

**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 MOBILE BEACON

Mobile Beacon respectfully submits these comments in response to the Notice of Proposed Rulemaking and Notice of Inquiry released December 1, 2017, in the proceedings listed above.¹ Mobile Beacon is greatly concerned about the proposed changes to the Lifeline program, and, as outlined below, we believe many of these proposed changes will result in widening – not closing – the digital divide.

I. BACKGROUND

Mobile Beacon was founded in 2010 and is a wholly-owned subsidiary of the North American Catholic Educational Programming Foundation, Inc. (“NACEPF”). NACEPF is a 501(c)(3) nonprofit organization and the second largest national Educational Broadband Service (“EBS”) spectrum licensee in the country, with 52 licensed stations (approximately half of which are in rural, underserved regions of the United States). NACEPF’s EBS spectrum is subject to excess-capacity agreements with Clearwire Corporation and its subsidiary, Clearwire Spectrum Holdings II, now owned indirectly by Sprint Corporation. A crucial part of these agreements is the number and quality of broadband accounts that NACEPF receives and distributes through Mobile Beacon to serve the education and nonprofit sectors.

As the service organization of an EBS licensee, Mobile Beacon’s mission is to strengthen communities across the United States by providing high-speed, unlimited, \$10/month, mobile internet access to community anchor institutions (“CAIs”): libraries, museums, schools, community foundations, and other nonprofit organizations. This anytime/anywhere connectivity enables our nonprofit clients to access more information, reach more people, and ultimately

¹ *Bridging the Digital Divide for Low Income Consumers, Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support*, Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking, and Notice of Inquiry, 32 FCC Rcd. 10475 (2017) (“2017 NPRM & NOI”).

provide more help to their communities. More information about our organization and its impact is available at www.mobilebeacon.org.

II. MOBILE BEACON OPPOSES THE ELIMINATION OF THE LIFELINE BROADBAND PROVIDER DESIGNATION AND THE ELIMINATION OF NON-FACILITIES-BASED ELIGIBLE TELECOMMUNICATIONS CARRIERS.

In 2015, Mobile Beacon submitted comments in response to the Second Further Notice of Proposed Rulemaking on Lifeline reform and modernization released on June 22, 2015.² Our comments provided tangible examples of how our data-only broadband service was helping close the digital divide in communities across the United States through innovative partnerships with local CAIs.³ These examples demonstrated the value that non-ETCs (Eligible Telecommunications Carriers) currently provide in closing the digital divide in their communities:

- **Burton Middle School**, located in an agriculturally-oriented community in California's central San Joaquin Valley, estimates that 25% of its students are migrant workers who need to follow seasonal job opportunities and lack internet access at home. E-rate funding could not be used to satisfy this need for off-campus connectivity, but Mobile Beacon's \$10/month service enabled 150 students and their families to obtain a home internet connection.⁴ Teachers reported this increased their students' ability to complete assignments, and parents reported that home internet access enabled them to continue their own education as well.⁵
- **New York Public Library** piloted its first hotspot lending program to patrons without home internet access using Mobile Beacon's service. Results from this pilot showed that patrons spent an average of three hours per day using the internet (compared to a 40-minute session at a library workstation) and that the majority of time spent online was between six and eleven p.m., when the library was closed.⁶ Program recipients reported gaining confidence in both their own and their children's ability to use the internet.⁷ This pilot program grew to be the largest library hotspot lending program in the country,⁸ and

² *Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund*, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, 30 FCC Rcd. 7818 (2015).

³ Comments of Educational Broadband Service Agency LLC (d/b/a Mobile Beacon), WC Docket Nos. 11-42, 09-197, 10-90 (filed Aug. 31, 2015) ("Mobile Beacon Comments").

⁴ *Id.* at 2.

⁵ *Id.*

⁶ *Id.* at 3.

