November 8, 2017

Chairman Ajit Pai
Commissioner Mignon Clyburn
Commissioner Michael O'Rielly
Commissioner Brendan Carr
Commissioner Jessica Rosenworcel

Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: **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, and Telecommunications Carriers Eligible for Universal Service Support WC Docket No. 09-197

Dear Chairman Pai, Commissioner Clyburn, Commissioner O'Rielly, Commissioner Carr, and Commissioner Rosenworcel,

CTIA shares the Commission's goal of closing the digital divide, particularly through the use of mobile wireless technologies. In pursuit of this goal, CTIA commends the Commission for its actions to allocate spectrum, speed infrastructure deployment, and distribute federal universal service support to mobile wireless services in unserved rural areas.

As low-income consumers are particularly affected by the digital divide, CTIA is concerned with some of the proposed reforms to the Lifeline program that the Commission will consider at the November 2017 Open Meeting. While CTIA remains committed to working with the Commission to strengthen the Lifeline program's administration, some of the changes proposed in the draft Lifeline item would negatively impact millions of low-income consumers who rely on wireless supported Lifeline services. As the Commission moves forward an agenda designed to close the digital divide, CTIA urges the Commission to recognize that Lifeline, especially wireless Lifeline, remains a critical tool that enables low-income consumers to access 21st Century occupational, educational, health and public safety communications.

Over thirty years since its creation, Lifeline remains the only federal program dedicated to making essential communications services more affordable for millions of low-income Americans. As wireless services have become more important to all Americans, they have become even more beneficial to low-income Americans, especially for diverse, underserved communities.[1] Last year, the Pew Research Center found that one-fifth of adults living in households earning less than $30,000 a year were "smartphone-only" internet users – a 12% increase from 2013. Pew Research Center also noted that "lower-income smartphone owners were especially likely to use their mobile device when seeking out and applying for jobs...."[2] The Lifeline program has appropriately evolved to reflect this marketplace and technological shift.

Wireless has brought robust innovation and effective competition to the Lifeline program while simultaneously increasing the efficiency and value of Lifeline-supported services available to low-income consumers. Indeed, since the Commission's *2016 Lifeline Order*, almost 70% of 9 million eligible low-income subscribers have received Lifeline-supported broadband services, including mobile wireless broadband, that meet the FCC's minimum service standards.[3]

CTIA and our member companies have also consistently supported efforts to make the Lifeline program more efficient, accountable, and effective. In fact, CTIA has supported various program integrity measures adopted by the Commission that have reduced Lifeline spending by 40% since 2012.[4] The Commission deserves credit for

[1] Adults living in poverty (66.3%) and near poverty (59.0%) were more likely than higher income adults (48.5%) to be living in households with only wireless telephones. Stephen J. Blumberg and Julian V. Luke, *Wireless substitution: Early release of estimates from the National Health Interview Survey, July-December 2016*, National Center for Health Statistics, CDC (May 2017), https://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201705.pdf

[2] Monica Anderson, *Digital divide persists even as lower-income Americans make gains in tech adoption,* Pew Research Center (March 22, 2017) *available at http://www.pewresearch.org/fact-tank/2017/03/22/digital-divide-persists-even-as-lower-income-americans-make-gains-in-tech-adoption/.*

[3] USAC, High Cost & Low Income Committee, Briefing Book at 137, High Cost & Low-Income Committee, Low Income Support Mechanism Update, Program Highlights – 2Q2017 (July 2017) *available at* http://www.usac.org/_res/documents/about/pdf/bod/materials/2017-07-24-hcli-briefing-book.pdf.

[4] Lifeline demand has declined from its peak of over $2.1 billion in 2012 to about $1.5 billion in 2016, and month-to-date figures for 2017 suggest that this year's total will be under $1.25 billion. *See Universal Service Monitoring Report*, CC Docket No. 96-45 et al., at 26, Table 2.4 (WCB 2016); USAC 2016 Annual Report at 21 (summing Lifeline quarterly totals); USAC First Quarter 2018 FCC Filing at Table LI-06.

enhancing the program's integrity. To this end, CTIA continues to support the Commission's most recent efforts to implement a National Lifeline Eligibility Verifier (National Verifier) which is designed to enhance the Lifeline subscriber eligibility process. The Commission has directed the Universal Service Administrative Company (USAC) to implement the National Verifier nationwide on an aggressive timeline through 2019.

