

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Lifeline and Link Up Reform and Modernization	)	WC Docket No. 11-42
	)	
Telecommunications Carriers Eligible for Universal Service Support	)	WC Docket No. 09-197
	)	
Connect America Fund	)	WC Docket No. 10-90

**COMMENTS OF  
GVNW CONSULTING, INC.**

August 27, 2015

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## Executive Summary

GVNW supports the Commission's Lifeline program, supports recent reforms made to enhance the integrity of the program and supports prompt adoption of further needed and appropriate reforms to the program. Further reform of the Lifeline program will help low-income consumers continue to afford the voice services currently supported as well as access advanced services that are increasingly necessary to apply for employment, to complete school assignments and to access medical care. The rural areas served by GVNW's clients are not only more expensive to serve than non-rural areas, the proportion of their population that is low-income is greater than in non-rural areas.

The universal service high-cost program (and its updating for rate-of-return carriers) is necessary to support the facilities in rural America that provide voice and broadband services, and the Lifeline program is needed to assist low-income customers to access those facilities. The high-cost and Lifeline programs work hand in hand. Sufficient funding for and efficient operation of both are required to make voice and broadband services available to the low-income population resident in rural America.

The Commission should structure the Lifeline program so as to encourage the participation by terrestrial providers of fixed services who now have been eclipsed by prepaid wireless carriers as providers of Lifeline service. The *Notice* quotes Commissioner Rosenworcel as observing that "[w]hile low-income families are adopting smartphones with Internet access at high rates, a phone is not how you want to research and type a paper, apply for jobs, or further your education." The *Notice* goes on to state that "additionally, smartphone owners tend to experience numerous challenges, such as having to suspend or cancel service due to financial constraints, poor signal quality, and inadequate content display on the smartphone." Rural Local Exchange Carriers (RLECs) are best positioned, and in many areas uniquely able to provide the level of service needed to accomplish the tasks cited by Commissioner Rosenworcel.

In her seminal speech on Lifeline reform, Commissioner Clyburn said that this program "has yet to realize its full potential to change the lives of millions of ordinary people." She then outlined five principles, in addition to adding broadband to Lifeline, to guide the reform needed to allow the Lifeline program to meet its full potential. The structure and operation of the Lifeline program are not simple and neither will be the changes needed to best fulfill Commissioner Clyburn's five principles. GVNW supports those principles and will focus its comments on the optimal way to fulfill them.

Commissioner Clyburn's five principles include:

1. **Getting the most bang for the universal service buck through adoption of minimum service standards** – Minimum service standards for voice and broadband service for Lifeline help ensure that Lifeline funds are achieving the intended objective of supporting services that allow low-income consumers to afford necessary services.

2. **Providers should no longer be responsible for determining customer eligibility** – Commissioner Clyburn eloquently states the case for getting providers out of the determination of customer eligibility. She states “It is amazing to me that Lifeline is the only federal benefits program that I am aware of where the provider determines the consumer’s eligibility.” “We should strip that obligation from them completely.” Her rationale is right on target, “Changing the current construct is necessary to ensure the future integrity of the program, is critical to reduce privacy concerns of consumers, is essential in increasing competitive choice, and will decrease administrative burdens on the providers.”
3. **Encouraging broader participation through a streamlined approval process** – Not only should any unnecessary barriers that discourage provider participation in the Lifeline program be eliminated, provider participation in the Lifeline program should not be mandatory.
4. **Leveraging efficiencies from existing programs and instituting a coordinated enrollment** – Coordinated enrollment will facilitate the enrollment and verification processes and speed their movement from providers to government agencies or trusted third parties. As noted above, this helps both potential and current Lifeline participants as well as providers.
5. **Public-private partnerships and coordinated outreach efforts** – As Commissioner Clyburn states, “Not only is the broadband adoption challenge broader than just affordability but consumers still need devices and may require digital literacy training.” Outreach by organizations engaged in digital literacy such as libraries, or those serving the low-income population such as food banks, can help get the word out to qualified consumers.

The Commission has updated the other aspects of the universal service program to support broadband (with the notable exception of the high-cost program’s failure to support broadband-only service provided by rate-of-return carriers) and should do the same for the Lifeline program. Voice service should continue to be supported by the Lifeline program. As long as voice is a separate service from broadband, low-income consumers should have the ability to choose which class of service(s) on which they wish to spend their Lifeline subsidy. Only the consumer can determine the value of voice and broadband service (separately or bundled) to him or her.

GVNW agrees that it is necessary (and appropriate) to establish minimum voice standards to ensure maximum value for each dollar of universal service and that consumers receive reasonably comparable service. Similar to voice service, in order to ensure that payers into the Universal Service Fund (“USF”) receive the best bang for their universal service buck, the Commission should adopt minimum service standards for broadband. Such standards should be technology neutral and equally applicable to mobile and fixed services. Wireless CPE should not be included in determining affordability. Changing the service standards for Lifeline service is a major policy issue and should neither be placed on automatic pilot nor decided by a body other than the full Commission.

