consumer action

Education and advocacy since 1971

January 24, 2018

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

RE: WC Docket No. 17-287, Bridging the Digital Divide for Low-Income Consumers
WC Docket No. 11-42, Lifeline and Link Up Reform and Modernization
WC Docket No. 09-197, Telecommunications Carriers Eligible for Universal Service Support

Dear Secretary Dortch:

The Lifeline program is of vital importance to millions of America's low-income households, including seniors, veterans, and limited-English speakers. Consumer Action and our network of 7,000 community partner organizations strongly oppose many of the Commission proposals which would undermine the Lifeline program—the only federal program targeted at assisting low-income households with the cost of broadband and telephone service.

The Federal Lifeline program ensures that all consumers, including low-income households have the opportunities and security that telephone and broadband service provides, including connecting to existing and potential employers, family and friends, healthcare services and emergency assistance. Adoption of several of the proposals set forth in the recent notice of proposed rulemaking would remove many Lifeline providers, including those whose services are used by most Lifeline-eligible low-income consumers. This would cause millions of existing Lifeline households to lose their service. We are at a loss to why the FCC would want to reduce the number of Lifeline subscribers, since participation rates are already far too low. USAC reports that there were at least 38.9 million households in the states and District of Columbia that were eligible for Lifeline as of October 2015, and only 12.5 million, or 32 percent, were enrolled in the program.[1] Lifeline is not reaching 68 percent of the households the program is intended to serve.

[1] GAO report, citation reads: *In March 2015, we estimated a similar approximation of 40 million households as eligible for Lifeline in 2012. In that report, we estimated the number of households eligible for Lifeline by adding the number of unique households participating in federal qualifying programs or earning incomes at or below 135 percent of the Federal Poverty Guidelines according to Census data. The Census data approximate, but do not completely align with, Lifeline eligibility. For example, the Census data do not reflect state Lifeline eligibility that extends beyond the FCC minimum requirements or qualifying programs specific to tribal areas.*

Specifically, we object to the following proposals issued by the Federal Communications Commission:

1.) The proposal to eliminate wireless resellers would result in cutting off approximately 70 percent of all current Lifeline participants, according to published data. Carriers that are not resellers have been exiting the Lifeline program and are thus showing no interest in serving low-income families. As the Commission has acknowledged, resellers often "ha[ve] better access to some market segments than the host facilities-based service provider and can better target specific market segments, including low-income, Lifeline-eligible consumers[.]"[2] Wireless providers have a proven track-record of outreach and education in multiple languages, and we have seen the benefits in improved Lifeline penetration rates for all communities, including Hispanic and Asian households in California and other states. Limiting Lifeline to facilities-based carriers will cause irreparable harm to the program and the low-income households it serves.

The reseller exclusion would limit or eliminate wireless choice for most Lifeline consumers. Of the national facilities-based wireless carriers, only Sprint (through its Assurance Wireless program) participates in Lifeline. None of the other three national wireless providers—AT&T, Verizon, or T-Mobile—have demonstrated any interest in providing Lifeline service.

2.) We are concerned that the proposal would only support subsidized services in rural areas, not in urban areas. Why not protect Lifeline voice services for all consumers, not just those in rural areas? The FCC should not eliminate Lifeline in any area in need of infrastructure. Low income rural and urban consumers should both have the option to choose services they prefer. Most current Lifeline consumers have a voice/data bundle. Voice service is critical for both rural and urban residents to report criminal activity, fires, and other emergency conditions, as well as for keeping in touch with health care providers.

3.) We oppose the FCC proposal to cap the size of the whole Lifeline program. A cap would shirk one of the four pillars of the Commission's universal service promise—affordability—and lead to fewer people who qualify for the program from being able to receive Lifeline-supported service, a service that is invaluable to their efforts to rise out of poverty.

4.) We oppose the co-pay for Lifeline. The new FCC proposal would eliminate the Lifeline services that are the most popular in the marketplace such as products which offer service for a price identical to the federal subsidy and thus do not require out-of-pocket payment by the consumer. For many Lifeline-eligible households, the difference between a program that provides $9.25 in no-charge service and a program that places a $9.25 discount

---

[2] *Implementation of Section 6002(B) of the Omnibus Budget Reconciliation Act of 1993*, Annual Report and Analysis of Competitive Market Conditions with Respect to Mobile Wireless, Including Commercial Mobile Services, FCC 17-126, 2017 WL 4348640, ¶ 15 (rel. Sept. 27, 2017) ("*2017 Mobile Competition Report*").

on a service billed by the month is the crucial difference between having network connectivity and not having network connectivity. These products work best for the most economically fragile subscribers—homeless veterans, domestic violence victims, and victims of natural disasters—because they do not require a credit check, deposit, late fees, or a checking account or some other way to make a monthly payment. The FDIC estimates that 9 million households are unbanked; an additional 19.9 percent are underbanked[3]—using money orders, payday loans and check cashing or pawn shops in order to pay their monthly bills. In the FDIC survey, 57 percent of those in unbanked households cited "do not have enough money to keep in an account" as a reason. These consumers would be left behind under a Lifeline program that required monthly payments.

The FCC's new proposals would be devastating to the millions of veterans, grandparents, students and families enrolled in Lifeline. We strongly oppose these changes and urge you to reject these proposals.

Sincerely,

Ken McEldowney
Executive Director

CC: Chairman Ajit V. Pai
Commissioner Mignon Clyburn
Commissioner Michael O'Rielly
Commissioner Brendan Carr
Commissioner Jessica Rosenworcel

[3] *2015 FDIC National Survey of Unbanked and Underbanked Households* (https://www.fdic.gov/householdsurvey)