Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 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
	)	

REPLY COMMENTS OF CTIA

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REPLY COMMENTS OF CTIA

CTIA respectfully submits these reply comments in response to parties' initial filings addressing the Federal Communications Commission's (Commission) *Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order*, *Notice of Proposed Rulemaking, and Notice of Inquiry* (*NPRM/NOI*) in the above-captioned dockets.[1]

I. INTRODUCTION AND SUMMARY

CTIA reiterates its longstanding support for the Commission's objective to close the digital divide, particularly through leveraging mobile wireless technologies as part of the Lifeline program. CTIA specifically shares the core goals and motivations underpinning the *NPRM/NOI*

[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) (*NPRM/NOI*); *see also Bridging the Digital Divide for Low-Income Consumers,* Order, 33 FCC Rcd 214 (WCB 2018) (extending the comment and reply deadlines).

– including incentivizing broadband adoption and deployment, particularly in rural areas, and enhancing program integrity for eligible low-income consumers.[2]

As the Commission attempts to advance these aims, the record assembled in response to the *NPRM/NOI* demonstrates how and why the agency should remain focused on efforts to strengthen Lifeline by rooting out waste, fraud and abuse and ensuring continued availability of mobile wireless services to eligible low income consumers. Filing parties have specifically shown that Lifeline integrity will be best improved by: 1) focusing the maximum possible agency resources on the National Lifeline Eligibility Verifier (National Verifier), ensuring it is deployed as quickly and effectively as possible; (2) positively motivating states to participate in the National Verifier; and (3) honing the Universal Service Administrative Company's (USAC) processes by shifting to a risk-based auditing methodology. All these measures will have the dual benefit of also furthering the *NPRM/NOI*'s laudable goal of increasing administrative efficiency.

Additionally, and consistent with CTIA's initial comments, filing parties have demonstrated that maintaining the essential role of non-facilities-based mobile wireless providers in the Lifeline program can further the Commission's goals of incentivizing broadband adoption, investment, and deployment, especially in rural areas, while simultaneously serving other equally critical longstanding Commission values. These include the Commission's longstanding bipartisan commitment to affordability, a fixture of the Lifeline program since its inception more than 30 years ago.[3] The record also demonstrates that policies and rules encouraging maximum

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[2] *See generally NPRM/NOI* at 10476 ¶ 1.

[3] *See generally* Comments of CTIA, WC Docket Nos. 17-287 *et al.*, at 17-19 (filed Feb. 21, 2018) (CTIA).

eligible low-income consumer participation in Lifeline are part and parcel to closing the digital divide.

Given low-income consumers' clear reliance on mobile wireless services, CTIA looks forward to working with the Commission to shore up the Lifeline program in ways that incentivize broadband deployment and enhance program integrity.

II. THE RECORD DEMONSTRATES THAT THE COMMISSION IS RIGHT TO REMAIN FOCUSED ON, AND TO PRIORITIZE, ITS CRITICAL EFFORTS TO ENHANCE THE LIFELINE PROGRAM'S INTEGRITY

As the Chairman has rightly noted, "the launch of the National Verifier will be a major step in rooting out waste, fraud, and abuse in the [Lifeline] program."[4] For this very reason CTIA noted in its initial comments that "[d]eploying the National Verifier as soon as possible is the most effective way for the Commission to improve Lifeline's integrity."[5] Accordingly, it is no surprise that deploying the National Verifier as soon as possible has received near-universal support in the record, with a broad range of commenters identifying the National Verifier as the most effective way for the Commission to ensure Lifeline's integrity. Specifically, by "eliminat[ing] the confusion, inconsistency, and unreliability that has accompanied verification methods in the past" the National Verifier will act "as an effective mechanism to eliminate waste, fraud, and abuse."[6] Hence, "[a]dditional changes to the program at this time are premature and could divert carrier and USAC resources better targeted to the successful

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[4] Letter from Chairman Ajit V. Pai, FCC, to Hon. Doris Matsui, U.S. House of Reps., at 2 (Jan. 31, 2018), https://apps.fcc.gov/edocs_public/attachmatch/DOC-349106A1.pdf.