Adherence to performance metrics is no less important for providers receiving universal service Lifeline support than it is for providers receiving high-cost support. Scarce universal service support funds should be expended for the purposes for which they are intended, and that includes provision of the service the provider has agreed to do in exchange for receipt of the support. It is reasonable and appropriate for the Commission to subject Lifeline providers to broadband measurement mechanisms similar to those imposed on the recipients of high-cost support. The Commission has sufficient enforcement mechanisms and has no need to resort to automatic triggers for audits of Lifeline performance standards as suggested in the *Notice*. Using automatic triggers removes the discretion from the Commission as to when it is sensible and appropriate to commence an audit.

The determination of the proper support level for voice, broadband, and a voice/broadband bundle is a complex calculation that must balance several factors. Those factors include the determination of: (1) a subsidy amount that results in a net price to the Lifeline consumer that is reasonably comparable and affordable, (2) a level of service that meets the reasonable comparability standard, and (3) a total amount of projected Lifeline support that reasonably sizes the Lifeline fund.

An initial step to create an appropriate balance between the amount of Lifeline support and the size of the Lifeline fund is to reduce the Lifeline voice subsidy level. There are several reasons that the support amount should be reduced for voice service. As the *Notice* observes, there has been a significant reduction in the cost of provisioning wireless voice service since the *Lifeline Reform Order*. Scarce universal service funding resources must be used efficiently and support at the \$9.25 level does not accomplish that for wireless providers at the current level of service.

Just as the service level should be technology neutral, so should the subsidy level. Therefore the level of support for voice service should be reduced for all providers of voice service, not just mobile wireless providers as suggested in the *Notice*. The subsidy for voice service should be uniform and consumers should then be able to make the decision as to which provider and level of service best meets their needs in the voice market. Moreover, given the limited amount of support available in the E-Rate Fund, the Commission made the public policy decision to reduce the amount of funding going to voice services in order to prioritize funding for broadband services.

Support for broadband service should initially be set at the historical subsidy amount of \$9.25 per month. The Commission can revisit that determination after the other elements that may affect penetration such as digital literacy and the availability of low-cost tablets begin to work in an integrated way with its program to reduce the monthly cost of broadband service.

Low-income consumers should be able to examine the market and mix and match services from various providers, just as those not eligible for Lifeline are able to do. If a consumer wishes to purchase voice-only service, broadband-only service, voice service from a wireless provider and broadband service from a wireline provider or vice versa, or both voice and broadband services from one provider, they should neither be discouraged nor incited to choose one particular option over another. The only way to accomplish that goal is to have the support for a voice/broadband bundle equal the sum of the voice-only and broadband-only subsidy.

While the Commission has made repeated efforts to increase spending in the Healthcare Fund, has significantly increased the size of the E-Rate Fund, and is embarking on steps that will inevitably increase the size of the Lifeline Fund, it doggedly holds on to the parsimonious limits that it adopted in the high-cost fund at the same time that it has increased the definition of broadband service twice in the past 24 months. Making broadband service affordable where it is not available is an impossible task.

GVNW shares the Commission's misgivings listed in the *Notice* about the implementation of a budget for the Lifeline program but also has concerns about uncontrolled growth in the Lifeline Fund crowding out other universal service priorities, including the provision of sufficient support to the high-cost areas constituting 40 percent of America's land mass that are served by rate-of-return carriers. In addition to balancing the burden of contributions on ratepayers, the Commission must balance the needs and benefits of its various universal service programs. It must sufficiently fund the building of necessary broadband infrastructure in rural America as well as ensure that the services provided over that infrastructure are affordable.

Given the compelling reasons for removing providers from the Lifeline eligibility and verification process cited by Commissioner Clyburn, the Commission should accomplish that goal as soon as possible. The best way to do that is to establish a date certain for conversion to a third-party system. Without a date certain for conversion, it will be easy to find reasons to continue to burden providers and consumers with the problems inherent in the current system.

Consumers eligible for Lifeline support should be provided with a portable benefit provided by the third-party verifying eligibility which they could use with any Lifeline provider. The *Notice* is right on point when it states "That approach could facilitate consumer choice while also reducing administrative burdens on Lifeline providers." Consumers should be allowed to submit their verification directly to the national verifier via the U.S. Postal Service, fax, email, or Internet upload, in addition to processes inherent in a coordinated enrollment process.

The Commission should adopt AT&T's proposal to transfer Lifeline benefits directly to the consumer by assigning subscribers with a unique identifier or Personal Information Number (PIN) that could be "deactivated" once a consumer is no longer eligible for Lifeline. Consumers could be assigned separate PINs for voice and broadband service. The PINs could be administered by the state database or national verifier.

