

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Re: Bridging the Digital Divide for Low-Income Consumers, WC Docket No. 17-287

Dear Secretary Dortch,

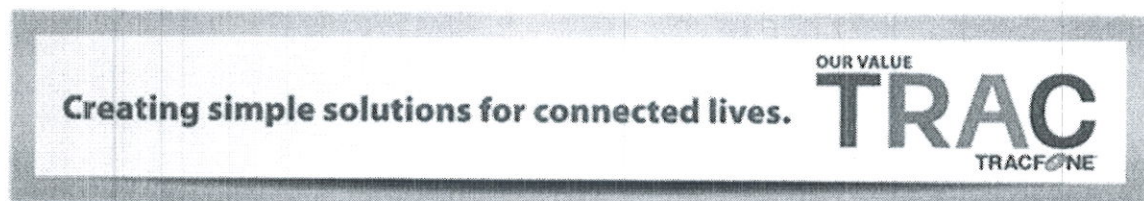
On August 9th, Phil Anderson of Navigators Global, and I met with Commissioner O'Rielly.

We discussed TracFone's concerns with all of the Commission's proposals, which were adopted on November 16, 2017. Our concerns were animated by the attached handouts and focused on the proposed reseller ban.

We also briefly discussed a few operational challenges pertaining to the Universal Administrative Corporation's attempts to launch the National Verifier, which Q Link's recently filed petition describes well (WC Docket Nos. 17-287, 11-42, 09-197 (filed July 5, 2018)).

Sincerely,

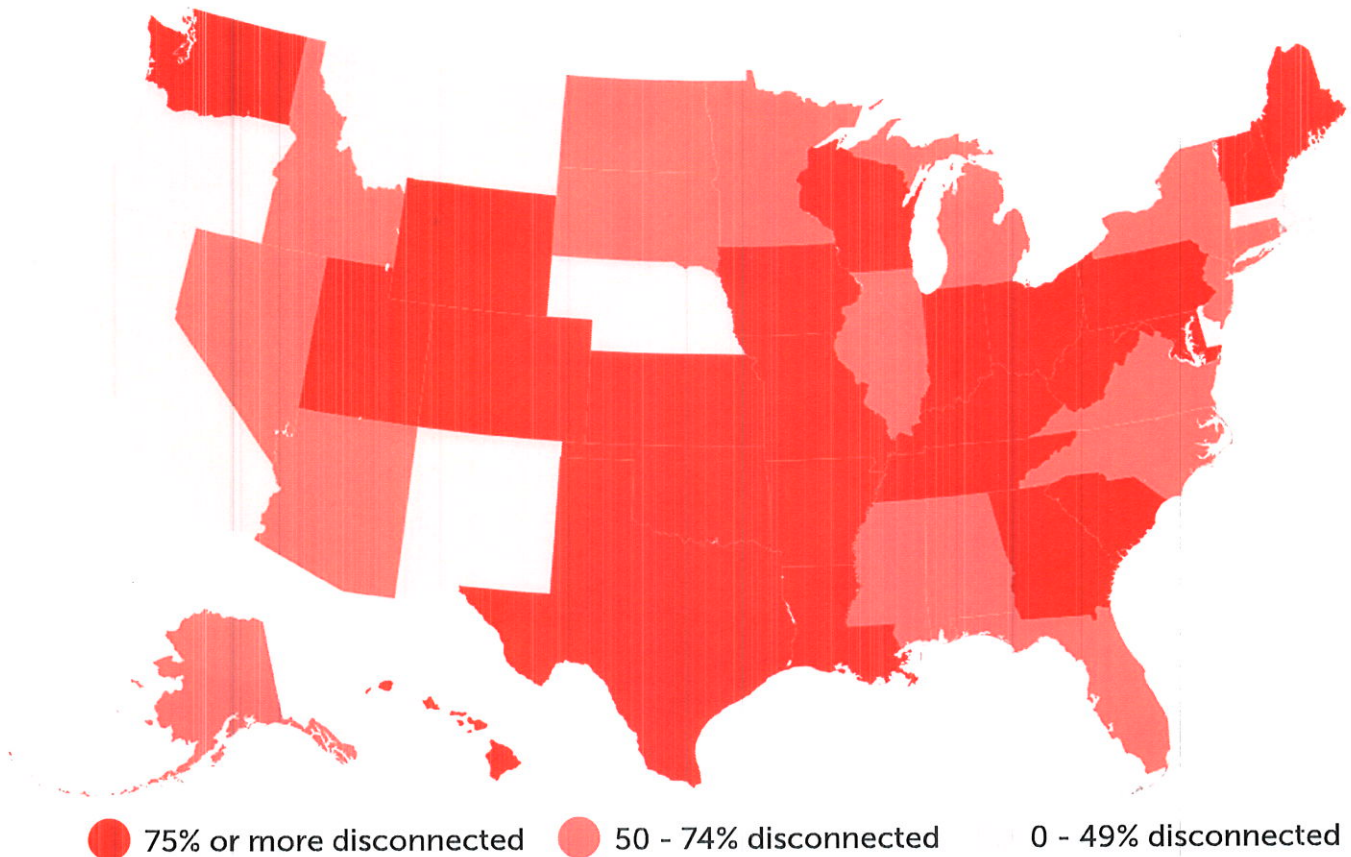
Mark Rubin  
Sr. Executive for Government Affairs  
TracFone