[5] CTIA at 5; *see also id.* at 5-6.

[6] Comments of the Black Women's Roundtable, WC Docket Nos. 17-287 *et al.*, at 6 (filed Feb. 21, 2018) (Black Women's Roundtable).

implementation of the National Verifier."[7] Indeed, as one filing party explained, other proposals in the *NPRM/NOI* for "revisions to the nature of Lifeline … address problems that the National Verifier will shortly solve."[8]

Once the National Verifier is deployed, the objectives embodied in the *NPRM/NOI* will be served best by ensuring that states are incentivized to assist with and participate in the National Verifier in a mutually beneficial fashion. As CTIA explained in its initial comments, positively encouraging state participation might include highlighting the states that do participate, highlighting the best practices that improve Lifeline's effectiveness, and engaging in outreach (including educating state leaders and policymakers about the National Verifier) to improve the program's overall integrity.[9] Similarly, other commenters have noted that the Commission might "engage in dialogue with the states, especially those with a Lifeline administrator" in part to better "understand the capabilities within the states" – and thereby improve the program's overall efficiency.[10]

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[7] Comments of Verizon, WC Docket Nos. 17-287 *et al.*, at 3 (filed Feb. 21, 2018) (Verizon); *see also* Comments of Randolph J. May, President, Free State Foundation, WC Docket Nos. 17-287 *et al.*, at 5 (filed Feb. 21, 2018) (Free State Foundation) (explaining that the National Verifier will "be an effective tool for rooting out fraud and abuse"); Comments of the National Lifeline Association, WC Docket Nos. 17-287 *et al.*, at 24, 26 (filed Feb. 21, 2018) (NaLa) ("If cost efficiencies are a concern now, then that concern would be exponentially greater if the Commission were to eliminate the vast majority of providers from the program and disconnect millions of low-income Americans at the same time that it is spending millions of dollars to design and implement the National Verifier."); Comments of Sprint Corporation, WC Docket Nos. 17-287 *et al.*, at 12 (filed Feb. 21, 2018) (Sprint) (labeling the National Verifier "a key tool for ensuring the integrity of the federal Lifeline program").

[8] Comments of AARP, WC Docket Nos. 17-287 *et al.*, at 12 (filed Feb. 21, 2018) (AARP).

[9] CTIA at 6-7.

[10] Comments of the United States Telecom Association, WC Docket Nos. 17-287 *et al.*, at 6-7 (filed Feb. 21, 2018) (USTelecom); *see also* Verizon at 5-6 (urging that "the Commission should direct USAC to report to the Commission on a regular basis regarding the status of its

Finally, insofar as the Commission seeks new reforms in addition to expediting and actually implementing measures already in the pipeline, the record demonstrates that risk-based auditing and enhanced oversight of the National Lifeline Accountability Database (NLAD) will improve the Lifeline program's integrity more than excluding non-facilities based providers.[11]

III. THE RECORD MAKES CLEAR THAT NON-FACILITIES-BASED PROVIDERS' ROLE IN LIFELINE IS ESSENTIAL TO SERVING LOW-INCOME CONSUMERS – AND TO INCENTIVIZE BROADBAND DEPLOYMENT

CTIA continues to support the Commission's overall efforts to incentivize deployment and investment in broadband networks. The record assembled in response to the *NPRM/NOI* demonstrates that this goal will be best served in the Lifeline context by maintaining the essential role of non-facilities-based providers within the program.

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discussions with each state, and should also direct the Office of Managing Director and the Wireline Competition Bureau to assist USAC in those discussions").

