



Broadband Policy Options to Improve Affordability for Low-Income Californians

Initial Findings and Preliminary Report

The Public Advocates Office
California Public Utilities Commission

All Californians deserve access to affordable, high-quality, and reliable communications services.

March 18, 2025

The Public Advocates Office (also known as Cal Advocates) is the state-appointed independent ratepayer advocate at the California Public Utilities Commission (CPUC). We advocate for affordable, reliable, and safe utility services across energy, water, and communications, ensuring that policies and regulations protect ratepayers' interests while advancing California's environmental goals.

Our communications advocacy focuses on protecting customers of communication companies in California by analyzing and recommending solutions in several areas, including improving service quality, advancing broadband access and affordability, and participating in CPUC proceedings to address customer needs and challenges.

This preliminary report analyzes the impact of adopting a \$15 cap on broadband costs for low-income families with incomes at or below 200% federal poverty line. A full report on broadband pricing trends throughout the state of California, including the initial findings in this report, will be published in Q4 of 2025 and made available on the Public Advocates Office website at www.publicadvocates.cpuc.ca.gov

For more information about our work, contact us at publicadvocatesoffice_press@cpuc.ca.gov.

Report Author:

Ernesto Falcon
Program Manager
Communications and Broadband Policy Branch

Research Support:

Bixia Ye, Senior Public Utilities Regulatory Analyst
Victor Smith, Senior Public Utilities Regulatory Analyst
Elizabeth Louie, Public Utilities Regulatory Analyst
Christopher Bartulo, Public Utilities Regulatory Analyst

Table of Contents

I.	Executive Summary.....	4
II.	Introduction.....	5
III.	California’s Legal Authority to Adopt a New York-Style Affordability Law	6
IV.	Significant Consumer Savings for Low-Income Families.....	7
V.	Financial Impact of a \$15 Broadband Price Cap on Californian’s Largest Providers.....	8
VI.	The State Should Still Consider Subsidies Even with a \$15 Plan Requirement.....	10
VII.	Total Estimated Cost of a New Standalone Broadband Subsidy	14
VIII.	Conclusion	16
	Appendix A – Potential Savings from Expanding Telehealth Could Exceed Costs of Subsidies	17

I. Executive Summary

California could provide nearly \$100 million per year in savings to low-income residents by requiring broadband providers to offer a \$15 per month plan for 100/20 Mbps service to households at or below 200% of the federal poverty line (less than \$65,000 per year for a family of four). This action would not only reduce broadband costs but also generate downstream savings in healthcare by expanding access to telehealth, reducing transportation and healthcare facility costs.

Recently, the Second Circuit Court of Appeals upheld New York's right to require an affordable broadband tier, setting a legal precedent that California could follow. Our office has analyzed confidential data provided by certain broadband companies to the California Public Utilities Commission (CPUC) to determine the potential financial impact of a \$15 low-income broadband plan on these providers. To protect this confidential information, our findings are presented in aggregate. Our analysis shows that a \$15 low-income broadband requirement would potentially reduce the combined revenues of the four largest broadband providers – AT&T, Comcast, Cox, Charter/Spectrum – *by less than one percent.*

Currently, these providers charge low-income customers a weighted average of \$30 per month for broadband, often at speeds below the Federal Communications Commission (FCC) standard. Many low-income subscribers pay even more for higher-tier services despite financial constraints. However, most provider revenue comes from non-low-income customers, with the most popular broadband plans offering speeds above 300 Mbps at \$85 to \$99 per month. The single most popular plan alone generates approximately 30 times greater revenue than the loss providers would incur from a \$15 low-income requirement.

Even at \$15 per month, broadband remains unaffordable for many low-income residents in California. Both the CPUC and the National Telecommunications and Information Administration (NTIA) have found that a significant portion of unconnected households cannot pay anything for broadband service. This underscores the need to pair an affordable broadband price floor with subsidies for the lowest-income households. In fact, subsidies may more than offset any potential revenue loss from a \$15 requirement for the four largest broadband providers because it would increase adoption by new low-income customers.

II. Introduction

Broadband access is a necessity for full participation in today's economy, education system, and healthcare services. However, millions of low-income Californians remain unconnected due to high service costs, exacerbating digital inequities across the state. Following the expiration of the federal Affordable Connectivity Program (ACP), California policymakers are considering ways to improve broadband affordability without relying on short-term federal subsidies.