# Americans Disconnected from Lifeline Services

**An overwhelming majority of Americans relying on Lifeline would be disconnected from their phone service providers:**



## **If non-facilities-based providers are eliminated:**

- 6.9 million+ Americans will lose access to their phone service providers
- 825,000+ veterans will lose access to their phone service providers
- 68% of Lifeline participants will lose access to their phone service providers
- In 43 states, 50%+ of Lifeline participants will lose access to their providers
- In 30 states, 75%+ of Lifeline participants will lose access to their providers



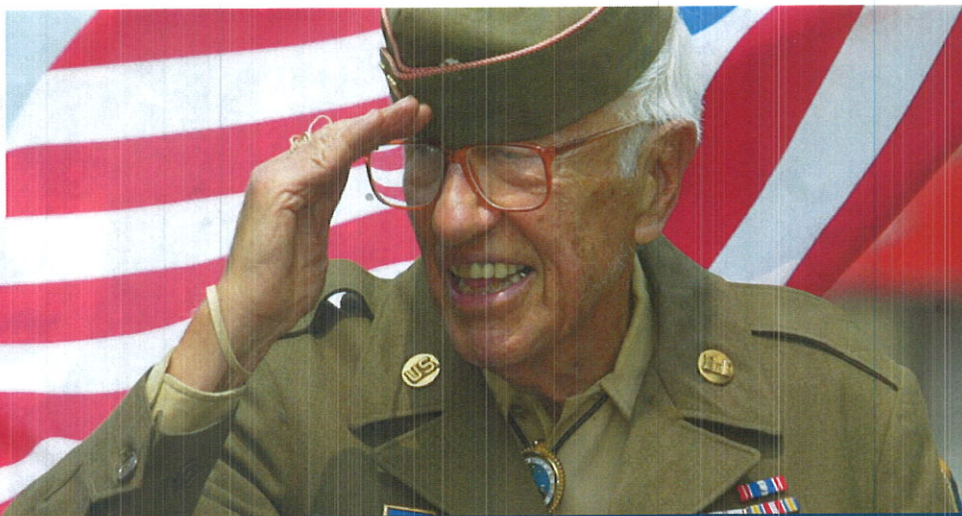


# Americans Disconnected from Lifeline Services

See who would be disconnected from their phone service providers:

< 50%		50 - 74%		75 - 100%	
State	Percentage	State	Percentage	State	Percentage
OR	4	AZ	52	UT	75
NE	25	NJ	54	CO	76
MT	29	AK	55	WA	76
NM	38	SD	57	OH	77
CA	43	NY	59	TX	77
DE	47	CT	61	IA	79
MA	49	FL	63	IN	80
		MN	64	TN	80
		VA	64	AR	81
		IL	65	NH	81
		ID	67	PA	81
		NC	68	MD	82
		RI	68	GA	85
		NV	70	LA	85
		MI	71	SC	85
		AL	72	WI	85
		MS	72	KS	87
		ND	74	KY	88
				MO	89
				ME	90
				DC	91
				OK	91
				WV	92
				VT	93
				WY	96
				HI	100





## Value of the Lifeline program to **VETERANS**

The Lifeline program was created by the Reagan Administration to provide low-income individuals with access to affordable phone services. Today, Lifeline plays an essential role in connecting veterans with opportunity and lifesaving resources.