[11] *See, e.g.*, Comments of Cox Communications, Inc. WC Docket Nos. 17-287 *et al.*, at 6 (filed Feb. 21, 2018) (Cox) ("A risk-based approach would better identify problems that audits are intended to identify."); Opening Comments of Low-Income Consumer Advocates, WC Docket Nos. 17-287 *et al.*, at 20 (filed Feb. 21, 2018) (Low-Income Advocates) ("The Commission Should Adopt the Program Integrity Proposals Regarding the Switch to Risk-Based Audits"); Comments of the Missouri Public Service Commission, WC Docket Nos. 17-287 *et al.*, at 8-9 (filed Feb. 21, 2018) (Missouri PSC) (expressing "[s]upport [for] using a risk-based approach for ETC audit selection" and urging that "USAC should be more involved in manual NLAD dispute resolutions and overrides"); Comments of the Minnesota Department of Commerce and Minnesota Public Utilities Commission, WC Docket Nos. 17-287 *et al.*, at 8 (filed Feb. 21, 2018) (Minnesota PUC) ("favor[ing the] adoption of" the *NPRM/NOI*'s "targeted process"); NaLa at 26 ("Such an approach should be applied to all audits to maximize the efficiency of USAC's auditing resources, as well as avoid unnecessary costs for ETCs"); USTelecom at 4-5 ("USTelecom agrees with the Commission's proposal to move to purely risk-based audits for the Lifeline program. Such an approach is far more administratively efficient, and will be more effective at identifying instances of waste, fraud and abuse in the Lifeline program."); Verizon at 2, 6 ("The Commission should … adopt its proposal to shift Lifeline audits to a fully risk-based approach, which would target audits to the carriers that pose the greatest risk to the integrity of the Lifeline program").

A. Non-Facilities-Based Providers' Participation in the Lifeline Program Incentivizes Broadband Deployment – Including in Rural Areas

As the record shows, the Commission's current pro-competition policies allowing non-facilities-based providers to serve low-income consumers in the Lifeline program create incentives for broadband deployment, including rural areas. Specifically, low-income consumers' ability to choose mobile virtual network operator (MVNO) services incentivizes network deployment by connecting more consumers to facilities-based providers' networks than might otherwise be possible.

Indeed, the record includes Dr. John Mayo's economic analysis of MVNOs role in the mobile wireless market, particularly the role of MVNOs in serving low-income consumers that contributes to MVNOs' positive impact on facilities-based broadband deployment.[12] Specifically, Dr. Mayo noted that "MVNOs and other resellers … have been shown to promote economic efficiency, invigorate competition, drive price reductions and satisfy the nuanced need of consumers that would otherwise go unfulfilled."[13] Similarly, the Florida Public Service Commission, INCOMPAS, ITIF and Mobile Future noted that non-facilities-based providers that are able to develop business cases for providing service to niche and other market segments ultimately lead to more Americans connecting to *facilities-based* providers' networks.[14] As

[12] Declaration of John Mayo at 12 ¶ 27 (Feb. 19, 2018), *attached at* Exh. A to CTIA (Mayo Declaration).

[13] *Id.* at 4 ¶ 12

[14] Comments of the Florida Public Service Commission, WC Docket Nos. 17-287 *et al.*, at 2 (filed Feb. 21, 2018) (Florida PSC) ("[R]esellers contribute … to the infrastructure of the underlying network. Specifically, resellers pay wholesale companies a market-based rate for the services they use that should include the wholesale companies' expenses related to infrastructure."); Comments of INCOMPAS, WC Docket Nos. 17-287 *et al.*, at 4-5 (filed Feb. 21, 2018) (INCOMPAS) ("Since 2008, competitive providers have used the excess capacity on the networks of facilities-based providers to deliver reliable and affordable services with targeted service packages for different Lifeline-eligible groups[.]"); Comments of ITIF, WC Docket Nos.

TracFone explains, "because resellers purchase voice and data capabilities from facilities-based providers on a wholesale basis, the participation of resellers in the Lifeline program confers a benefit to facilities-based providers" – and thus, "if adopted, the Facilities-Based Proposal could *actually decrease* deployment by eliminating the ability of facilities-based providers to obtain revenue through resellers' participation[.]"[15] Further, the Minnesota Public Utilities Commission highlighted that the historic support of the Lifeline program for wireless voice service that is not facilities-based has helped "keep subscribers connected and provide[d] a foundation for the demand for broadband services and the installation of broadband services" in those "[r]ural/tribal areas [that] are generally more costly to serve due to sparse and low-income populations."[16]

As the record shows, the provision of tailored services by competitive, Lifeline-focused resellers is far from a market failure – it is in fact a market efficiency – a testament to the Commission's pro-competition policies. Commenters have demonstrated that non-facilities based mobile wireless providers' role in Lifeline has brought the benefits of competition to eligible low-income consumers, including lower prices and more services. As many filers have