⁷ *Id.*

⁸ *Id.*

Mobile Beacon has replicated its success in partnership with over 500 libraries across the United States.⁹

- **RI Family Literacy Initiative (“RIFLI”)**, an adult education agency in Providence, RI, offers programs to immigrants that range from beginner English classes to Career and College Transition preparations. They estimated that up to 50% of their program participants did not have access to the internet at home, so they began using Mobile Beacon’s service to start a hotspot lending program. Now, students are passing digital literacy assessments at a faster and higher rate than ever before.¹⁰

The Commission is charged with promoting competition, encouraging innovation, and championing consumer choice. The 2016 Lifeline Order stayed true to those standards when it created the Lifeline Broadband Provider (LBP) designation, enabled broadband-only offerings to be offered through Lifeline, and expanded the eligibility of other types of qualifying Lifeline providers to enter the program.¹¹ We saw proof that these policies were working: nine entities—including some minority-owned entities and educational entities—sought to become Lifeline Broadband Providers.¹²

The quality and availability of robust service offerings to close the digital divide is indisputably more important than whether the service provider owns its own network. No economist, industry analyst, or student of American history would suggest that innovation and high-impact services *only* come from large corporations. Accordingly, the Commission’s policies should not limit Lifeline provider eligibility to large corporations that own their own networks. If a broadband provider wants to provide service that meets the minimum standards established in the 2016 Lifeline Order, it should be able to do so, provided that it meet the LBP designation. It should not matter whether the service provider owns the underlying network facilities. This proposed eligibility restriction will only serve to limit the numbers of service offers available through Lifeline.

⁹ See *Who We Help: Libraries*, Mobile Beacon, available at <https://www.mobilebeacon.org/who-we-help/who-we-help-libraries/>.

¹⁰ Mobile Beacon Comments at 4-5.

¹¹ See *Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund*, Third Report and Order, Further Report and Order, and Order on Reconsideration, 31 FCC Rcd. 3962, 3965, 4057-67 ¶¶ 8, 277-85 (2016) (“2016 Lifeline Order”).

¹² See *Telecommunications Carriers Eligible for Universal Support Service, Petitions for Designation as a Lifeline Provider*, Order, 32 FCC Rcd. 784, 784 ¶ 1 (2017); *Telecommunications Carriers Eligible for Universal Service Support, Petitions for Designation as a Lifeline Broadband Provider*, Order, 31 FCC Rcd. 12736, 12736 ¶ 1 (2016).

III. DISCONTINUING LIFELINE SUPPORT FOR NON-FACILITIES-BASED SERVICE WILL NEGATIVELY IMPACT THE NUMBER OF LIFELINE PROVIDERS PARTICIPATING IN THE PROGRAM AND THE AVAILABILITY OF QUALITY, AFFORDABLE LIFELINE BROADBAND SERVICES.

The Commission asks, “How would this proposal impact the number of Lifeline providers participating in the program and the availability of quality, affordable, Lifeline broadband services?”¹³ The answer is that it will *negatively* impact the number of Lifeline providers participating and it will *reduce* the availability of quality, affordable Lifeline broadband services.

Our contention is not simply speculative. The Commission is aware that over 80 ETCs actively relinquished their designations.¹⁴ This shows that within the pool of facilities-based providers, there is little or limited interest in participating in the Lifeline program. The Commission’s 2016 Monitoring Report has already indicated that if support for non-facilities based ETCs were eliminated, approximately 70% of Lifeline participants would lose their Lifeline service, particularly those receiving mobile Lifeline services.¹⁵

Additionally, Mobile Beacon’s experience working with CAIs in all 50 states shows that quality, broadband-only offerings are increasing all across the country, most often in partnership with local CAIs. One successful digital inclusion programs is Bridging the Gap, a program offered by PCs for People, a national digital inclusion nonprofit that uses Mobile Beacon’s uncapped, 4G mobile broadband service to help eligible individuals and families below the 200% poverty line obtain an affordable computer and get online.¹⁶

Program success is often best described through personal testimonies of Bridging the Gap subscribers. Last year, Steve Gomez was homeless and in crisis. After moving into stable housing, he obtained his first computer and home internet connection through Bridging the Gap. He previously only had internet access through his phone, but data was limited. He said, “So not very much internet at all.” When asked about how the internet has helped him, Steve answered, “Well, I was on disability. The month that I got my hotspot, I filled out job applications. I started working within two weeks of getting it, and I almost work myself off disability thanks to [Bridging the Gap] and the hotspot that I got, so it's been very wonderful.”