The Commission should establish a National Lifeline Eligibility Verifier ("NLEV") as soon as possible. That verifier would review consumers' proof of eligibility and certification forms, and be responsible for determining prospective subscribers' eligibility. It would also verify continuation of eligibility (referred to in the *Notice* as "recertification") and be responsible for dispute resolution. The national verifier should also interact with state databases to the extent necessary to implement an efficient national Lifeline eligibility and verification system. Providers would then check with the national verifier to see if a potential Lifeline consumer is eligible for voice service, broadband service or both.

The NLEV should directly interface with consumers, taking over that role currently performed by providers. Providers should no longer determine proof of eligibility nor see or maintain the documentation needed to establish such proof. A national verifier using uniform processes across the states would make it simpler for consumers moving from one state to another to understand and access the processes necessary to reestablish eligibility in a new location. It would also allow retention of eligibility documents or have continual access to government databases that house information for eligibility determinations that are not dependent on the Lifeline consumer's location (such as proof of receipt of Supplemental Security Income, for example), so such documentation would not have to be resubmitted. The only time providers should be involved in the eligibility process is to interface with the national Lifeline eligibility verifier to determine if a prospective Lifeline customer may apply his or her Lifeline support to the provider's qualifying services.

A national verifier should be funded through the Universal Service Fund. This is the most fair and efficient method of ensuring a sufficient and predictable flow of revenues to the national verifier. There is no need to implement a separate regime with its attendant administrative complexities and disputes when the USF contribution mechanism is already in existence.

It makes no sense to insert providers between the national verifier and the consumer. Having the consumer directly using the national verifier will ensure that the consumer will have a uniform, standardized experience for the determination of eligibility, and will not feel tied to a particular provider, thereby promoting consumer choice and competition. It will also reduce the number of entities holding the consumer's sensitive eligibility information, thereby promoting consumer privacy and dignity.

GVNW agrees with the Commission that “Coordinated enrollment with other Federal and state agencies will generate efficiencies in the Lifeline program by increasing awareness in the program and making enrollment more convenient for eligible subscribers, while also protecting the Fund against waste, fraud, and abuse by helping to ensure that only eligible consumers are enrolled.” Of course, coordinated enrollment must take into account the fact that some of the qualifying programs are directed at individuals while Lifeline eligibility is determined on a household basis. So there would still need to be a determination by the state database or national verifier that enrollment of the consumer would not violate the “one-per-household” rule.

The Commission should phase out eligibility for low-income consumers to qualify for Lifeline support based on household income and/or eligibility criteria established by a state. As the Commission points out, less than four percent of Lifeline subscribers are eligible for the service based on income level, while verifying household income information is more complex than assessing documentation for other programs, and household income is not subject to coordinated enrollment unlike other qualifying programs.

There is no reason to link the ETC designation with the eligibility of a provider to offer Lifeline services. This unnecessarily limits the universe of Lifeline providers and forces interested providers to go through the ETC designation process. It also places burdens and costs upon ETCs that may have very few Lifeline subscribers and may wish to no longer offer Lifeline service. All providers, whether ETCs or not, offering voice and/or broadband services meeting the minimum service standards and willing to comply with reporting and auditing requirements, should have the option to accept consumers seeking to use their Lifeline benefit. As an initial step, the Commission should offer ETCs the option of dropping their obligation to provide Lifeline service in areas in which another provider is providing such service. If the Commission adopts a new process to designate providers of Lifeline service, ETCs that decide to continue to offer Lifeline services should be automatically designated as Lifeline providers for as long as they wish to offer such services.

GVNW does not object to the Commission’s proposal to make readily available a 24 hour customer service number allowing subscribers to de-enroll from Lifeline services, for any reason, as long as small companies do not have to staff that line with a live operator during non-business hours. If the Commission determines that a live operator is necessary, small companies should be exempted from that requirement. Small companies have neither the resources nor the number of Lifeline customers to justify the expense of staffing such a service.

A Lifeline provider should not have any additional authentication processes beyond those it uses for all customer requests. In particular, Lifeline providers should not be required to authenticate subscribers through the use of information they would not necessarily otherwise retain, such as Social Security numbers. Such a requirement would raise privacy concerns and subject the authentication information to the risk of unauthorized disclosure.

The Commission should take action to better target enhanced Lifeline support for residents of tribal lands. Because of the special nature of enhanced Tribal Lifeline and Link Up support, appropriate actions would be to limit such support only to those Lifeline providers who have facilities in the Tribal lands, to areas with lower population densities and to households accurately determined to be within Tribal areas.