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17-287 *et al.*, at 4-5 (filed Feb. 21, 2018) (ITIF) ("Resellers … resell access purchased from facilities-based providers, and are already paying a market rate. Lifeline support disbursed to resellers … ultimately flows back to facilities providers, *even more so if it results in a greater number of broadband subscribers long-term*." (emphasis added)); Comments of Mobile Future, WC Docket Nos. 17-287 *et al.*, at 3 (filed Feb. 21, 2018) (Mobile Future) ("The revenues that non-facilities based providers generate for facilities-based carriers support investment in the underlying facilities-based networks.").

[15] Comments of TracFone, WC Docket Nos. 17-287 *et al.*, at 32 (filed Feb. 21, 2018) (TracFone).

[16] Minnesota PUC at 11.

noted, MVNOs have clearly enhanced participation in the Lifeline program, as more than two-thirds of current Lifeline subscribers are served by MVNOs.[17]

As one commenter explained, "the proposed elimination of resellers from the Lifeline program would not materially further the deployment of broadband infrastructure, because revenue from resellers already contributes to facilities-based carriers' deployment of broadband facilities, but could harm customers that currently rely on resellers' services."[18] Similarly, as the

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[17] *See, e.g.*, Comments of Common Sense, WC Docket Nos. 17-287 *et al.*, at 12 (filed Feb. 21, 2018) (Common Sense) ("[a] large majority of Lifeline participants – roughly 70 percent – use resellers"); Comments of Consumer Action, WC Docket Nos. 17-287 *et al.*, at 2 (filed Feb. 21, 2018) (Consumer Action) ("[t]he proposal to eliminate wireless resellers would result in cutting off approximately 70 percent of all current Lifeline participants, according to published data"); Comments of Communications Workers of America, WC Docket Nos. 17-287 *et al.*, at 4 (filed Feb. 21, 2018) (CWA) (noting the same above-cited statistics and explaining that "limiting Lifeline support to facilities-based providers alone would leave many Lifeline participants with less competitive choice, reducing innovation and quality in the program"); Free State Foundation at 4-5 ("The reality is that, today, almost 70% of Lifeline subscribers are served by resellers. … There is no dispute that wireless resellers, like TracFone, have focused their marketing on reaching Lifeline-eligible low-income consumers, and, this, in turn, has increased awareness of the program."); *see also, e.g.*, Comments of the Public Utility Division of the Oklahoma Corporation Commission, WC Docket Nos. 17-287 *et al.*, at 4 (filed Feb. 21, 2018) (Oklahoma CC) ("current data show[] that ninety-four percent … of the federal Lifeline support in Oklahoma is distributed to wireless resellers … [a]ccordingly, given the potential to negatively impact a significant number of low income Lifeline subscribers … removal of funding from resellers would be in the public interest."); Comments of Oregon Citizens' Utilities Board, WC Docket Nos. 17-287 *et al.*, at 2-3 (filed Feb. 21, 2018) (Oregon CUB) (a switch to only supporting facilities-based providers "would effectively reduce Lifeline's low-income customer reach by almost two-thirds, leaving ... many thousands of Oregonians … without … relief. The effect of such a shift in program structure would most likely destabilize the market for all remaining ETCs.").

[18] USTelecom at 2; *see also* Comments of the Hispanic Technology & Telecommunications Partnership, WC Docket Nos. 17-287 *et al.*, at 1 (filed Feb. 1, 2018) (HTTP) ("Lifeline has represented a market-based, pro-competition approach to helping low-income Americans," and eliminating resellers from the program would "reduce … the choices and competition available to participants."); Oregon CUB at 2-3 (explaining that ceasing program support for providers of non-facilities-based services would not improve the business case for facilities-based providers); Comments of the Cities of Boston *et al.*, WC Docket Nos. 17-287 *et al.*, at 10 (filed Feb. 21, 2018) (Cities) ("Directing Lifeline subsidy dollars exclusively to facilities-based providers will not improve broadband deployment."); Comments of the Benton Foundation, WC Docket Nos. 17-287 *et al.*, at 2, 6-9 (filed Jan. 21, 2018) (Benton) ("facilities-based providers … have found it

