



NATIONAL GRANGE

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American Values. Hometown Roots.

February 21, 2018

Marlene H. Dortch

Secretary

Federal Communications Commission

445 12th Street, SW

Washington, D.C. 20554

RE: WC DOCKET NUMBERS 17-287, 11-42, 09-197

Dear Ms. Dortch:

The National Grange, the nation's oldest rural advocacy organization, has filed many times to express support for the Universal Service Fund's Lifeline affordability program and the many rural Americans it serves. Through the Lifeline program, substantial numbers of low-income Americans – including millions who reside in rural areas - are able to communicate with prospective and current employers, connect with emergency, healthcare, social, and educational services, and keep in touch with family and friends. As you know, The National Grange is a member of the FCC's Broadband Deployment Advisory Committee. We appreciate the Commission's commitment to rural America and to our members. We recognize that Lifeline reform is a complex matter and urge the Commission to thoughtfully reconsider changes proposed to the Lifeline program.

We are most concerned about the following issues, specifically:

The reseller ban. Categorically excluding non-facilities-based providers from participating in Lifeline would result in loss of Lifeline service for approximately 70 percent of current consumers. If adopted, the Commission's proposal would result in wide-reaching negative consequences for millions of customers, including rural Americans. Removing non-facilities based providers would mean that about 7.3 million families would have to find a new provider for their Lifeline services, if alternative providers are available. As others have noted, in many states, facilities-based providers, including wireline local exchange carriers, have expended little effort to promote the availability of Lifeline and, in some cases, have opted out of offering Lifeline-supported service altogether.¹ Of the nation's facilities-based wireless carriers, only one offers wireless Lifeline service. Therefore, any low-income household preferring a wireless Lifeline service would be left with a choice of only one provider. Rural America has benefited by having more providers, and more choices of service available to low-income households, not fewer.

We agree with the concerns outlined in the Joint Comments of Pennsylvania's Low Income Consumers, Service Providers, Organizations, and Consumer Rights Advocates,² who point out that "while the FCC's stated intention in shifting to facilities-based Lifeline is to encourage build-out of rural wireless and broadband networks, the unintended result of such a shift could send hundreds of thousands of rural and urban low income Pennsylvanians back to wireline service – if they can afford service at all." We are concerned that this could happen not just in rural Pennsylvania, but throughout rural America.

Limiting Lifeline support for facilities-based providers would not assure attainment of the Commission's stated goal of facilitating rural broadband deployment. The filers point out that Verizon, "the most prominent facilities-based provider in Pennsylvania," declined \$23 million in Connect America Funds instead of using the funds for building out broadband in rural Pennsylvania.³ So even with incentives, and even though the vast majority of the Universal Service fee – over \$4.5 billion dollars – is already designated to rural and high cost infrastructure investments – hard working, tax paying, low-income

¹ "Chairman Pai Plans to Put an End to the U.S. Commitment to Universal Service and Affordability," By [Phillip Berenbroick](https://www.publicknowledge.org/news-blog/blogs/chairman-pai-plans-to-put-an-end-to-the-us-commitment-to-universal-service) November 15, 2017, Public Knowledge: <https://www.publicknowledge.org/news-blog/blogs/chairman-pai-plans-to-put-an-end-to-the-us-commitment-to-universal-service>

² See In the Matter of Connect America Fund ETC Annual Reports and Certifications, Pennsylvania Petition for Reconsideration, Modification, or Waiver, FCC WC Docket Nos. 10-90, 14-58 (April 19, 2017), available at http://www.puc.pa.gov/telecom/pdf/fcc/PUC-DCED_Petition-RMW_CAF_PhaseII_041917.pdf.

³ Ibid.

rural American households would be left waiting for deployment of rural broadband. Low income households need access to affordable telecommunication service, including broadband service, now, and should not have to await infrastructure investment (which may or may not follow removal of non-facilities-based providers from the Lifeline market) to drive market prices down.

Mandatory Charges. We have previously opposed mandatory charges for Lifeline, noting that in the Commission's 2012 Lifeline Reform Order, it considered and wisely rejected a proposal to subject Lifeline service to mandatory minimum monthly charges. The reasons for rejecting that proposal were sound then and remain sound today. Most Lifeline subscribers are on plans that provide no-charge service. They do not pay for their Lifeline-supported service and do not have a financial relationship with the service provider. Part of the problem with mandatory charges is this lack of a payment mechanism – it assumes consumers can afford to pay for a portion of their service and that they have the mechanism available to make payments. In fact, many Lifeline subscribers are unbanked or underbanked – meaning they may not have a credit card or bank account. This presents challenges on collecting and paying the fee. Access to banking in our rural communities is a challenge: of America's 1,980 rural counties, at least 35 counties have no bank, while about 115 are now served by just one branch.⁴ The other part of the problem is that for many Lifeline customers, even with a \$9.25 discount on a monthly service, the price would be unaffordable and would prevent many low-income households from enrolling and from having any access to telephone service and broadband.

A Cap on the Lifeline Program. The Lifeline program has about 12.5 million subscribers, but only about one-third of eligible households are receiving Lifeline-supported service. Once the Commission-established budget cap was reached, then no additional consumers could enroll, even if they are qualified low-income consumers. A budget cap could limit enrollment and prevent many of the remaining households obtaining Lifeline-supported service – a program which makes telephone service and broadband Internet access service affordable.

According to a Public Policy Polling survey of veterans and military families conducted for the Alliance for Freedom, 68 percent believe it would be unfair "to 'cap' or impose a budget limit on federal programs – such as VA benefits and Lifeline – that might deny access to the programs for eligible actively-serving U.S. military personnel, veterans and their families."⁵

⁴ December 26, 2017, *Wall Street Journal*, <https://www.wsj.com/articles/goodbye-george-bailey-decline-of-rural-lending-crimps-small-town-business-1514219515>

⁵ <https://www.prnewswire.com/news-releases/poll-veterans-military-family-members-oppose-plan-to-reduce-access-to-lifeline-program-for-cell-phones-and-broadband-300552961.html>

These changes to the Lifeline program would make Lifeline available to fewer people, including rural Americans, and would limit their choice of carriers. Rural America needs Lifeline and needs to have this important program fixed rather than sidelined. The Grange supports the Commission's efforts to identify and implement rules to prevent waste, fraud and abuse in the Lifeline program. The Commission should focus on promulgation of such rules rather than categorically excluding from the program an entire group of providers, indeed, providers whose Lifeline services are overwhelmingly preferred by Lifeline-eligible households. Please act to protect Lifeline and reject these proposals described above. Thank you for considering our views.

Sincerely,

A handwritten signature in black ink, reading "Betsy E. Huber". The signature is written in a cursive style with a large, flowing "B" and "H".

Betsy Huber, President