One approach under consideration is a state-mandated low-cost broadband tier, similar to New York's Affordable Broadband Act. This policy would require California's four largest broadband providers – AT&T, Comcast, Cox, and Charter/Spectrum – to offer an affordable broadband plan for low-income households at a fixed, reduced price. Given recent federal court decisions on broadband, California has a clear legal pathway to implement such a requirement.

This preliminary report examines the feasibility and implications of implementing a broadband affordability mandate in California. Specifically, this report:

- Reviews the legal precedent supporting state action to regulate broadband pricing.
- Assesses potential cost savings for low-income households.
- Evaluates the financial impact on broadband providers.
- Explores the role of subsidies for the lowest-income residents who may still struggle to afford broadband even under a price cap.
- Estimates the cost of a potential state broadband subsidy program to fill affordability gaps.

The next section examines the legal foundation for California's ability to regulate broadband pricing, drawing on recent court decisions – particularly in New York – that support state authority in this area.

III. California’s Legal Authority to Adopt a New York-Style Affordability Law

On December 16, 2024, the Second Circuit Court of Appeals issued an opinion to uphold New York State’s right to directly regulate the price of broadband.¹ The court found that no federal law exists to prevent states from entering this regulatory space and that the Federal Communications Commission (FCC) lacks the authority to preempt state broadband affordability rules.² This opinion aligns with previous decisions by the D.C. Circuit Court in the *Mozilla* decision³ and the Ninth Circuit Court’s *ACA Connects v. Bonta*⁴ decision, both of which found that the FCC cannot preempt states in areas where it lacks authority to regulate. Further supporting this position, the Sixth Circuit Court of Appeals ruled on January 2, 2025, that the FCC could not reclaim its authority over broadband pricing regulation.⁵

On January 17, 2025, New York’s Affordable Broadband Act took effect, requiring broadband providers across the state to offer \$15 per month plans for qualifying low-income households at 25 Mbps (the FCC standard for downloads at the time the law was passed in 2022) and \$20 per month plans for 200 Mbps.⁶ Providers may choose which of the two plans they offer with Verizon notably opting to provide a \$20 low-income plan above the FCC broadband standard.⁷ Broadband providers serving 20,000 households or fewer may apply for exemptions at the New York Public Service Commission (NYPSC) by demonstrating an “unreasonable and unsustainable financial impact.” Lastly, the law allows the NYPSC to raise the required minimum speed standards and price of broadband providers in the future.

New York’s requirement to cap broadband costs for low-income households at \$15 per month is constitutionally permissible. It was extensively litigated and the Supreme Court’s decision to decline further challenges to the Second Circuit decision effectively ended the legal dispute. The industry has claimed that AT&T was forced to discontinue its limited deployment of fixed wireless 5G (at nearly

¹ *New York State Telecommunications Association, Inc. v. James* (2d Cir. 2024) 101 F.4th 135, cert. denied *sub nom. NY Telecommunications, et al. v. James, Att’y Gen. of NY*, No. 24-161, 2024 WL 5112294 (U.S. Dec. 16, 2024).

² *Id.* at 155, the court finding “Absent the “power to act,” the FCC has no power to preempt broadband rate regulation.”

³ *Mozilla Corp. v. FCC*, 940 F.3d 1 (2019).

⁴ *ACA Connects v. Bonta*, 24 F.4th 1233, 1241–45 (9th Cir. 2022).

⁵ *Ohio Telecom Ass’n v. FCC*, No. 24-3449 (6th Cir. 2025).

⁶ 2021 N.Y. Sess. Laws 202–04 (McKinney) (codified at N.Y. Gen. Bus. Law § 399-zzzzz).

⁷ Verizon Forward leverages the company’s existing fiber infrastructure to deliver both fiber and fixed wireless broadband services above the FCC standard of 100/20 Mbps. See <https://www.verizon.com/discounts/verizon-forward>.

triple the price of Verizon’s low-income 5G home internet service),⁸ but our review of confidential data submitted to the CPUC by broadband providers does not support this assertion.

IV. Significant Consumer Savings for Low-Income Families

Considering the New York precedent, California can implement a similar broadband affordability law. Doing so would significantly reduce costs for low-income households and generate substantial consumer savings.

The current weighted average price for broadband or near-broadband service⁹ from the four largest providers in California is \$30 per month.¹⁰ This price point emerged in response to the now-expired Affordable Connectivity Program (ACP), under which providers negotiated an offering with the Biden Administration to deliver broadband at zero cost to consumers.¹¹ The four largest providers in the state have more than 500,000 low-income subscribers using broadband service at or below the standard internet speed of 100/20 Mbps at the average weighted price of \$30 per month. However, more than 850,000 low-income subscribers are paying above \$30 per month to have services that are above the standard of 100/20Mbps.