American Enterprise Institute has explained[19] and as USAC has reported,[20] 89 percent of Lifeline dollars are spent on wireless services – "most of these … provided by resellers." AEI observes that the facilities-based proposal would "relegat[e] many" current recipients "to wired solutions when most Americans – including many low-income families – prefer the advantages of mobile connectivity," ultimately "limit[ing] their ability to take advantage" of the program altogether.[21] Accordingly, cutting market-bridging entities such as resellers out of the equation would in the end lead to a lessening of capital ultimately flowing to network deployment.

The benefits of increased Lifeline subscribership leading to demand-pull for network deployment are particularly noteworthy in the rural context. As CTIA highlighted from Dr. Mayo's economic analysis, "increased subscribership among low-income consumers via MVNOs actually increases investment by facilities-based providers, particularly in rural areas."[22] And ITIF notes that the "Commission's proposal to limit Lifeline support to facilities-based [providers] … is far more likely to inhibit the Lifeline program and participation in communications networks," thereby "ultimately reducing network effects" and "harming

… profitable to serve the Lifeline community through partnerships with resellers. … Wireless resellers are helping to drive adoption rates and close the digital divide."); CWA at 4.

[19] Daniel Lyons, Lifeline's Proposed Reseller Ban Will Likely Harm Low-Income Households, *AEIdeas* (Mar. 5, 2018, 6:00 AM), https://www.aei.org/publication/lifelines-proposed-reseller-ban-will-likely-harm-low-income-households/.

[20] USAC, *Historical Support Distribution*, https://www.usac.org/li/about/process-overview/stats/historical-support-distribution.aspx (last visited Mar. 18, 2018).

[21] Lyons, *supra* note 18.

[22] CTIA at 14; *see also*, Mayo Declaration at 12 ¶ 27 (explaining that the presence of MVNOs in the market creates greater incentives for broadband deployment).

deployment."[23] Thus, "[l]imiting Lifeline support for facilities-based providers would not assure attainment of the Commission's stated goal of facilitating rural broadband deployment."[24]

B. Retaining Non-Facilities-Based Providers' Participation in Lifeline Also Furthers Other Longstanding Commission Goals, Including Consumer Participation and Increased Affordability

Separate from deployment, the record also demonstrates that MVNO participation in Lifeline enables the program to fulfill its role as an affordability program – a role in keeping with two decades of bipartisan Commission precedent.[25] Indeed, it is the affordability function of Lifeline that drives the program's usefulness to the most vulnerable Americans, including our country's veterans.[26] This affordability role is, moreover, consistent with the Commission's pro-competition approach to fostering innovation – as the New York Public Service Commission

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[23] ITIF at 4.

[24] Comments of the National Grange, WC Docket Nos. 17-287 *et al.*, at 2-3 (filed Feb. 21, 2018) (National Grange).

[25] Free State Foundation at 4 ("[W]hile promoting increased facilities investment is, in general, a worthwhile objective, the primary purpose of the Lifeline program is to promote the affordability of communications services for low-income persons. This has been true from the program's inception in the mid-1980s."); Comments of the Multicultural Media, Telecom and Internet Council *et al.*, WC Docket Nos. 17-287, at 3-4 (filed Feb. 21, 2018) (MMTC) (detailing the Lifeline program's history); Comments of the National Association of Telecommunications Officers and Advisors and the National League of Cities, WC Docket Nos. 17-287 *et al.*, at 3 (filed Feb. 21, 2018) (NATOA/NLC) ("The Commission's goal in proposing the elimination of non-facilities-based providers from the Lifeline program – increasing the availability of broadband infrastructure – is laudable. However, a program aimed at affordability for consumers is not the appropriate vehicle to achieve that goal." (internal citations omitted)); *see also* ITIF at 7 ("[T]he Lifeline program can play an important role in promoting broadband adoption. Broadband non-adoption is due to complex and inter-related causes, but affordability can be a real barrier for low-income Americans." (internal citations omitted)).

