Congressional Budget Office
Cost Estimate

December 2, 2024

At a Glance

S. 2238, PLAN for Broadband Act

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on July 31, 2024

By Fiscal Year, Millions of Dollars	2025	2025-2029	2025-2034
Direct Spending (Outlays)	570	5,945	6,510
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	570	5,945	6,510
Spending Subject to Appropriation (Outlays)	1	2	not estimated

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2035?	No	Statutory pay-as-you-go procedures apply?	Yes
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2035?	No	**Mandate Effects**	
		Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold

The bill would

- Appropriate $7.0 billion for the Affordable Connectivity Program and $3.1 billion for the Supply Chain Reimbursement Program, both administered by the Federal Communications Commission (FCC)
- Direct the FCC to auction its inventory of spectrum licenses within the band of frequencies commonly referred to as the AWS-3 bands
- Impose a private-sector mandate as defined in the Unfunded Mandates Reform Act

Estimated budgetary effects would mainly stem from

- Increased direct spending on the FCC programs
- Increased receipts from spectrum auctions
- Increased spending subject to appropriation to create a national strategy for synchronizing federal broadband programs

Detailed estimate begins on the next page.

See also
CBO's Cost Estimates Explained, *CBO Describes Its Cost-Estimating Process*, *Glossary*

Bill Summary

S. 2238 would appropriate $7.0 billion for the Affordable Connectivity Program and $3.1 billion for the Supply Chain Reimbursement Program, both administered by the Federal Communications Commission (FCC). In addition, the bill would direct the FCC to auction its inventory of spectrum licenses within the band of frequencies commonly referred to as the AWS-3 bands.

The bill also would require the FCC and the National Telecommunications and Information Administration (NTIA) to report to the Congress on a national strategy to synchronize federal broadband programs and their implementation plan. Finally, the bill would require the Government Accountability Office (GAO) to study the efficacy of that plan.

Estimated Federal Cost

CBO estimates that enacting S. 2238 would, on net, increase direct spending by $6.5 billion over the 2025-2034 period; that amount includes an increase in direct spending of $9.8 billion and an increase in offsetting receipts, which are recorded in the budget as decreases in direct spending, of $3.3 billion. The estimated budgetary effect of S. 2238 is shown in Table 1. The costs of the legislation fall within budget functions 370 (commerce and housing credit) and 950 (undistributed offsetting receipts).

Basis of Estimate

CBO assumes that the bill would be enacted late in calendar year 2024.

Direct Spending

In total, CBO estimates that enacting S. 2238 would increase direct spending by $6.5 billion over the 2025-2034 period.

The bill would appropriate $7.0 billion for the Affordable Connectivity Program. Based on historical spending patterns for the program, CBO estimates that the FCC would spend $6.9 billion over the 2025-2034 period to fund monthly broadband benefits for low-income households and subsidies for connected devices, such as laptops and tablets.

The bill also would appropriate $3.1 billion for the Supply Chain Reimbursement Program. Based on historical spending patterns for the program, CBO estimates that the FCC would spend $3.0 billion over the 2025-2034 period to reimburse communications providers for the cost of removing and replacing equipment and services that pose a risk to national security.

Table 1.
Estimated Budgetary Effects of S. 2238

	By Fiscal Year, Millions of Dollars											
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2025-2029	2025-2034
Increases or Decreases (-) in Direct Spending												
Affordable Connectivity Program												
Budget Authority	7,000	0	0	0	0	0	0	0	0	0	7,000	7,000
Estimated Outlays	1,120	5,560	180	0	0	0	0	0	0	0	6,860	6,860
Supply Chain Reimbursement Program												
Budget Authority	3,080	0	0	0	0	0	0	0	0	0	3,080	3,080
Estimated Outlays	5	10	410	1,015	975	565	0	0	0	0	2,415	2,980
FCC Auction Receipts												
Estimated Budget Authority	-555	-2,220	-555	0	0	0	0	0	0	0	-3,330	-3,330
Estimated Outlays	-555	-2,220	-555	0	0	0	0	0	0	0	-3,330	-3,330
Total												
Estimated Budget Authority	9,525	-2,220	-555	0	0	0	0	0	0	0	6,750	6,750
Estimated Outlays	570	3,350	35	1,015	975	565	0	0	0	0	5,945	6,510
Increases in Spending Subject to Appropriation												
Estimated Authorization	1	1	*	*	*	n.e.	n.e.	n.e.	n.e.	n.e.	2	n.e.
Estimated Outlays	1	1	*	*	*	n.e.	n.e.	n.e.	n.e.	n.e.	2	n.e.

FCC = Federal Communications Commission; n.e. = not estimated; * = between zero and $500,000.

CBO expects that providers would apply for funding in 2025 and 2026, and that the FCC would reimburse most providers over the 2027-2030 period.

In addition, the bill would direct the FCC to auction its inventory of spectrum licenses within the band of frequencies commonly referred to as the "AWS-3 bands." Using information from a prior AWS-3 auction and an analysis of industry demand, CBO estimates that the reauction of these licenses would generate $3.3 billion in offsetting receipts over the 2025-2034 period.

Spending Subject to Appropriation

In total, CBO estimates that implementing S. 2238 would cost $2 million over the 2025-2029 period; any related spending would be subject to the availability of appropriated funds.

Based on the cost of similar activities, CBO estimates that it would cost the NTIA, in consultation with other federal agencies, $2 million to implement the requirements in S. 2238.

CBO estimates that any costs to the FCC implement the bill would be insignificant. The FCC is authorized to collect fees each year sufficient to offset the appropriated costs of its regulatory activities; therefore, CBO estimates that the net cost to the commission would be negligible, assuming appropriation actions consistent with that authority.

Based on the costs of similar activities, CBO estimates that it would cost the GAO less than $500,000 to complete the required study.

Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in Table 1.

Increase in Long-Term Net Direct Spending and Deficits

CBO estimates that enacting S. 2238 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2035.

Mandates

If the FCC increases annual fee collections to offset the costs of implementing provisions in the bill, S. 2238 would increase the cost of an existing private-sector mandate on entities required to pay those fees. CBO estimates that the incremental cost of the mandate would be small and would fall well below the annual threshold established in the Unfunded Mandates Reform Act (UMRA) for private-sector mandates ($200 million in 2024, adjusted annually for inflation).

S. 2238 contains no intergovernmental mandates as defined in UMRA.

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