If broadband bills for low-income customers on plans at or below the standard speed were reduced from \$30 to \$15 per month, they would save nearly \$100 million per year. If a \$15 per month requirement resulted in the remaining 850,000+ low-income subscribers downgrading to the \$15 broadband service plan, they would collectively save up to an additional \$150 million per year. This secondary revenue impact is based on a potential “downgrade flight” – a mass migration of low-income subscribers to

⁸ Supplemental Brief, *New York State Teachers Association v. James*, No. 24-161 (Jan. 17, 2025), *available at* https://www.supremecourt.gov/DocketPDF/24/24-161/339618/20250117153313967_suppl.%20brief%20-%20NYSTA%20v.%20James%20-%20No.%2024-161.pdf.

⁹ Near-broadband service represents service plans that fall slightly below the FCC standard of 100/20 Mbps. For example, Charter offers a 100/10 Mbps plan for low-income customers.

¹⁰ The average of AT&T’s \$30 per month for 100/100 Mbps, Comcast’s \$29.95 per month for 100/20 Mbps, Cox’s \$30 per month for 100/5 Mbps, and Charter (Spectrum)’s \$29.99 per month for 100/10 Mbps.

¹¹ Rob Pegoraro, *White House Lines Up 20 ISPs to Offer Free 100 Mbps Broadband to Qualifying Households* (May, 9, 2022), *available at* <https://www.pcmag.com/news/white-house-20-isps-free-100mbps-broadband-to-qualifying>.

lower-cost, slower plans – which requires further consumer behavior analysis.¹² Furthermore, broadband providers could prevent downgrade flight by simply lowering prices for the most price-sensitive subscribers who are willing to pay more for higher-tier services.

According to data from the recently expired federal ACP, a total of 5,844,797 California households with incomes at or below 200% of federal poverty guidelines were eligible for low-income broadband assistance. This suggests that millions of additional households could benefit from new low-cost broadband offerings as new subscribers given that more than 1.4 million currently subscribe to the four largest broadband providers. If adoption rates by low-income Californians were to reach nearly 100%, the total net consumer savings statewide could exceed \$1 billion per year. Notably, despite consumer savings, broadband providers could still see profit increases by expanding their customer base to include the previously unsubscribed population, even at the \$15 per month cap, which represents a net gain.

The following section evaluates the estimated revenue impact on the four largest broadband providers in California. In this analysis, we exclude non-subscribers and focus on current subscriber revenues based on data the providers submitted to the CPUC.

V. Financial Impact of a \$15 Broadband Price Cap on California’s Largest Providers

Broadband providers do not publicly disclose state-specific profit data. However, confidential data obtained through data requests for our annual broadband pricing report allows for an aggregate analysis of their revenues. We narrowed our analysis to the four largest fixed broadband providers¹³ – AT&T, Comcast, Cox, and Charter/Spectrum – since they cover nearly every resident in the state. This allows us to replicate the reach and impact of New York’s Affordable Broadband Act law. Based on data provided to the CPUC, our findings indicate that the overall financial impact is minimal on broadband

¹² We are currently in process of requesting data from the broadband industry to analyze consumer behavior following the expiration of the ACP and we will incorporate those findings in our Broadband Pricing report later this year.

¹³ Frontier is the 5th largest provider of low-income access and should be covered as well, but for simplicity they are excluded for now due to their ongoing merger with Verizon. It is also worth noting that Verizon currently has a \$20 low-income program that leverages fiber infrastructure.

provider revenues collected from existing low-income customers currently subscribed to broadband or below-standard broadband service. **We estimate that a \$15 per month broadband cap for low-income subscribers would reduce the combined revenue of these providers by *less than one percent*.**

The immediate impact on revenues is premised on low-income customers who subscribe to standard broadband or below-standard broadband services, which currently represent a small portion of low-income subscribers. More than 60% of low-income subscribers of the four largest providers pay for broadband services that exceed the standard speed of 100/20 Mbps and are already paying above the \$30 weighted average. In fact, our data shows that some low-income customers even subscribe to speeds at or above 500/20 Mbps, with prices ranging between \$60 to \$74.99 per month.¹⁴ Despite limited income, a small but notable minority of more than 500 low-income households pay over \$100 per month for the highest tier of gigabit broadband services.