The Commission's priority should be to not have actions by providers of Lifeline services disrupt Lifeline service to consumers. The best way to accomplish this goal is to disentangle the designation of a Lifeline provider from that of an ETC. The Commission can then adopt discontinuance rules specific to provision of Lifeline services without delving into the complexities of ETCs that are not currently subject to the Commission's discontinuance rules and section 214 requirements.

Reducing the non-usage period from 60 days to 30 days would benefit the Lifeline program by not paying providers for a second month of receiving reimbursement to not provide Lifeline service to inactive subscribers, thereby conserving scarce Lifeline universal service fund resources.

Standardization of forms will naturally accompany the implementation of an eligibility and recertification system relying on a national verifier and/or state databases instead of providers. However, until entities are up and running in states where all qualifying programs are not processed for purposes of eligibility and verification, it will be helpful for consumers and providers to use standardized forms. This will help consumers become familiar with the requirements for eligibility if they apply for Lifeline support more than once over time or from different providers, and will facilitate more efficient processing of forms including electronic processing.

The proposed requirement for officer training and certification that all individuals taking part in the enrollment and recertification processes have received sufficient training on the Lifeline rules is a clear indication that these processes should be removed from providers as soon as possible and delegated to a national Lifeline eligibility verifier and/or state databases. The Commission, uniquely for the Lifeline program, requires providers to determine eligibility, and there is an incentive for some providers to have that determination always be positive, and when employees making the determination work on a commission basis, there is an incentive for those employees to make the same finding. The best response to this problem is to remove the eligibility function entirely from providers as soon as possible. Short of that, the Commission should adopt the proposal of the Lifeline 2.0 Coalition petition to no longer permit employees who are paid on a commission to review and approve applicants of the program.

Even if the Commission adopts increased enforcement on providers' eligibility determinations prior to moving that function to a trusted third party, adoption of an officer certification for an ambiguous standard – “sufficient training” – is no way to accomplish that. In addition to being ambiguous and unworkable, this proposal for officer certification continues an unwelcome trend of criminalizing enforcement of the Commission's rules. The proposal should be rejected.

Commissioner Clyburn was right on target when she said that this program “has yet to realize its full potential to change the lives of millions of ordinary people.” The Commission should adopt GVNW's suggestions as to how to structure and implement the needed reforms so as to fulfill the potential of the Lifeline program.

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**COMMENTS OF  
GVNW CONSULTING, INC.**

GVNW Consulting Inc. (“GVNW”)<sup>1</sup> respectfully submits its comments in response to the Federal Communication Commission’s (“Commission”) request for comments pursuant to the *Second Further Notice of Proposed Rulemaking* (“Notice”) in the above-captioned dockets.<sup>2</sup> GVNW supports the Commission’s Lifeline program, supports recent reforms made to enhance the integrity of the program and supports prompt adoption of further needed and appropriate reforms to the program.

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<sup>1</sup> GVNW Consulting, Inc. is a management consulting firm that provides a wide variety of consulting services, including regulatory and advocacy support on issues such as universal service, intercarrier compensation reform, and strategic planning for communications carriers in rural America.

<sup>2</sup> *Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order* (“Notice”), (WC Docket No. 11-42, WC Docket No. 09-197, WC Docket No. 10-90), (rel. June 22, 2015).

Further reform of the Lifeline program will help low-income consumers continue to afford the voice services currently supported as well as access advanced services that are increasingly necessary to apply for employment, to complete school assignments and to access medical care. The rural areas served by GVNW's clients are not only more expensive to serve than non-rural areas, the proportion of their population that is low-income is greater than in non-rural areas.<sup>3</sup> The need for distance learning and remote health care applications are more acute in rural America.

The universal service high-cost program (and its updating for rate-of-return carriers) is necessary to support the facilities in rural America that provide voice and broadband services, and the Lifeline program is needed to assist low-income customers to access those facilities. The high-cost and Lifeline programs work hand in hand. Sufficient funding for and efficient operation of both are required to make voice and broadband services available to the low-income population resident in rural America.

The Commission should structure the Lifeline program so as to encourage the participation by terrestrial providers of fixed services who now have been eclipsed by prepaid wireless carriers as providers of Lifeline service. The *Notice* quotes Commissioner Rosenworcel as observing that “[w]hile low-income families are adopting smartphones with Internet access at high rates, a phone is not how you want to research and type a paper, apply for jobs, or further your education.”<sup>4</sup> The *Notice* goes on to state that “additionally, smartphone owners tend to

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<sup>3</sup> See USDA “Rural Poverty and Well-Being” <http://www.ers.usda.gov/topics/rural-economy-population/rural-poverty-well-being/poverty-overview.aspx> (last visited August 12, 2015) and USDA “Poverty and Deep Poverty Increasing in Rural America” <http://www.ers.usda.gov/amber-waves/2014-march/poverty-and-deep-poverty-increasing-in-rural-america.aspx#.Vcve3jZRERA> (last visited August 12, 2015).