Given the significant resources the Commission has directed USAC to devote to establishing the National Verifier, the Commission should maintain its focus on implementation of the National Verifier, which is the most effective mechanism for further improving program integrity. In any event, before moving forward with proposals in the NPRM or NOI, the Commission should complete its work on the National Verifier and evaluate the National Verifier's effectiveness to address any existing program integrity concerns.

While the Commission may wish to seek comment on additional reforms that may further enhance program integrity, CTIA urges the Commission to carefully consider the impact of the proposed changes to Lifeline on the millions of low-income Americans that could be pushed onto the wrong side of the digital divide.

First, CTIA shares the Commission's goals with respect to closing the digital divide and rooting out waste, fraud, and abuse in the Lifeline program. We question whether the proposal to limit Lifeline support to facilities-based providers would serve those goals. As noted, Lifeline has been the only federal program dedicated to addressing the affordability of essential communications services for over thirty years. The fact that non-facilities based mobile wireless providers have responded to low-income consumer needs and the vast majority of eligible Lifeline subscribers have chosen these providers should help shape Lifeline policies. Indeed, the Commission has recognized the important role that non-facilities based wireless providers play in the U.S. wireless market to tailor service plans and offerings to low-income consumers' needs.[5] Lifeline support has made the unique offerings of non-facilities-based providers even more affordable to low-income consumers. For these reasons, CTIA does not believe the Commission should eliminate the ability of Lifeline subscribers, including the approximately eight million low-income consumers who rely on non-facilities based mobile wireless service to

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[5] 20th Annual Mobile Competition Report, Para. 15, 53 (rel. Sept. 27, 2017).

access critical occupational, educational, health and public safety resources, to choose wireless Lifeline offerings.[6]

To the extent there are concerns with program integrity, CTIA supports the Commission's recent efforts to crack down on providers who do not adhere to program integrity rules and to adopt significant reforms that greatly enhance (and promise to further enhance) the Commission's ability to limit waste, fraud, and abuse in Lifeline. Similarly, if there are specific non-facilities based providers that are in material violation of the rules, the Commission has and should take steps to curb those specific entities from program participation. Excluding an entire category of providers that are focused on delivering service to low-income Americans however is not necessary to achieve the goal of ensuring program integrity and runs counter to the goal of shrinking the digital divide.

Second, the proposal to impose a "maximum discount level," if adopted, could make Lifeline-supported broadband and voice services less accessible to low-income Americans. The Commission has previously concluded that requiring low-income consumers to pay a minimum charge for service creates difficulties for particularly hard-hit communities such as the un-banked.[7] The Commission should not adopt a "maximum discount level" without considering the impact to bridging the digital divide for millions of low-income Americans.

Third, the proposal to impose a cap on the Lifeline program may create significant uncertainty for low-income consumers who rely on Lifeline services. If, as the draft item proposes, benefits simply could be reduced if the cap is reached, a low-income family that depends on fixed economic support will be challenged to account for variable Lifeline support. CTIA believes the reforms and budget that have been previously adopted should be fully implemented and evaluated before taking additional steps that could reduce critical support from low-income Americans.

[6] Universal Service Monitoring Report, CC Docket No. 96-45, et al., at 30, Table 2.8 Non-Facilities Based Low-Income Subscribers by State in 2015 (2016), https://apps.fcc.gov/edocs_public/attachmatch/DOC-343025A1.pdf.

[7] *Lifeline and Link Up Reform and Modernization, et al.*, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656, 6772-73 ¶¶ 267-68 (2012).

As the Commission moves forward on an agenda designed to close the digital divide, Lifeline, especially wireless Lifeline, remains a critical tool that enables public safety, health care, educational, occupational, and other important communications for low-income consumers in the 21st Century. While broadband deployment and adoption are clearly linked, and the Commission should holistically evaluate whether its universal service programs and policies address those issues, the Lifeline program uniquely fills a need to address the affordability of voice and broadband services for millions of low-income Americans.

CTIA and our member companies are committed to continuing to work with the Commission and other stakeholders to find ways to come together on the right set of reforms to strengthen the Lifeline program. In this item, we ask the Commission to keep its focus on the reforms that are already underway and recognize the significant opportunities and value that mobile wireless services, including non-facilities based services, have brought to millions of low-income consumers participating in the Lifeline program.

Sincerely,

MABaker

Meredith Attwell Baker
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CTIA

cc Nicolas Degani
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