If California implements a \$15 price cap, some low-income subscribers may shift from higher-cost, higher-tier plans to the lower-priced, lower-tier options. If this migration occurs on a large scale, it could potentially reduce the California-based revenues of the four largest providers by more than 2%. However, the potential for a downgrade flight is speculative at this time because these customers have demonstrated they value higher tiers of service despite the substantial increases in costs. Broadband providers could also mitigate downgrade flight by adjusting their pricing strategies, such as reducing prices for higher-tier broadband services to retain price-sensitive but value-driven low-income customers. The result being setting a regulated price floor for low-income broadband could introduce downward pressure on prices across all service tiers, ultimately benefiting low-income customers beyond those opting for the \$15 capped plan.

These findings are preliminary and subject to additional analysis, particularly regarding additional data we are seeking on cash flow impacts following the expiration of ACP. However, given that low-income subscribers generate only a fraction of overall broadband revenue, it is unlikely that our findings will

¹⁴ Some examples of plans low-income Californians are willing to subscribe to include Comcasts 800/20 Mbps, Cox 500/10 Mbps, and Spectrum's 500/20 Mbps plans.

change substantially. For example, the most popular service tiers offered by the four largest providers – featuring speeds above 300 Mbps and extending into the gigabit tier – generate over \$3 billion in annual revenue. In comparison, implementing a \$15 price cap for low-income subscribers would result in a revenue reduction of approximately 1/30th of what these providers earn from just one of their most popular plans, which typically range from \$85 to \$99 per month for non-low income consumers.

As part of our ongoing consumer cost analysis, we will continue to assess the revenue implications of a mandated low-income broadband plan. Our final findings will be incorporated into our annual Broadband Pricing report, scheduled for publication later in 2025.

VI. The State Should Still Consider Subsidies Even with a \$15 Plan Requirement

Reducing the cost of broadband to \$15 per month would provide substantial savings for low-income residents. However, our analysis indicates that affordability remains a barrier for many Californians who cannot afford broadband unless the cost is brought down to \$0. A study conducted by the Biden Administration’s National Telecommunications and Information Administration (NTIA) found that while some unconnected households were willing to pay \$10 per month for broadband service, a majority reported that any price above \$0 was a barrier to broadband adoption.¹⁵ The CPUC’s own analysis confirms these findings, highlighting the need for additional subsidies if we are to bring every low-income Californian online.

To assess broadband affordability, the CPUC adopted a metric called the Affordability Ratio in the Cross-Industry Affordability Rulemaking (R.)18-07-006.¹⁶ The Affordability Ratio quantifies the percentage of discretionary income (i.e. income after housing and other utility costs have been removed) that a representative household spends on utility service. This metric is calculated at the Public Use

¹⁵ Michelle Cao & Rafi Goldberg, *New Analysis Shows Offline Households Are Willing to Pay \$10-a-Month on Average for Home Internet Service, Though Three in Four Say Any Cost is Too Much*, National Telecommunications and Information Administration (Oct. 6, 2022), available at <https://www.ntia.doc.gov/blog/2022/new-analysis-shows-offline-households-are-willing-pay-10-month-average-home-internet>

¹⁶ CPUC Rulemaking (R.)18-07-006.

Microdata Area (PUMA) geographic level¹⁷ for low-income households (Affordability Ratio at the 20th percentile income level (AR₂₀)) and median-income households (Affordability Ratio at the 50th percentile income level (AR₅₀)). PUMAs are statistical non-overlapping geographies that are made up of census tracts and contain at least 100,000 people.

In California, there are currently 281 PUMAs as of the 2020 U.S. Census. The CPUC created the Affordability Ratio Calculator (ARC) to allow users to calculate Affordability Ratios for electricity, gas, water, communications (voice and broadband), and bundled service. The ARC is designed to allow users to override the inputs to the ARC for more tailored calculations. By adjusting the broadband input to \$15, we analyzed its impact on a low-income household's ability to afford broadband within their overall communications expenses in each PUMA. Our findings indicate that in 18 PUMAs across Alameda, Fresno, Kern, Los Angeles, and Yolo counties, low-income households would spend more than 15% of their discretionary income (the threshold for affordability) on communications services.

In four Los Angeles County PUMAs, including Koreatown and Central Los Angeles, low-income households would need to allocate 100% of their discretionary income to communications services, indicating some low-income households are unable to afford broadband even at the \$15 price point. The demographics of these communities indicate that 80% of residents in these PUMAs are people of color,¹⁸ and research indicates that broadband adoption varies by race and ethnicity in the U.S., where people of color and senior citizens on limited income are disproportionately impacted.¹⁹ For example, in Central Los Angeles, 21% of senior residents have a physical or mental condition that “makes it difficult for them to take care of their own personal needs, such as bathing, dressing, or getting around inside the home.”²⁰ It is especially critical for these residents and their caretakers to have access to services like telehealth through broadband and for that access to be affordable.

