OSC analysis

Impact

The Office of the State Comptroller's 2021 <u>report</u> demonstrated that affordability of high-speed broadband is an impediment for some households, and there was a wide and long-standing disparity in access between households with incomes less than \$20,000 and those with incomes greater than \$75,000.⁹ As shown in Figure 4, subscription rates improved for all households between 2019 and 2021, but gains were greatest among those with incomes below \$20,000. For these households, the share with a broadband subscription increased from 64 percent to 76 percent. Because the data are from 2021, they do not reflect participation in the ACP, for which enrollment has doubled beyond the EBB in effect in 2021. In total, more than 90 percent of all New York households had access to broadband in 2021, up from 86 percent in 2019.¹⁰

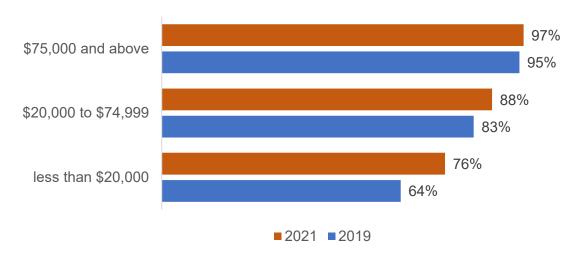


Figure 4 New York Households with a Broadband Subscription, by Income Group, 2019 and 2021

Source: American Community Survey, 2019 and 2021

As shown, the EBB and ACP have been instrumental in improving access for low-income households. New York policymakers should strongly advocate for the continuation of the program with the goal of enrolling all qualified families in the coming years.

Endnotes

¹ The Federal Communications Commission (FCC) defines "broadband" internet speeds as 25 megabits per second (Mbps) of download speed and 3 Mbps of upload speed.

² Universal Service Administrative Co (USAC), "ACP Enrollment and Claims Tracker: Enrollment by State," accessed May 18, 2023 at <u>https://www.usac.org/about/affordable-connectivity-program/acp-enrollment-and-claims-tracker</u>.

³ Eligibility was also available to participants enrolled in certain assistance programs, such as Supplemental Nutritional Assistance Program (SNAP), Medicaid, or Lifeline; received benefits under the free and reduced-price school lunch program or the school breakfast program; received a Federal Pell Grant; experienced a substantial loss of income due to a job loss or furlough based on certain criteria; or met the eligibility criteria for a participating broadband provider's existing low-income or COVID-19 program.

⁴ Claims are submitted by providers for subscribers receiving service under the program. See: USAC, "Emergency Broadband Benefit Program Enrollments and Claims Tracker: Enrollment by County," at <u>https://www.usac.org/wp-content/uploads/about/documents/acp/EBB-Households-and-Claims-by-County-May-2021-Dec-2021.xlsx</u>.

⁵ Ibid.

⁶ USAC, "ACP Enrollment and Claims Tracker: Enrollment by State," accessed May 18, 2023.

⁷ USAC, ACP Enrollment and Claims Tracker: Enrollment and Claims by Zip Code and County," accessed May 18, 2023 at https://www.usac.org/about/affordable-connectivity-program/acp-enrollment-and-claims-tracker.

⁸ Ibid.

⁹ A 2020 survey of 350,000 internet customers across the country conducted by a commercial enterprise found average monthly broadband costs in New York of almost \$47, for an annual cost of \$563.

¹⁰ American Community Survey, 1-Year Estimates for 2021, Table S2801.

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