Mobile Beacon also wanted a quantitative evaluation of Bridging the Gap’s impact, so in November 2017, Samantha Schartman-Cycyk, Research Director of the CYC Institute, surveyed

¹³ 2017 NPRM & NOI at 10499 ¶ 68.

¹⁴ See NECA, *Carriers Seeking Forbearance from Lifeline BIAS requirements*, available at <https://prodnet.www.neca.org/publicationsdocs/wwpdf/12116lifelinebias.pdf>.

¹⁵ Universal Service Monitoring Report at 30, Table 2.8, CC Docket No. 96-45, WC Docket Nos. 02-6, 02-60, 06-122, 10-90, 11-42, 13-184, 14-58 (2016) (showing that almost 70% of lifeline subscribers in 2015 were served by non-facilities based providers).

¹⁶ Eligibility requirements for the Bridging the Gap program are available at PCs for People, *Eligibility*, <https://pcsforpeople.com/recipients/eligibility>. PCs for People qualifies Bridging the Gap subscribers for the low-cost computer and internet service to ensure program eligibility standards are met and validates ongoing eligibility every 12-15 months.

Bridging the Gap subscribers to investigate what impact this program has had on closing the digital divide.¹⁷ Results showed that very few households (27%) had ever had a home internet connection prior to Bridging the Gap.¹⁸

Many of these subscribers also meet the eligibility requirements of the Lifeline program. This shows that not only had existing commercial offers failed to reach these households, but the current Lifeline program had not reached them either. Worse still, Lifeline is unlikely to *ever* reach certain portions of this population if the Commission restricts providers to facilities-based ETCs. Bridging the Gap is only available through a nonprofit (PCs for People) that uses the service of a non-facilities based provider (Mobile Beacon) to make a high-impact, broadband-only offering available to eligible low-income families. The real question is why the Commission would *not* allow a truly uncapped, 4G LTE broadband service to benefit Lifeline subscribers solely because Mobile Beacon and PCs for People do not own the underlying network.¹⁹

Although the question raised in paragraph 68 stops short of asking what the impact would be on Lifeline subscribers themselves,²⁰ we believe the Commission must arrive at a clear understanding of this as well. The Bridging the Gap research helps answer this by demonstrating the stark contrast between a previously disconnected household and the gains made after obtaining an LTE mobile hotspot and affordable, uncapped mobile broadband service:

- All members of the household quickly embrace the internet. 94% of subscribers say they use the internet daily, and 82% say they use the internet several hours a day.²¹
- Home internet access helps children complete their schoolwork. More than half (54%) of parents say their children spend more than 4 hours per week using the internet for schoolwork.²²
- Parent engagement—a factor associated with higher student achievement outcomes—also significantly increased. 95% of parents say they communicate with their kids’ teachers more since enrolling in Bridging the Gap, and 88% say they use the internet to research school topics so they can better assist their kids with homework.²³

¹⁷ Samantha Shartman-Cyck and Katherine Messier, *Bridging the Gap: What Affordable, Uncapped Internet Means for Digital Inclusion*, available at https://www.mobilebeacon.org/wp-content/uploads/2017/05/MB_ResearchPaper_FINAL_WEB.pdf (last visited February 6, 2018).

¹⁸ *See id.* at 15.