¹⁷ See, “Public Use Microdata Areas (PUMAs)” United States Census Bureau. <https://www.census.gov/programs-surveys/geography/guidance/geo-areas/pumas.html>.

¹⁸ PUMA demographic data obtained from IPUMS. *Steven Ruggles, Sarah Flood, Matthew Sobek, Daniel Backman, Grace Cooper, Julia A. Rivera Drew, Stephanie Richards, Renae Rogers, Jonathan Schroeder, and Kari C.W. Williams. IPUMS USA: Version 16.0 [dataset]. Minneapolis, MN: IPUMS, 2025.* <https://doi.org/10.18128/D010.V16.0>

¹⁹ See, “Home broadband adoption, computer ownership vary by race, ethnicity in the U.S.” Pew Research Center. 2021. <https://www.pewresearch.org/short-reads/2021/07/16/home-broadband-adoption-computer-ownership-vary-by-race-ethnicity-in-the-u-s/>.

²⁰ See, https://usa.ipums.org/usa-action/variables/DIFFCARE#description_section.

In South Central Los Angeles the average household size is about four people, indicating that there are likely dependents in the household, which can further increase a household’s nondiscretionary costs.²¹ Notably, the CPUC’s Affordability Ratio only considers housing and utility costs in its definition of nondiscretionary costs.²² In reality, there are many other nondiscretionary costs that a household may face, extending to food, healthcare, and education.

Figure 1 below provides a clear breakdown of these affordability challenges, showing that households in these four Los Angeles County PUMAs are spending 100% of their discretionary income on broadband – even at the proposed \$15 monthly price point.

Figure 1. PUMAs with Critical Broadband Affordability Challenges at \$15 Broadband Pricing

Public Use Microdata Area (PUMA)	County/City	Affordability Ratio at the 20 th Percentile Income Level
03733	Los Angeles County (Central) – LA City (Central/Koreatown)	100.00%
03746	Los Angeles County – LA City (Central/Univ. of Southern California & Exposition Park)	100.00%
03751	Los Angeles County (South Central) – LA City (South Central/Watts)	100.00%
03776	Los Angeles County (West Central) – LA City (Central/Westwood & West Los Angeles)	100.00%

²¹ See, Affordability Ratio Calculator available at: <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability/2021-and-2022-annual-affordability-refresh>

²² See, Affordability Ratio at: <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability/affordability-ratio>.

Even when the broadband cost input is reduced to \$5 (see Figure 2 below), low-income households in these PUMAs would still spend over 90% of their discretionary income on communications services. This indicates that broadband remains unaffordable for these households, even at this lower price point, aligning with the Biden Administration’s findings on broadband affordability.

Figure 2. PUMAs with Critical Broadband Affordability Challenges at \$5 Broadband Pricing

Public Use Microdata Area (PUMA)	County/City	Affordability Ratio at the 20 th Percentile Income Level
03733	Los Angeles County (Central) – LA City (Central/Koreatown)	97.19%
03746	Los Angeles County – LA City (Central/Univ. of Southern California & Exposition Park)	93.20%
03751	Los Angeles County (South Central) – LA City (South Central/Watts)	94.14%
03776	Los Angeles County (West Central) – LA City (Central/Westwood & West Los Angeles)	90.41%

While a \$15 low-income broadband plan would expand access for many low-income Californians, some communities would still be unable to afford a \$15 monthly bill. Moreover, the CPUC’s definition of discretionary income does not account for other essential expenses such as healthcare and food, suggesting that the current method of assessing affordability may underestimate the financial burden on these households.

VII. Total Estimated Cost of a New Standalone Broadband Subsidy

The expiration of the federal ACP has created a vacuum in affordability subsidies for low-income Californians, with no existing state program automatically filling the void. While the California Lifeline program is available to ACP recipients, a vast majority of participants use their Lifeline subsidy for mobile services, whereas ACP funding was mostly split between fixed and mobile broadband.²³ Additionally, Lifeline eligibility is capped at 150% of the federal poverty line, compared to 200% under the ACP, limiting its reach. Aligning the eligibility and structure of the Lifeline program with the expired ACP program could improve efficiency and expand access to broadband subsidies.