### Jobs

Lifeline allows veterans to connect with current and future employers while they transition out of their military careers. In addition to providing low-income veterans with essential voice services, Wi-Fi enabled Lifeline phones allow recipients to connect with employers in an increasingly digital world.



### Healthcare & Emergency Services

Lifeline helps low-income veterans stay healthy, lowers healthcare costs, and improves outcomes by keeping veterans connected with healthcare professionals and 911 emergency services. This is most essential for senior and disabled veterans and those living in rural areas who may be unable to access healthcare otherwise.



### Education

The internet is essential to academic success. For veterans seeking degrees and those with school-age children, access to online educational resources is critical. Yet many low-income households still lack computers. Wi-Fi enabled Lifeline phones address this "digital divide" by providing access to essential online resources.



### Suicide Prevention

Every day, 20 veterans commit suicide, 14 of which are not under VA care. Lifeline phones ensure that low-income veterans have the opportunity to stay connected with friends and family and the ability to call a suicide helpline, if needed.

**1.2 MILLION**  
veterans rely on the Lifeline  
program



**12%**  
of all Lifeline beneficiaries  
are veterans

[vets.lifelinefacts.com](http://vets.lifelinefacts.com)





# FCC Lifeline Proposals are Anti-Market & Anti-Competitive

**The FCC recently sought comment on proposals that would directly or effectively exclude all non-facilities-based telecommunications providers from participating in the Lifeline program.**

As the FCC's own Mobile Competition Report explains: "Resellers and mobile virtual network operators (MVNOs) do not own any network facilities, but instead purchase mobile wireless services wholesale from facilities-based service providers and resell these services to consumers. Agreements between an MVNO and a facilities-based service provider may occur when the MVNO has better access to some market segments than the host facilities-based service provider and can better target specific market segments, such as low-income consumers or consumers with lower data-usage needs."

This is exactly the successful and efficient market dynamic that has been leveraged by the Lifeline program to benefit low-income households. In fact, a majority of current Lifeline customers, 8.3 million, have chosen non-facilities-based providers.

Now the FCC is considering proposals that target the reseller business model by (1) directly excluding all non-facilities-based providers; (2) reimbursing resellers only for the amount they pay to facilities-based providers at wholesale (i.e. no profit); and, (3) limiting the percentage of total cost of service a reseller may be reimbursed for when offering a Lifeline-qualifying service.

**The error of these proposals has been broadly recognized in comments filed at the Commission:**

**Dick Wiley, Former FCC Chairman, on behalf of TracFone**

*"...if the Facilities-Based Proposal is adopted, then the Commission would be taking the unprecedented step of removing existing competitors from the market, and in this case, the majority of competitors. Such a drastic diminution in the number of market participants would plainly reduce or eliminate the significant benefits of competition currently enjoyed by Lifeline eligible customers."*

**Citizens Against Government Waste**

*"CAGW is concerned about Section B1 of the proposed rule, which would restrict the Lifeline broadband subsidies to facilities-based providers only. This provision would make it impossible for non-facilities based wireless providers to remain in the program, leaving many Lifeline subscribers in search of a new provider."*

**The Free State Foundation**

*"...the reality today is that facilities-based providers currently are serving only a minority of Lifeline subscribers, so that discontinuing support for resellers would be very disruptive to the program."*

**Robert McDowell, Former FCC Commissioner, on behalf of Mobile Future**

*"Contrary to the Commission's goal of closing the digital divide, the proposal would potentially disconnect millions of low-income Americans who depend on the targeted service offerings of non-facilities-based mobile broadband providers to get access to the Internet."*