[26] *See, e.g.*, Comments of New America's Open Technology Institute, WC Docket No. 17-287, at 26-27 (filed Feb. 21, 2018) (OTI) ("The proposed limits would also harm the estimated 1.4 million military veterans who live below the poverty line."); TracFone at 3 (noting that Lifeline serves 1.2 million veterans at present); *see also* National Grange at 3-4.

explains, the same "non-facilities based carriers" that further the "affordability goal of the program" also bring about "downward pressure on prices" through "competitive options."[27]

Finally, the record demonstrates that maintaining Lifeline support for non-facilities-based providers is not mutually exclusive, as a legal matter, with supporting broadband through the Lifeline program. As CTIA previously noted, "judicial and Commission precedent alike demonstrate that the FCC has ample authority to move forward with requirements that advance low-income consumers' access to affordable broadband."[28] And supporting broadband through the Lifeline program has received overwhelming, virtually universal support.[29]

IV. TO CLOSE THE DIGITAL DIVIDE, THE RECORD DEMONSTRATES THAT THE COMMISSION'S LIFELINE POLICIES SHOULD MAXIMIZE ELIGIBLE LOW-INCOME CONSUMER PARTICIPATION

A. Any Lifeline Budget Mechanism Should Be Designed to Ensure Eligible Low-Income Consumers Can Receive Lifeline Support

As CTIA explained in its initial comments[30] and as the Commission has rightly recognized,[31] the most important and challenging aspect of formulating a Lifeline budget cap is how to do so without minimizing the program's accessibility to eligible low-income consumers at their times of greatest need. The Commission must be a responsible steward of scarce federal

[27] Comments of the New York State Public Service Commission, WC Docket Nos. 17-287 *et al.*, at 2 (filed Feb. 21, 2018) (NYPSC).

[28] CTIA at 19-20.

[29] *Cf., e.g.*, CTIA at 3-4; Black Women's Roundtable at 6; Verizon at 1; Free State Foundation at 8; NaLa at 2-3; Sprint at 23; AARP at 2-5; Cox at 1-3; Low-Income Consumer Advocates at 18-20; INCOMPAS at 1-4; ITIF at 1-3; Mobile Future at 1-2; Common Sense at 3; Consumer Action at 1; CWA at 1; HTTP at 1; Oregon CUB at 2; Cities at 2; National Grange at 1, 3.

[30] CTIA at 21-22.

[31] *See, e.g.*, *Lifeline and Link Up Reform and Modernization et al.*, Notice of Proposed Rulemaking, 26 FCC Rcd 2770, 2817-18 ¶ 144 (2011).

Universal Service Fund (USF) resources,[32] but the Lifeline program should be designed to maximize eligible low-income consumer participation. As National Grange notes, currently "only about one-third of eligible households are receiving Lifeline-supported service."[33] Thus, the *NPRM/NOI's* proposed budget should not be designed to inhibit eligible low-income consumers from using the communications services essential for accessing educational, occupational, health, and public safety resources – resources that are intended to provide economic opportunity that ultimately will help obviate an individual's need for Lifeline support.

Further, the record does not make clear that the *NPRM/NOI*'s contemplated budget mechanism would result in tangible benefits to the federal USF. One commenter notes that the proposed budget mechanism "would not be a more efficient use of funds," since "[c]onsiderable public and private funds would be used to determine how to pro-rate Lifeline allocations."[34] Additionally, the *NPRM/NOI*'s budget mechanism would create uncertainty for consumers and providers. As AARP notes, the *NPRM/NOI*'s proposed budget mechanism would "destabilize the program" and "likely have a negative impact on the financial viability of service providers"[35] – to the ultimate detriment of both deployment and consumers. Ultimately, "[i]n the unlikely event the participation rate swells to near all who qualify, it would be far better to adjust the qualifying metrics [for Lifeline subsidies] over time than turn away legitimate participants."[36]

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[32] *Cf., e.g.*, *NPRM/NOI* at 10480 ¶ 9.

[33] National Grange at 2-3.

[34] Cities at 21 (internal quotations omitted).

[35] AARP at 22.

[36] ITIF at 7.