Figure 3 below provides cost estimates for a new subsidy program that would align the Lifeline and ACP programs. The estimates cover three subsidy levels – \$15, \$20, and \$30 per month – while assuming adoption rates increase by 10% annually, starting from the current Lifeline subscriber base.

Figure 3. Cost Estimates for Implementing Broadband Subsidies at \$15, \$20, and \$30 per Month

Estimates Based on Adoption Levels	# of Households	Year	Total Cost at \$15/month	Total Cost at \$20/month	Total Cost at \$30/month
USC ACP-Eligible HHs (<200% FPL)	5,844,797	2034	\$1,052,063,460	\$1,402,751,280	\$2,104,126,920
90%	5,377,149	2033	\$967,886,755	\$1,290,515,674	\$1,935,773,510
80%	4,912,490	2032	\$884,248,256	\$1,178,997,674	\$1,768,496,512
70%	4,447,832	2031	\$800,609,756	\$1,067,479,675	\$1,601,219,513
60%	3,983,174	2030	\$716,971,257	\$955,961,676	\$1,433,942,514
50%	3,518,515	2029	\$633,332,758	\$844,443,677	\$1,266,665,515
40%	3,053,857	2028	\$549,694,258	\$732,925,678	\$1,099,388,516
30%	2,589,199	2027	\$466,055,759	\$621,407,678	\$932,111,518
Increments of +10% HH per year to 5.8 million	2,124,540	2026	\$382,417,259	\$509,889,679	\$764,834,519
Current Total LifeLine Subscribers	1,659,882	2025	\$298,778,760	\$398,371,680	\$597,557,520

* HHs stands for “households” and FPL stands for “Federal Poverty Line”

²³ COMMUNITY NETWORKS, *ACP Dashboard*, available at <https://communitynets.org/content/acp-dashboard>.

Our office has not taken a position on the specific funding mechanism for broadband affordability programs; however, we believe that establishing a permanent revenue source is critical to avoid the pitfalls seen in the ACP. The federal government’s decision to structure the ACP as a temporary fund ultimately undermined the long-term impact of the program, providing only short-term relief to low-income consumers. Additionally, uncertainty around funding discouraged broadband providers and new market entrants from seeking to serve low-income subscribers with long-term investment plans.

A permanent funding source would have several downstream benefits, including stimulating broadband investment and reducing the overall cost of expanding broadband access across California. A study by Common Sense Media found that ACP subsidies enhanced buying power for low-income residents and improved cashflow for broadband providers while reducing the per-household costs for infrastructure investments.²⁴

Although a \$15 broadband price cap may result in slight revenue reductions for broadband providers, we estimate that increasing adoption rates among currently unconnected low-income households with a \$15 subsidy (effectively bringing their costs to zero to maximize access) could increase revenues by more than \$250 million per year for the four largest broadband providers. This increased revenue would more than offset any losses from a \$15 price cap. Beyond direct consumer savings, broadband subsidies offer broader economic benefits, particularly in healthcare, education, and workforce participation. A recent study by the Brattle Group²⁵ found that the ACP generated savings for both consumers and government programs through increased telehealth adoption, improved educational outcomes, and higher earnings from expanded workforce participation. This analysis focuses particularly on healthcare-related cost savings associated with telehealth expansion, as detailed in Appendix A.

²⁴ Clark, K., Fazlullah, A., Garner, D., Golnabi, S., Hill, H., Kalmus, M., McQuiggan, M., and Salmirs, E. (2022). *Closing the digital divide benefits everyone, not just the disconnected: An analysis of how universal connectivity benefits education, health care, government services, and employment*. COMMON SENSE. Available at https://www.common sense media.org/sites/default/files/research/report/2022-cs-bcg-closing-digital-divide_final-release-3-for-web.pdf#e=34

²⁵ See “Paying for Itself: How the Affordable Connectivity Program Delivers More Than It Costs.” (“Paying for Itself”) Brattle Group. 2025. <https://www.brattle.com/insights-events/publications/new-brattle-study-finds-the-affordable-connectivity-program-pays-for-itself/>

VIII. Conclusion

Broadband access is an essential service that has taken on equal prominence with other utilities because of its critical importance to people's lives. Yet access to broadband is facing an affordability barrier and those with limited income are disproportionately harmed by high prices. Multiple reports^{26,27,28} have consistently confirmed that cost is a major obstacle to broadband adoption. The recently passed low-income broadband protection law in New York provides a new option for California policymakers and regulators to consider.

