

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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

**Comments of
Communications Workers of America**

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The Communications Workers of America (CWA) submits these comments in response to the Federal Communications Commission’s (FCC or Commission) *Notice of Proposed Rulemaking (NPRM)* and *Notice of Inquiry (NOI)* concerning the Lifeline program.¹ CWA represents 700,000 workers in communications, media, airlines, manufacturing, and public service. CWA has long advocated for strengthening and expanding the Lifeline program to assist every eligible low-income household overcome the economic barriers that stand in the way of purchasing broadband services.² CWA supports the Commission’s stated goal of ensuring the Lifeline program can “effectively and efficiently help close the digital divide for low-income consumers.”³ However, the Commission’s proposals fail to achieve those stated goals, and in fact would dramatically weaken the Lifeline program, leaving many low-income households without the subsidy they need to subscribe to broadband service.

When the Commission first expanded the Lifeline program in 1985, the Commission explained that “access to telephone service has become crucial to full participation in our society and economy which are increasingly dependent upon the rapid exchange of information. In many cases, particularly for the elderly, poor, and disabled, the telephone is truly a lifeline to the outside world.”⁴ While access to voice service remains vital, access to broadband service is now essential for full participation in our society and economy. The Commission acknowledged this

¹ See *Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking, and Notice of Inquiry*, WC Docket Nos. 17-287, 11-42, 09-197 (rel. Dec. 1, 2017). (NPRM)

² See Comments of Communications Workers of America and the American Federation of Labor-Congress of Industrial Organizations, WC Docket Nos. 11-42, 09-197, 10-90, Aug. 31, 2015; Reply Comments of Communications Workers of America and the American Federation of Labor-Congress of Industrial Organizations, WC Docket Nos. 11-42, 09-197, 10-90, Sept. 30, 2015. See also <http://www.speedmatters.org>.

³ NPRM, p. 2.

⁴ See *MTS and WATS Market Structure, and Amendment of Part 67 & 69 of the Commission's Rules and Establishment of a Joint Board*, Report and Order, 50 Fed. Reg. 939 (Jan. 8, 1985).

reality in 2016, when it modernized the Lifeline program to include broadband service.⁵ At the same time, the Commission also adopted rigorous program integrity measures to improve program efficiency, accountability, and transparency without disrupting the administration of Lifeline for participants.

Now the Commission proposes a series of changes to the Lifeline program that will undermine the progress made by the *2016 Lifeline Order* and, more broadly, weaken the Lifeline program moving forward. About 8.7 million low-income households currently subscribe to Lifeline services, receiving a \$9.95 monthly subsidy for voice and/or broadband service. More than 8.5 million of those households subscribe to a Lifeline service in which voice is included as part of a bundle or as a stand-alone service.⁶ The harmful and destabilizing changes proposed in the *NPRM* will disrupt or complicate the administration of the Lifeline program. Moreover, the Commission has proposed these changes before programmatic improvements from the *2016 Lifeline Order*, such as the National Verifier, roll out to all states across the country.

In response to the Commission's *NPRM* and *NOI*, CWA provides the following recommendations to ensure the Lifeline program serves its mission and the Commission achieves its stated goal of closing the digital divide for low-income communities.

Budget cap. The Lifeline program has never achieved full participation rates by eligible populations. The current national participation rate is 33 percent of national eligible households.⁷

⁵ See *Third Report and Order, Further Report and Order, and Order on Reconsideration*, WC Docket Nos. 11-42, 09-197, 10-90 (rel. Apr. 27, 2016). (2016 Lifeline Order)

⁶ USAC Lifeline Business Update, Lifeline Subscribership by Service Type (Broadband Uptake) for August 2017, p. 4. Available at: https://www.usac.org/_res/documents/about/pdf/bod/materials/2017-10-hcli-briefing-book.pdf

⁷ USAC, Eligible Lifeline Population Statistics. Available at: <http://www.usac.org/li/about/process-overview/program-stats.aspx>

