

Economic value of the Affordable Connectivity Program

Madison Remrey¹

¹ Department of Economics & Finance, College of Business, Louisiana Tech University



Question

How does federal funding of the Affordable Connectivity Program (ACP) stimulate Louisiana's economy?

- The ACP is a federal program that helps make broadband more accessible to low-income households. In Louisiana, roughly 543,760 households participate in the ACP.
- By the end of April, the ACP is projected to run entirely out of funding.
- Ending the ACP would make broadband connectivity inaccessible to more than half a million households in Louisiana.
- Is the economic value the ACP brings to Louisiana greater than the money spent on funding the program?

1. Louisiana has received around \$250M in ACP funding since its inception in 2021.
2. The White House estimates the ACP saves Louisiana families around \$15.3M every month throughout the state.

Broadband access is more than just internet access. It means access to jobs, education, healthcare and more. Without this program, hundreds of thousands of families across Louisiana risk losing the ability to complete and tend to major life functions.

Methods

The data used in this project comes from what the White House provided in a news release at the beginning of Feb. 2024. The release breaks down how much money is spent by the ACP across each congressional district as well as how many households are enrolled in each district.

To examine what economic value the ACP brings to Louisiana, the following steps can be taken:

1. Estimate an economic impact analysis using an input/output table methodology where the shock is the total of federal ACP expenditures
2. Calculate multipliers for the economic variables (employment, labor income value added, and output)
3. Calculate multipliers for the tax revenues generated at various levels (federal, state, parish and sub-parish)

Data

- Data for the economic impact analysis is provided by the Bureau of Economic Analysis - expanded county-level data
- These data are annual estimates so all numbers reported below are annualized