The passage of New York's law, and the legal challenges it overcame, has reinforced states' authority to address broadband affordability. While bringing down the price of broadband to \$15 per month would deliver substantial benefits and cost savings, the state should also consider subsidies to bring the total cost to \$0. Both the CPUC and NTIA have found that even at \$15 per month, many households still cannot afford service. By implementing targeted subsidies to bring costs down to \$0 for the most vulnerable consumers, broadband adoption could significantly increase – potentially allowing the four largest broadband providers to increase revenues and suffer no loss.

Finally, broadband access at the FCC's minimum standard of 100/20 Mbps enables crucial services such as telehealth, remote education, and workforce participation. However, given the historical evolution of Internet speeds, today's minimum standard is unlikely to remain sufficient in the coming years. Future broadband policy must anticipate increasing speed and quality demands, ensuring that low-income residents are not left behind as technology continues to advance.

²⁶ CALIFORNIA EMERGING TECHNOLOGY FUND, *Statewide Survey on Broadband Adoption 2021*, (Mar. 2021), *available at* https://www.cetfund.org/wp-content/uploads/2021/03/Annual_Survey_2021_CETF_USC_Final_Summary_Report_CETF_A.pdf#page=20.

²⁷ Anna Read, *How Can The United States Address Broadband Affordability?*, PEW CHARITABLE TRUSTS (Apr. 29, 2022), *available at* <https://www.pewtrusts.org/en/research-and-analysis/articles/2022/04/29/how-can-the-united-states-address-broadband-affordability>.

²⁸ BENTON INSTITUTE FOR BROADBAND & SOCIETY, *Broadband Affordability is an Ongoing Challenge for Low-Income Households* (Jul. 24, 2024), *available at* <https://www.benton.org/blog/broadband-affordability-ongoing-challenge-low-income-households>

Appendix A – Potential Savings from Expanding Telehealth Could Exceed Costs of Subsidies

The Brattle Group estimated that each telehealth visit saves patients on average between \$174 and \$219 and saves providers roughly \$2,211. Other studies on telehealth have found similar amounts of savings to consumers from avoiding transit costs and preventing them from losing wage hours from taking additional time off work.²⁹ The Brattle Group estimates total customer and provider savings lost from ACP discontinuation by multiplying the number of estimated disconnected customers by the percentage of customers who had a telehealth visit in the previous three months (60%), multiplying the resulting number by four to annualize it, and multiplying the resulting number of expected annual telehealth visits by the estimated benefits.³⁰

On a preliminary basis,³¹ disconnections in California can be calculated based on a Benton Institute survey that found that 13% of ACP recipients would disconnect their home service if they lost the benefit. A further 36% stated that they would downgrade to a cheaper or slower plan if the benefit was lost.³² Using these numbers, we can conservatively estimate the telehealth benefits lost with the termination of the ACP. Table 1 below estimates the potential telehealth savings in California if a broadband subsidy program were implemented to reduce costs to zero for eligible households.

²⁹ Natasha Arora & Maggie Jones, *Telehealth Evolution in California: Progress, Challenges, and Opportunities*, CALIFORNIA HEALTHCARE FOUNDATION (Jan. 2025), available at <https://www.chcf.org/wp-content/uploads/2025/01/THEvolutionCA2025.pdf>. See also THE CENTER FOR TELEHEALTH AND E-HEALTH LAW, *The Case for Permanent Telehealth Policy: Cost Savings and Patient Access at Risk*, available at <https://www.ctel.org/breakingnews/the-case-for-permanent-telehealth-policy-cost-savings-and-patient-access-at-risk>

³⁰ Paying for Itself, p. 19.

³¹ We are still researching the total impact of the expiration of ACP and will include our findings in our final report.

³² “Leaving Money on the Table: The ACP’s Expiration Means Billions in Lost Savings.” Benton Institute. <https://www.benton.org/publications/acp-expiration-means-billions-lost-savings>

Table 1. Estimated Telehealth Visits and Savings from Reconnecting the Disconnected

1	CA Households Enrolled in ACP at end of program	2,945,281
2	Estimated number of disconnections in CA	382,887
3	Percentage of ACP Households with a Telehealth Appointment in Prior 3 Months	60%
4	No. of Telehealth Appointments for Disconnected Household Members for 3 Months in CA	229,732
5	Total Estimated Telehealth Visits Lost Per Year Due to ACP Discontinuation in CA	918,928

	Estimated Potential Savings of Restarting Benefit	Low End of Range	High End of Range
6	Patient Savings per visit	\$174	\$219
7	Provider Savings per visit	\$2,211	\$2,211
8	Combined Savings	\$2,385	\$2,430
9	Estimated Total Annual Savings	\$2,191,642,498	\$2,232,994,243