And yet the Commission proposes adopting a budget cap for Lifeline disbursements.⁸ The Commission proposes a “self-enforcing budget mechanism” that would reset benefit amounts mid-year or adjust benefits in the following year.⁹ CWA strongly opposes capping the Lifeline program’s budget. Such a policy change would depress participation rates, prevent eligible households from participating in the program, and would counteract the Commission’s goal of promoting modern communications services for low-income families. Rationing Lifeline is contrary to the intent of universal service and the mission of the Lifeline program. The Commission’s proposals will destabilize the program for providers and consumers and lead to more complex administration by the Commission. Year-to-year uncertainty in the total funding available could deter Lifeline participation by companies because they will not be able to accurately budget for participating in the program. A budget cap may result in eligible households being turned away or put on waiting lists. If families are turned away, the Commission will then need to develop the processes to address the demand, adding to the complexity of the program. Rather than erecting barriers and complicating the Lifeline program, the Commission should work to ensure that all eligible low-income households participate.

Mandating co-pay. The Commission proposes mandating a co-pay for Lifeline customers.¹⁰ CWA strongly opposes mandating a co-pay because it would deter participation by low-income households in the Lifeline program. As the Commission notes, wireless Lifeline service providers estimate that 85 percent of Lifeline customers subscribe to plans providing

⁸ *NPRM*, p. 36-8.

⁹ *Ibid.*, p. 37.

¹⁰ *Ibid.*, p. 38.

free-to-the-end-user Lifeline service.¹¹ Free-to-the-end-user services are critical for providing communications services to the most vulnerable populations. Far from promoting some theoretical value of communications services, mandating co-payment would reduce the number of participants in the program and add unnecessary complication to what is already a minimal \$9.95 per month subsidy for broadband service. The proposal is antithetical to the mission of the Lifeline program.

Limiting participation by Lifeline providers. The Commission proposes limiting provider participation in the Lifeline program to those providers who own or operate their own facilities.¹² CWA opposes this proposal, which would disqualify Lifeline carriers that serve about 70 percent of the Lifeline households.¹³ Thus, limiting Lifeline support to facilities-based providers alone would leave many Lifeline participants with less competitive choice, reducing innovation and quality in the program, and could leave many participants and areas of the country with no Lifeline provider at all.

Partnering with states. CWA agrees with the Commission that state commissions have an important role to play in the designation and oversight of Eligible Telecommunications Carriers (ETC).¹⁴ State commissions have long experience in the oversight of ETCs for quality, accountability, and integrity; in marketing and outreach efforts regarding the Lifeline program; and typically have more robust staff resources to address consumer complaints regarding Lifeline. Consumers and their elected representatives are accustomed to reaching out to state

¹¹ *Ibid.*, p. 38. See Letter from John Heitman, Kelly Drye & Warren LLP, to Marlene Dortch, Secretary, FCC, WC Docket No. 11-42 et al. (Feb. 3, 2016), p. 2.

¹² *NPRM.*, p. 24.

¹³ Federal-State Joint Board, 2016 Universal Service Monitoring Report, Table 2.8 Non-Facilities Based Low-Income Subscribers by State in 2015, p.30.

¹⁴ *NPRM.*, p. 21.

commissions regarding Lifeline issues. As such, states play an important role in Lifeline program administration, including as partners in the implementation of the National Verifier program.

Chairman Ajit Pai has made closing the digital divide a top priority for the Commission under his leadership.¹⁵ However, the Commission's Lifeline proposals fail to achieve this goal, and in fact would dramatically exacerbate the digital divide for low-income households by weakening the Lifeline program and erecting barriers to participation. The Commission should reject proposals to impose a budget cap, mandate co-payments, and limit program participation to facilities-based providers. Instead, the Commission should work to ensure that all eligible low-income households participate and all Americans have access to affordable broadband service.

Respectfully submitted,

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¹⁵ See Ajit Pai, "Remarks of Ajit Pai, Chairman, Federal Communications Commission" (Jan. 24, 2017): https://apps.fcc.gov/edocs_public/attachmatch/DOC-343184A1.pdf.