<sup>4</sup> See *Notice* at ¶ 7 citing How to Close the Homework Gap.

experience numerous challenges, such as having to suspend or cancel service due to financial constraints, poor signal quality, and inadequate content display on the smartphone.”<sup>5</sup> Rural Local Exchange Carriers (RLECs) are best positioned, and in many areas uniquely able to provide the level of service needed to accomplish the tasks cited by Commissioner Rosenworcel. Even in areas served by fixed wireless carriers, in many instances such carriers do not offer voice service, thus depriving consumers of the ability to take advantage of bundled voice and broadband Lifeline offerings. Commission policies should encourage extension and expansion of broadband service by rural local exchange carriers through the universal service high-cost program and their participation in the Lifeline program.

In her seminal speech on Lifeline reform, Commissioner Clyburn said that this program “has yet to realize its full potential to change the lives of millions of ordinary people.”<sup>6</sup> She then outlined five principles, in addition to adding broadband to Lifeline, to guide the reform needed to allow the Lifeline program to meet its full potential. GVNW supports those principles and will focus its comments on the optimal way to fulfill them.

Commissioner Clyburn’s five principles include:

- 1. Getting the most bang for the universal service buck through adoption of minimum service standards** – Minimum service standards for voice and broadband service for Lifeline help ensure that Lifeline funds are achieving the intended objective of supporting services that allow low-income consumers to afford necessary services.

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<sup>5</sup> *Id.*, citing Pew 2015 Smartphone Use Report at 15.

<sup>6</sup> *See* Speech of Commissioner Mignon Clyburn, “Reforming Lifeline for the Broadband Era,” American Enterprise Institute, (Nov. 12, 2014), at 1.

- 2. Providers should no longer be responsible for determining customer eligibility** – Commissioner Clyburn eloquently states the case for getting providers out of the determination of customer eligibility. She states “It is amazing to me that Lifeline is the only federal benefits program that I am aware of where the provider determines the consumer’s eligibility.” “We should strip that obligation from them completely.” Her rationale is right on target, “Changing the current construct is necessary to ensure the future integrity of the program, is critical to reduce privacy concerns of consumers, is essential in increasing competitive choice, and will decrease administrative burdens on the providers.”<sup>7</sup>
- 3. Encouraging broader participation through a streamlined approval process** – Not only should any unnecessary barriers that discourage provider participation in the Lifeline program be eliminated, provider participation in the Lifeline program should not be mandatory.
- 4. Leveraging efficiencies from existing programs and instituting a coordinated enrollment** – Coordinated enrollment will facilitate the enrollment and verification processes and speed their movement from providers to government agencies or trusted third parties. As noted above, this helps both potential and current Lifeline participants as well as providers.
- 5. Public-private partnerships and coordinated outreach efforts** – As Commissioner Clyburn states, “Not only is the broadband adoption challenge broader than just affordability but consumers still need devices and may require

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<sup>7</sup> *Id* at 5.

digital literacy training.”<sup>8</sup> Outreach by organizations engaged in digital literacy such as libraries, or those serving the low-income population such as food banks, can help get the word out to qualified consumers.

The structure and operation of the Lifeline program are not simple and neither will be the changes needed to best fulfill Commission Clyburn’s five principles. Determining how to accomplish those changes promptly and in an optimal manner is the challenge faced by the Commission and is the focus of GVNW’s comments.

### **I. The Lifeline Program Should Include Support for Broadband Service**

The Commission has updated the other aspects of the universal service program to support broadband (with the notable exception of the high-cost program’s failure to support broadband-only service provided by rate-of-return carriers) and should do the same for the Lifeline program. In the context of this program, the Commission states that “Broadband is necessary for even basic communications in the 21<sup>st</sup> Century, and offers improved access to and quality of education and health services, improved connectedness of government with society, and the ability to create jobs and prosperity.”<sup>9</sup>

Voice service should continue to be supported by the Lifeline program. As long as voice is a separate service from broadband, low-income consumers should have the ability to choose which class of service(s) on which they wish to spend their Lifeline subsidy.<sup>10</sup> Only the

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<sup>8</sup> *Id* at 7.

<sup>9</sup> *See Notice* at ¶ 4.

<sup>10</sup> It has been speculated that at some point in the future, post IP transition, that voice will be merely a broadband application and will be “free” as it will be included in the price of broadband. That has not yet occurred, and voice is still an extraordinarily important service that should continue to be supported.

consumer can determine the value of voice and broadband service (separately or bundled) to him or her.