### **CTIA – The Wireless Association**

*"...the Commission proposal to remove non-facilities-based carriers from Lifeline would more likely have negative impacts on competition and harm low-income consumers."*

### **U. S. Telecom Association**

*"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."*

### **ITTA**

*"Discontinuing Lifeline support for service provided over non-facilities-based networks would cause mass upheaval for consumers and eject dozens of providers from the marketplace."*

*"Moreover, Lifeline consumers may not have a carrier to turn to if the Commission discontinues Lifeline support for service provided over non-facilities-based networks."*

### **Verizon**

*"...discontinuing support to resellers would undercut the main purpose of the Lifeline program, which is to address affordability. Moreover, restricting Lifeline support to facilities-based carriers is unlikely to materially improve the business case for broadband deployment in high-cost areas, given that Lifeline consumers contribute revenue to the underlying facilities-based carrier regardless of whether it serves the customer directly or via resale."*

### **Sprint**

*"Sprint is concerned that these changes have the potential to deny millions of eligible Lifeline customers access to service by reducing competitive alternatives and discouraging or prohibiting wireless carrier participation."*

*"Elimination of resellers from the Lifeline program would significantly alter the current Lifeline marketplace. First, there would be a sharp reduction in the number of wireless service providers offering Lifeline service; in some areas, there may remain only a single facilities-based wireless Lifeline service provider, and in other areas, there may be no facilities-based wireless Lifeline service provider at all."*

### **ITIF**

*"The Commission's proposal to limit Lifeline support to facilities-based providers is misguided, representing an unnecessary limitation that is far more likely to inhibit the Lifeline program and participation in communications networks, ultimately reducing network effects."*

### **INCOMPAS**

*"Eliminating support for non-facilities-based providers will not necessarily reduce the program's costs, but it will reduce competitive choice and leave over 73% of the current program's subscribers..."*

*"Nor would the elimination of Lifeline support for non-facilities based carriers further the Commission's goal of expanding infrastructure investment."*

*"Excluding non-facilities-based providers from the Lifeline program will reduce the availability of quality, affordable broadband services for low-income consumers, contrary to the stated goals of the Lifeline program."*



# Lifeline Program Reforms

## **Eliminating waste, fraud, and abuse from the Lifeline program:**

TracFone urges the Commission to refocus its Lifeline reform efforts on ensuring that existing reforms are implemented correctly and prioritizing light-touch, pro-competitive values in any additional reforms adopted. Specifically, TracFone offers the following roadmap for Lifeline reform:

### **Complete Implementation of the National Verifier**

The FCC should redouble its oversight of the ongoing implementation of existing reform efforts. To this end, it should ensure the National Verifier is executed timely and faithfully by encouraging USAC to more actively consult with stakeholders on best practices, and by working with USAC to eliminate any barriers to customers obtaining and retaining the service caused by technical or operational shortcomings. Implemented correctly, the National Verifier should effectively screen out ineligible end users, without drastically undermining affordable access to critical voice and broadband services by eligible low-income consumers.

### **Eliminate Minimum Service Standards**

The FCC should discontinue or significantly alter certain anti-free-market reforms of previous Commissions, such as minimum service standards. The acceleration of minimum service standards is too steep to sustain no-cost service offerings like those provided by TracFone. As the minimum service standards increase, it becomes difficult and even impossible for providers to offer services at no cost to Lifeline program participants. The practical result of this is that the minimum service standards, although designed to protect consumers, prevent eligible subscribers from obtaining essential Lifeline services. At a minimum, the FCC should consider adopting TracFone's "units" proposal to allow provider flexibility in meeting the standards and promoting consumer choice.

### **Create Conduct-Based Standards for Lifeline Providers**

The FCC should consider conduct-based standards to weed out bad actors in a manner that is technology and business-model neutral. TracFone's conduct-based approach would be a valuable way to deter waste, fraud, and abuse without categorically eliminating providers or unnecessarily harming consumers.