



**National
Urban League**

*Empowering Communities.
Changing Lives.*

February 21, 2018

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
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:

On behalf of the National Urban League, the National Action Network, OCA – Asian Pacific American Advocates, Asian Americans Advancing Justice, the Multicultural Media and Internet Council, and the millions of Americans we represent, we write today to express our concerns with the Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking and Notice of Inquiry, released on December 1, 2017 in the above-captioned proceedings. The National Urban League has long been a proponent of actions that promote universal broadband adoption and access to telecommunications services, including through the Lifeline program. We recognize the nexus between technology-enabled opportunity and our historic mission: to enable African Americans and other underrepresented, economically-disadvantaged urban residents to obtain economic self-reliance, parity, power and civil rights. Without access to a phone and broadband service, low income Americans lose opportunities to pursue employment; are unable to reach emergency care (such as E-911 service); are unable to communicate with government departments and agencies, including those who provide essential services; and are unable to participate in the information economy. In addition, while the Commission has often spoken to its desires to close the Digital Divide, the proposal in the above-captioned proceedings means that 3.5 million of the 12 million Lifeline participants will no longer receive broadband services. We are especially concerned about several aspects of the FCC proposal.

Specifically, we strongly oppose the Commission's proposal to eliminate wireless resellers from participation in the Lifeline program. By excluding 70 percent of those currently providing Lifeline services, that proposed change will have a devastating impact on choice and competition in the Lifeline market and discourage consumer participation by making it harder for the very beneficiaries of the program – low-income consumers – to subscribe to and maintain Lifeline services. By limiting Lifeline to facilities-based carriers, low-income consumers will be largely deprived of Lifeline-subsidized wireless services.

Today, most low-income urban residents enrolled in Lifeline have chosen to receive service from wireless Lifeline providers, mostly resale providers. Those providers' services are widely chosen because they deliver the value that low-income households need and the mobility that they want. In an era when mobility is

essential to fully enable participation in the digital economy, the FCC's proposal amounts to a giant step backward by confining Lifeline benefits to landline telecommunications service. By taking away Lifeline customers' option of receiving subsidized mobile services, the Commission's proposal will make Lifeline services less attractive to potential low-income subscribers and therefore will reduce program participation by those who are eligible. It is our belief that whether a service provider should be allowed to remain in the Lifeline program should depend on that provider's conduct, and the quality of service they provide, not on whether that provider delivers service over a network it owns or by reselling other carriers' services. Lifeline consumers make carrier selection decisions based on the providers' performance and the perceived value of the providers' services, not on the providers' regulatory classification as "facilities-based" or "reseller." Those consumers' ability to select their Lifeline providers based on perceived service quality and value should not be stripped away by regulatory dictate.

Furthermore, we know that only one of the four national wireless network operators even offers Lifeline service. If wireless resellers are excluded from the Lifeline program, there will be only one wireless Lifeline option available to Lifeline-eligible consumers, notwithstanding the fact that Lifeline consumers overwhelmingly prefer wireless Lifeline options. A wireless Lifeline market of one provider is antithetical to a competitive marketplace, which has been the hallmark of Commission regulatory policy for decades. Poor consumers are no less deserving of a choice of competitive service options than are other consumers. Most of the innovations in Lifeline service offerings have been by wireless resellers. Removal of those providers from the Lifeline market and the resulting establishment of a *de facto* wireless Lifeline monopoly will remove any incentive for further innovation in that important Lifeline market segment. The fact that there have been no indications that facilities-based wireless providers have any desires to provide such services buttresses the concerns that consumers will be negatively impacted by this *de facto* monopoly.

We also point out that the Commission's effort to allow the states to determine who qualifies as an eligible telecommunications carrier exacerbates the concern that the proposed rules decrease competition and consumer choice. By failing to, at a minimum, provide a single standard by which the states shall be required to make such assessments, the Commission has effectively created a 50 state patchwork of regulations that potential Lifeline providers will have to navigate. This increased regulatory burden only discourages new entrants to the market, particularly those unable to pay the costs associated with the increased regulatory structure. If the Commission believes the states should make such determinations, then the Commission should not only standardize the requirements, but streamline the process so as to foster greater participation of Lifeline providers.

We understand that part of the basis for the proposed changes, including the proposed wireless reseller exclusion, is in response to the May 2017 report of the Government Accountability Office ("Additional Action Needed to Address Significant Risks in FCC's Lifeline Program"). While the report described the existence of fraud in the program, nowhere in that report are wireless resellers identified as the only or even primary cause of that fraud. Moreover, the data used in that GAO report is stale and of little current relevance since those data were compiled prior to the Commission's 2016 Lifeline reform rules. As the Energy & Commerce Democratic Staff Report found last year, the FCC has already reined in a billion dollars in waste, fraud, and abuse that was allowed under the Lifeline program. In fact, much of the GAO's investigation took place before the FCC adopted its latest reforms. The GAO's report confirms the need for the FCC to act on our

recommendations as quickly as possible, but the GAO did not look to end the program or to drive resellers out of the program.

Neither will a cap on Lifeline expenditures as proposed curtail waste, fraud, and abuse in the program: any such cap does not distinguish between legitimate growth in Lifeline participation attributable to the program's expansion to cover broadband services or to increased demands in Lifeline services during an economic downturn from growth caused by fraudulent acts. The only thing such a cap would do is preclude eligible low-income households from receiving Lifeline assistance for which they are qualified, for no reason other than that the annual cap amount has been reached.

Mandatory minimum charges as proposed by the Commission will also drive many low-income households out of the program. As the Commission and Lifeline providers learned through the broadband pilot projects following the 2012 Lifeline reform order, many low-income households cannot or will not pay discounted charges since even a few dollars a month is a burden and many have no practical means of making the payments. Lifeline providers receive a standard per customer subsidy of \$9.25 per month. Some providers choose to provide that subsidy to their Lifeline customers through discounts below their standard service rates. Other providers have chosen to provide the subsidy to their consumers in the form of \$9.25 of no-charge service. Based upon the large number of low-income consumers who have enrolled in such programs, no-charge wireless Lifeline programs enjoy wide consumer acceptance because, in large part, even the lowest income consumers can afford them. The Commission should not render those Lifeline plans unavailable.

By turning the Lifeline program's focus away from connecting the poor, generally, and focusing the program on rural areas, the Commission's proposal also ignores the reality that today's poverty rate for people in urban areas (16.0%) is higher than the poverty rate of those residing in rural areas (13.3%) and that there are millions of urban poor who rely on the Lifeline service daily. Forty-two states have higher poverty rates among people living in urban areas than those living in rural areas. Lifeline should not be made into a rural versus urban service, but should be an American service that provides assistance to all Americans in need.

For these reasons, we urge you to reconsider your proposals to reform Lifeline.



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