## **II. The Commission Should Adopt Minimum Service Standards for Voice**

GVNW agrees that it is necessary (and appropriate) to establish minimum voice standards to ensure maximum value for each dollar of universal service and that consumers receive reasonably comparable service. Some consumers' decision as to which voice Lifeline service to choose may be strongly driven by the need for portability, and those subscribers should not be penalized by the static 250 minute prepaid wireless service offered at no cost to the recipient. The Commission notes that "When the declines in costs [of resold wireless minutes] are coupled with the average minutes of use and stagnant Lifeline service levels, it appears that Lifeline ETCs are not offering consumers "innovative and sufficient service plans or passing on their greater efficiencies to consumers."<sup>11</sup> Since these services are offered free to the consumer, price competition is foreclosed, and apparently competition in the form of higher minute allowances have not been forthcoming. Both to conform to the statutory requirement for reasonably comparable service which the Commission suggests may be more than double the minute allowance offered in the prepaid Lifeline market today,<sup>12</sup> and to fulfill Commissioner Clyburn's exhortation to "get the most bang for our universal service buck,"<sup>13</sup> the Commission should adopt minimum service standards for Lifeline supported voice service.

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<sup>11</sup> See Notice at ¶ 42.

<sup>12</sup> *Id* at ¶42, citing *The 17<sup>th</sup> Mobile Competition Report* which found that consumers average between 690 and 746 minutes per month, and citing Nielsen which found that the average monthly minutes-of-use for a postpaid customer is 644.

<sup>13</sup> See Speech of Commissioner Mignon Clyburn, "Reforming Lifeline for the Broadband Era," American Enterprise Institute, (Nov. 12, 2014), at 5.

The Commission has at least two ways to determine minimum service standards for voice. If the Commission decides to maintain the business model of prepaid wireless providers of providing “free” service, it could determine a reasonable cost for the provision of a particular number of minutes and ensure that such cost does not exceed the available Lifeline subsidy. The number of minutes could be updated as the cost of such minutes changes over time.

Alternatively, the Commission could adopt a minimum service standard regardless of the “free” business model and prepaid wireless carriers could adapt their pricing structure to that number of minutes. Regardless of which option the Commission chooses, adoption of minimum service standards for Lifeline-supported service does not constitute price regulation. Prepaid wireless providers were not mandated to provide Lifeline service – they actively sought eligibility to participate in the Lifeline program. And even if the cost of providing the adopted minimum level of service exceeds the Lifeline subsidy, prepaid wireless providers could alter their pricing structure to ensure sufficient revenues.

### **III. The Commission Should Adopt Minimum Service Standards for Broadband**

Similar to voice service, in order to ensure that payers into the Universal Service Fund (“USF”) receive the best bang for their universal service buck, the Commission should adopt minimum service standards for broadband. Such standards should be technology neutral and equally applicable to mobile and fixed services. Wireless CPE should not be included in determining affordability. Changing the service standards for Lifeline service is a major policy issue and should neither be placed on automatic pilot nor decided by a body other than the full Commission.

### **A. Minimum Service Standards Should be Technology Neutral**

Although there is certainly a value to the portability offered by mobile wireless services, such portability does not necessarily enhance the ability of broadband to close the homework gap, fill out a job application, or access healthcare services. For that matter, under the one Lifeline subsidy per household rule, if one person in the household takes the portable device associated with the Lifeline broadband service from the household for a period of time (to use as a phone during the day for example), that service is then unavailable to other occupants of the household for that period of time. This is not to say that mobile wireless broadband should not be eligible for Lifeline support, but that the benefits of portability may be balanced or even outweighed by other factors. And again, as Commissioner Rosenworcel noted,<sup>14</sup> a mobile wireless device might not be the best way to perform important functions such as homework that are the key goals of the expansion of Lifeline to broadband. Thus, there is no reason to favor mobile wireless broadband service in the Lifeline market by placing less demanding minimum service standards upon it than are applied to terrestrial fixed wireline or wireless service.

### **B. The Cost of Mobile Wireless CPE Should Not be Taken into Account in Determining Affordability**

Similarly, the Notice asks whether the costs of wireless CPE provided in conjunction with mobile broadband service should be taken into account in determining whether a particular level of service is affordable, while ignoring the fact that CPE such as a tablet or computer is also necessary to access fixed broadband service. The fact that the wireless market has developed in such a way that smartphones are bundled with mobile data service while there is no such history of bundling on the fixed wireline side is no reason to create an unlevel playing field.

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<sup>14</sup> *Infra* at 5.

The Commission itself notes that “low-income consumers that are more likely to have only mobile broadband service, likely due to affordability issues, may rely on that service more heavily than the majority of consumer who can offload some of their usage onto their residential fixed connection.”<sup>15</sup> That alone is a reason to not permit mobile wireless broadband providers to meet lesser data capacity standards than are imposed for Lifeline eligibility purposes on fixed wireless and wireline providers.

### **C. The Updating of Minimum Service Standards Should Not be Delegated**

Determining appropriate minimum service standards, even if guided by previously established objective publicly available data, is a major policy decision that should not be delegated to the Wireline Competition Bureau. The adoption of minimum service levels cannot be decided merely based on increased capacity due to the evolution of networks.