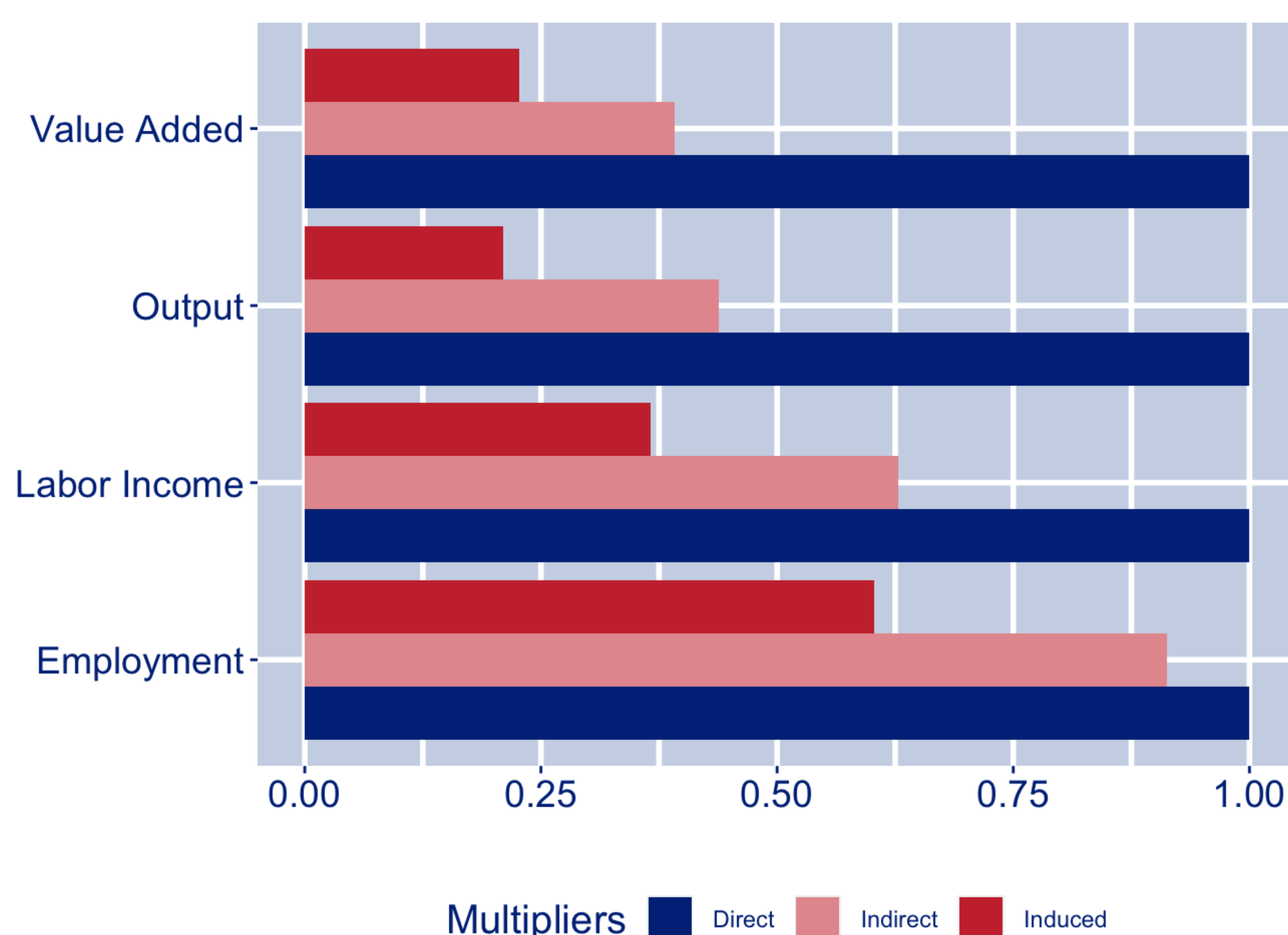


Figure 1: Multiplier Values by Economic Impacts

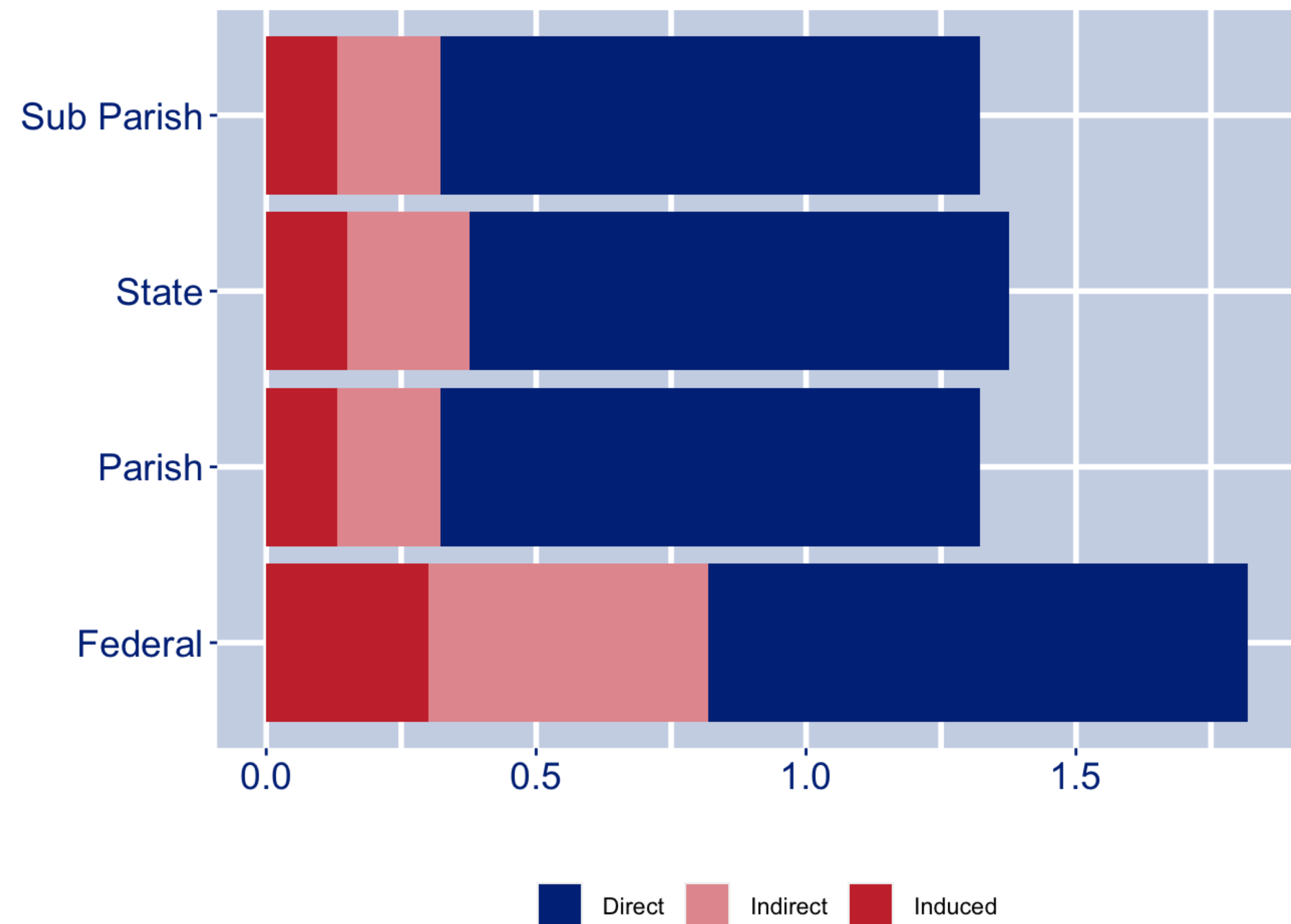


Figure 2: Tax Multipliers by Economic Impact

Results

- The ACP has the greatest tax impact at the federal level. This is true for direct, indirect, and induced impacts. This implies that the federal government expenditures on this project are offset by economic gains. The true cost of the ACP policy is less than the amount spent.
- Within Louisiana, the indirect impact (supply chain) is greatest at the state level (versus parish and sub-parish).
- Within Louisiana, the induced impact (additional rounds of consumer spending) is greatest at the state level.
- State, parish and sub-parish revenues imply economic gains that justify ACP expenditure politically, but also benefit rural areas in ways the federal government does not directly benefit from.

Conclusion

The ACP brings enough value to Louisiana's economy to justify the funds spent on running the program. Thus, the impacts of the ACP ending its work would be negatively felt by Louisianians.

The economic implications are not the only factor to look at here. It is important to understand the social implications Louisianians would face should the ACP cease to function. The implications would include loss of access to many things such as work, education, healthcare and more.

References

- The White House. (2024, February). President Biden's Affordable Connectivity Program is Delivering in Louisiana. <https://www.whitehouse.gov/wp-content/uploads/2024/01/Louisiana-ACP-Fact-Sheet.pdf>