B. Maximum Discount Levels, Co-Pay Requirements, and Pass-Through Requirements May Inhibit Eligible Low-Income Consumer Participation

Additionally, many commenters note that a "maximum discount level" could negatively affect eligible low-income consumers who rely on Lifeline and that time limits on benefits would reduce Lifeline's utility to beneficiaries.[37] Commenters explain that implementation of a maximum discount level would lead to an increase in administrative burdens that would undermine the Commission's other praiseworthy efforts to make the Lifeline program more efficient.[38] Similarly, a "co-pay" requirement would drive down Lifeline participation, and therefore broadband adoption, among the unbanked in American society.[39] Finally, the *NPRM/NOI*'s contemplated proposal to "limit[] payments to resellers to what they pay their

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[37] CTIA at 4; AARP at 26 (time limits "ignore[] the plight of the elderly and disabled, whose reliance on Lifeline is not the result of transitory economic conditions"); Joint Comments of Pennsylvania's Low Income Individuals *et al.*, WC Docket Nos. 17-287, at 5 (filed Jan. 24, 2018) ("[T]he proposal to institute a lifetime limit on the receipt of Lifeline benefits … would pose an indefensible administrative burden to implement and track … [and] also penalize individuals who may fall on hard times at different times in their life. Indeed, imposing such a limit will disproportionately punish older Pennsylvanians, who may find they again need Lifeline service later in life.").

[38] *See, e.g.*, Cities at 27 ("Were the Commission to implement lifetime caps on Lifeline eligibility, subscribers who faced a disaster in their youth may be ineligible for support should events repeat themselves in the future. … [There are] immense administrative costs inherent in implementing a lifetime cap."); OTI at 25-26 ("The administrative complexity of tracking and cataloguing every participant's total benefits and enrollment duration is something that no telecommunications provider – nor the Commission – has ever undertaken. The administrative costs alone could offset any fiscal savings that might result from reduced expenditures."); *see also* Cities at 21 ("The unreliability of [capped] Lifeline support would likely drive all corporate participation from the program except where it is mandated by the Commission.").

[39] INCOMPAS at 7-10 ("[A] harsh reality of low-income America is that many consumers are 'unbanked' … [i]n a Lifeline minimum payment scenario, that [could] mean that a $1 payment will cost the low-income consumer as much as $6.00."); Cities at 26 ("Many families who meet Lifeline's eligibility standards are unbanked. … Implementing a copay or a maximum discount level would severely limit the utility of the Lifeline program in the eyes of those it is intended to help.").

wholesale carriers"[40] would, as some commenters have noted, run contrary to both Congressional intent (embodied in disjunctive statutory language) and Commission precedent,[41] and could make Lifeline supported services less affordable, particularly to the most vulnerable of customers.[42]

The Commission's commitment to closing the digital divide and to furthering broadband deployment is a credit to the agency. In the Lifeline context, serving both goals necessitates maximizing eligible low-income consumers' access and participation.

V. CONCLUSION

Accordingly, CTIA applauds the Commission's commitment to eliminating waste, fraud, and abuse by fully and swiftly implementing the National Verifier. CTIA encourages the agency, consistent with advice from the overwhelming weight of filing parties in this proceeding, to (1) maintain Lifeline support for non-facilities-based providers, and (2) maximize eligible low-income consumers' participation in the Lifeline program, in order to most optimally advance the agency's efforts to close the digital divide.

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[40] *NPRM/NOI* at 10500 ¶ 72.

[41] TracFone at 54-56; *see also* 47 U.S.C. ¶ 254(e) (establishing universal service support-receiving companies must "use that support only for the provision, maintenance, and upgrading of facilities *and services*" for which the support is intended" (emphasis added)); *Petition of TracFone Wireless, Inc. for Forbearance from 47 U.S.C. § 214(e)(1)(A) and 47 C.F.R. § 54.201(i)*, Order, 20 FCC Rcd 15095, ¶ 26 (2005) (evaluating and dismissing claims that Section 254(e) prevents resellers from using universal service funds solely for the provision of services).

[42] *Cf.* CWA at 3-4 ("Free-to-the-end-user services are critical for providing communications services to the most vulnerable populations.").

Respectfully submitted,

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