The Commission must also balance how such increased minimum requirement would affect affordability as well as what standards would fulfill the goals for the uses the Commission determines are important for subscribers to Lifeline service. These considerations are well beyond the ministerial function the Commission suggests could be performed by the Wireline Competition Bureau.

### **D. Lifeline Providers Should be Subject to Broadband Measurement Metrics Similar to Those Placed on Providers Receiving High-Cost Support**

Adherence to performance metrics is no less important for providers receiving universal service Lifeline support than it is for providers receiving high-cost support. Scarce universal service support funds should be expended for the purposes for which they are intended, and that includes provision of the service the provider has agreed to do in exchange for receipt of the

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<sup>15</sup> See *Notice* at ¶ 45.

support. It is reasonable and appropriate for the Commission to subject Lifeline providers to broadband measurement mechanisms similar to those imposed on the recipients of high-cost support.

The Commission has sufficient enforcement mechanisms and has no need to resort to automatic triggers for audits of Lifeline performance standards as suggested in the *Notice*.<sup>16</sup> Using automatic triggers removes the discretion from the Commission as to when it is sensible and appropriate to commence an audit.

In the *Second Report and Order* accompanying the *Notice*, the Commission on its own motion waived its requirement which required USAC to conduct audits of Lifeline carriers within the first year of their participation in the program.<sup>17</sup> The Commission wisely reasoned that such carriers may have so few Lifeline customers an audit is not warranted and does not provide a sufficient sample size. So in this case, the Commission determined that an audit automatically triggered by a carrier's new participation in the Lifeline program was not a good use of audit resources. Similarly, there may be good reasons that audits automatically triggered by the events mentioned in the *Notice*<sup>18</sup> should not be performed. This is an instance where greater Commission discretion is warranted and useful.

#### **IV. The Support Level Must be in Balance with a Reasonable Fund Size**

The determination of the proper support level for voice, broadband, and a voice/broadband bundle is a complex calculation that must balance several factors. Those

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<sup>16</sup> See *Notice* at ¶ 51.

<sup>17</sup> See *Second Report and Order*, Lifeline and Link Up Reform and Modernization (WC Docket No. 11-42, Telecommunications Carriers Eligible for Universal Service Support (WC Docket No. 09-197), Connect America Fund (WC Docket No. 10-90) (rel. June 22, 2015) at ¶ 268.

<sup>18</sup> See *Notice* at ¶ 51.

factors include the determination of: (1) a subsidy amount that results in a net price to the Lifeline consumer that is reasonably comparable and affordable, (2) a level of service that meets the reasonable comparability standard, and (3) a total amount of projected Lifeline support that reasonably sizes the Lifeline fund.

#### **A. The Voice-Only Service Subsidy Should be Reduced**

An initial step to create an appropriate balance between the amount of Lifeline support and the size of the Lifeline fund is to reduce the Lifeline voice subsidy level. There are several reasons that the support amount should be reduced for voice service.

As the *Notice* observes, there has been a significant reduction in the cost of provisioning wireless voice service since the *Lifeline Reform Order*.<sup>19</sup> Scarce universal service funding resources must be used efficiently and support at the \$9.25 level does not accomplish that for wireless providers at the current level of service. If the Commission wishes to retain “free” prepaid mobile wireless service, it can reduce the subsidy to a level commensurate with that goal.

But just as the service level should be technology neutral, so should the subsidy level. Therefore the level of support for voice service should be reduced for all providers of voice service, not just mobile wireless providers as suggested in the *Notice*.<sup>20</sup> The subsidy for voice service should be uniform and consumers should then be able to make the decision as to which provider and level of service best meets their needs in the voice market.

Moreover, given the limited amount of support available in the E-Rate Fund, the Commission made the public policy decision to reduce the amount of funding going to voice

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<sup>19</sup> *Id* at ¶ 53.

<sup>20</sup> *Id.*

services in order to prioritize funding for broadband services. The same logic should apply to the Lifeline fund. Whether or not the Commission adopts a formal constraint on the size of the Lifeline fund, universal service resources are not infinite and must be used judiciously. Lifeline funding should be directed at expanding broadband penetration, particularly if the cost of mobile voice service has fallen significantly below \$9.25 per month.

**B. The Broadband Subsidy Should be Initially Set at \$9.25 Per Month**

There are many elements that affect broadband penetration among the low-income population, the monthly rate being only one. The availability of lower-cost of CPE, the level of digital literacy, and various methods of facilitating outreach and determination of eligibility and verification are also important factors. All those factors will be changing at the same time that Lifeline support for broadband will be introduced, and those elements of broadband penetration will not be fully up to speed on the first day that broadband is supported by Lifeline funding. The Commission would be wise to begin with the historical subsidy amount of \$9.25 per month and revisit that determination after the other elements that may affect penetration begin to work in an integrated way with its program to reduce the monthly cost of broadband service.