¹⁹ Unlike the terms of many advertised “unlimited” service plans by the top four cellular providers, Mobile Beacon’s service is truly unlimited, unthrottled internet service that is well above the minimum service standards established in the 2016 Lifeline Order.

²⁰ *See* 2017 NPRM & NOI at 10499 ¶ 68.

²¹ Shartman-Cyck & Messier, *supra*, at 5.

²² *Id.*

²³ *Id.* at 13

- Home internet access also promotes lifelong learning, as evidenced by the number of low-income adults continuing their education. 24% of adult respondents started a daily or weekly online class *after* obtaining home internet service through Bridging the Gap.²⁴

These outcomes show the power of a “whole family” approach to closing the digital divide. The KIDS COUNT policy report provides extensive evidence that a two-generation approach that improves education for children and education and job opportunities for adults is more likely to break the cycle of poverty.²⁵ How many current Lifeline broadband offers are truly able to meet the needs of an entire family? Bridging the Gap research shows that low-income households are using an average of 41 GB of data per month,²⁶ but those who report using the internet for education- or work-related online activity use an average of 14-25 GB more per month.²⁷

These outcomes are precisely what are at risk if the LBP designation is eliminated and non-facilities based ETCs are made ineligible for Lifeline support. Other independent sources agree.

The Benton Foundation recently published an article, “Experimentation is the Watchword as Communities Seek to Close Adoption Gaps,” by John Horrigan, Senior Fellow at the Technology Policy Institute and former Associate Director for Research at Pew Research Center.²⁸ Mr. Horrigan comments on the Bridging the Gap research and relates it to similar types of programs. He makes two important points that underscore why the changes proposed will negatively impact Lifeline subscribers:

- “Mobile Beacon’s Bridging the Gap program – and others described here – are examples of experimentation in approaches to reach a segment of the broadband market that has been difficult to reach. Most models rely on public-private partnerships collaborating with libraries, schools, and community non-profits to drive uptake.”²⁹
- “The FCC’s November [2017] Notice of Proposed Rulemaking (NPRM) envisions restricting the market for provision of Lifeline-supported services by providing the Lifeline subsidy only to facilities-based carriers. This renders resellers of other carriers’ network service (such as Mobile Beacon) ineligible for Lifeline subsidies. The proposal would also limit consumer choice for Lifeline-supported services.”³⁰

²⁴ *Id.* at 5.

²⁵ The Annie E. Casey Foundation, *Creating Opportunities for Families: A Two Generation Approach* (2014), available at <http://www.aecf.org/m/resourcedoc/aecf-CreatingOpportunityforFamilies-2014.pdf>

²⁶ Shartman-Cyck & Messier, *supra*, at 28.

²⁷ *Id.* at 29.

²⁸ John Horrigan, *Experimentation is the Watchword as communities Seek to Close Adoption Gaps*, Benton (Jan. 16, 2018), available at <http://benton.org/blog/experimentation-watchword-communities-see-close-adoption-gaps>.

²⁹ *Id.*

³⁰ *Id.*

IV. CONCLUSION

The Lifeline program was created to help low-income Americans afford access to vital communications services. It was not created to direct funds to facilities-based ETCs to “encourage investment in networks” in the hope that these providers will someday decide to offer robust (not second-tier), affordable service options to low-income families.³¹

We urge the FCC to recommit to the pro-consumer policies that enabled many different types of service providers to participate in the Lifeline program. This is the surest path to getting the most service options to the 43 million Americans living in poverty today.³² Your proposal to restrict eligible service offerings to only one category of provider will create barriers to obtaining the lifeline these Americans need so urgently today.

Sincerely,

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February 21, 2018

³¹ 2017 NPRM & NOI at 10497 ¶ 62.

³² *What is the current poverty rate in the United States?*, Center for Poverty Research, University of California, Davis (Dec. 18, 2017), available at <https://poverty.ucdavis.edu/faq/what-current-poverty-rate-united-states>