While Table 1 shows personal and provider benefits, it is possible to also estimate budgetary benefits to the state of California, as Brattle Group did with a budget scoring analysis.³³ This can be done if we make a few key assumptions. As with the last table, these assumptions will assume conservative figures to estimate a low-end of benefits. First, we must estimate the percentage of Medicaid benefits paid for by the state. California’s federal match amount is 50% (though it is 90% for Medi-Cal enrollees who are low-income adults who had previously not been covered).^{34,35} California’s budget includes roughly \$161 billion for Medi-Cal which is roughly half of the state budget for 2025-2026 (though half of the

³³ See Paying for Itself, p. 22.

³⁴“Federal Medical Assistance Percentage (FMAP) for Medicaid and Multiplier: Fiscal Year 2024.” KFF.

<https://www.kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/?currentTimeframe=2&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

³⁵ Ana B. Ibarra. “California has a lot to lose if Trump slashes Medicaid. Seniors, kids and more could face coverage cuts.” CalMatters. <https://calmatters.org/health/2025/02/medicaid-medi-cal-trump-cuts/>

\$161 billion comes from federal support).^{36,37} Similarly, we must estimate the overlap of Medi-Cal and ACP recipients. Nationwide surveys indicate that this overlap is 37%, though it is almost assuredly higher in California as 38% of California’s population are Medi-Cal enrollees. Therefore, we apply 38% in this analysis with the understanding that it is a conservative estimate of the percentage of Medi-Cal enrollees in the ACP. Using these assumptions, Table 2 estimates potential budgetary savings due to reduced costs to Medi-Cal, mimicking the budget scoring analysis conducted by the Brattle Group.

Table 2. Estimated California Budgetary Savings Attributable to Increased Telehealth Usage Resulting from ACP

1	Total Estimated Telehealth Visits Lost Per Year Due to ACP Discontinuation	918,928
2	Medi-Cal and ACP Recipient Overlap	38%
3	Total Estimated Telehealth Visits Lost per Year for Medi-Cal and ACP Overlap	349,193
4	Provider Savings/Visit	\$2,211
5	Lost Savings from Medicaid- ACP Overlap Recipients	\$772,064,651
6	California Medi-Cal Support	50%
7	California Portion of Savings	\$386,032,326
8	Medi-Cal Reimbursement Adjustment	78%
9	Estimated Budgetary Savings	\$301,105,214

Table 2 is the percentage of Californians enrolled in Medi-Cal based on the earlier conservative estimate. Row 1 is taken from Table 1, row 5. Row 3 is row 1 multiplied by row 2. Row 4 is taken from Table 1, row 7. Row 5 is row 3 multiplied by row 4 to provide the estimation of lost savings from telehealth visits. Row 6 is the estimate of Medi-Cal’s portion of each avoided visit. Row 7 is row 5 times row 6. Row 8 is an adjustment the Brattle Group included to account for the fact that “Medicaid

³⁶ Id.

³⁷ “Governor Newsom sends 2025-26 budget plan to Legislature.” Governor Gavin Newsom website. <https://www.gov.ca.gov/2025/01/10/governor-newsom-sends-2025-26-budget-plan-to-legislature/>

costs 22% less for adults than private insurance, or stated alternatively, reimbursement to providers is at most 78% of that of private insurance.”³⁸

As shown in Table 2, the budgetary savings to California’s Medi-Cal budget are substantial, estimated conservatively at \$301 million. Notably, these savings are highly sensitive to several variables, specifically the recipient overlap percentage and the California Medi-Cal Support percentage. For example, if we assume that 66% of ACP recipients were Medi-Cal enrollees, and we assume that the subsidy program is budgeted to provide service for 2.945 million households,³⁹ the budgetary savings are greater than the total cost of the program. Similarly, if the California portion of Medi-Cal support increases to 60%, then the budgetary crossover point for enrollees is at 44%. This implies that if California’s portion of Medi-Cal increases to 60%, this Program will provide budgetary benefits if 44% or more of enrollees are also enrolled in Medi-Cal.

³⁸ Hannah Katch, Jesse Cross-Call and Matt Broaddus “Frequently Asked Questions About Medicaid.” Center on Budget and Policy Priorities. <https://www.cbpp.org/research/correcting-seven-myths-about-medicaid>.

³⁹ This is a reasonable assumption, given the starting point of enrollees for this analysis assumes only 2.945 million enrollees.