**C. The Support for a Voice/Broadband Bundle Should be the Sum of the Voice-Only and Broadband-Only Subsidy**

Low-income consumers should be able to examine the market and mix and match services from various providers, just as those not eligible for Lifeline are able to do. If a consumer wishes to purchase voice-only service, broadband-only service, voice service from a wireless provider and broadband service from a wireline provider or vice versa, or both voice and broadband services from one provider, they should neither be discouraged nor incited to choose one particular option over another. The only way to accomplish that goal is to have the

support for a voice/broadband bundle equal the sum of the voice-only and broadband-only subsidy.

**D. The Commission Should Balance the Needs of Low-Income Consumers, High-Cost Areas, School and Libraries and Healthcare Providers**

While the Commission has made repeated efforts to increase spending in the Healthcare Fund, has significantly increased the size of the E-Rate Fund, and is embarking on steps that will inevitably increase the size of the Lifeline Fund, it doggedly holds on to the parsimonious limits that it adopted in the high-cost fund at the same time that it has increased the definition of broadband service twice in the past 24 months. Making broadband service affordable where it is not available is an impossible task.

The ratio of spending of universal service funds on affordability (Lifeline) versus availability (high-cost) has changed dramatically in the past few years. While high-cost expenditures have remained stable at about \$4.5 billion, the size of the Lifeline Fund doubled from approximately \$800 million in 2008<sup>21</sup> to \$1.6 billion in 2014, with a peak of \$2.2 billion in 2012. The addition of broadband to the services supported by Lifeline as well as more efficient determination of eligibility such as coordinated enrollment will undoubtedly cause a significant increase in the size of the Lifeline Fund.

GVNW shares the Commission's misgivings listed in the *Notice*<sup>22</sup> about the implementation of a budget for the Lifeline program but also has concerns about uncontrolled growth in the Lifeline Fund crowding out other universal service priorities, including the provision of sufficient support to the high-cost areas constituting 40 percent of America's land mass that are served by rate-of-return carriers. In addition to balancing the burden of

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<sup>21</sup> See USAC Annual Report 2012.

<sup>22</sup> See *Notice* at ¶ 57.

contributions on ratepayers, the Commission must balance the needs and benefits of its various universal service programs. It must sufficiently fund the building of necessary broadband infrastructure in rural America as well as ensure that the services provided over that infrastructure are affordable.

**V. The Commission Should Establish a Date Certain for Elimination of Providers' Responsibility for Determining and Verifying Eligibility for Lifeline Support**

Commissioner Clyburn clearly states the case for getting providers out of the process for determining and verifying customer eligibility. She states “It is amazing to me that Lifeline is the only federal benefits program that I am aware of where the provider determines the consumer’s eligibility.” “We should strip that obligation from them completely.” Her rationale is right on target, “Changing the current construct is necessary to ensure the future integrity of the program, is critical to reduce privacy concerns of consumers, is essential in increasing competitive choice, and will decrease administrative burdens on the providers.”<sup>23</sup>

Given the compelling reasons for removing providers from the Lifeline eligibility and verification process cited by Commissioner Clyburn, the Commission should accomplish that goal as soon as possible. The best way to do that is to establish a date certain for conversion to a third-party system. Without a date certain for conversion, it will be easy to find reasons to continue to burden providers and consumers with the problems inherent in the current system. If that date certain approaches and the third-party system is not tested and ready for use, the Commission can consider an incremental postponement until it is ready.

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<sup>23</sup> See Speech of Commissioner Mignon Clyburn, “Reforming Lifeline for the Broadband Era,” American Enterprise Institute, (Nov. 12, 2014), at 1.

A transition to a third-party determining eligibility and verification including an overlap with providers as suggested in the *Notice*<sup>24</sup> will confuse consumers. It will diminish the Commission's incentive to move to a more beneficial system of determining and verifying eligibility. For the benefit of providers and consumers, the Commission should move as quickly as possible to exclusive third-party determination of Lifeline eligibility.

#### **VI. The Responsibility for Determining and Verifying Eligibility for the Lifeline Program Should Move to a Trusted Third Party**

GVNW strongly supports moving the responsibility for determining and verifying eligibility for the Lifeline program to a trusted third party as soon as practicable for all the reasons listed above. The only contact the third-party administrator should have with a provider of Lifeline service should be to communicate that an applicant for Lifeline support is eligible for such support and is not currently receiving support or is currently receiving support and continues to be eligible for support. Low-income consumers should have clear and consistent ways to be declared eligible for Lifeline support, and when interaction with the third-party administrator is necessary, that interaction should be simple and uniform.

#### **VII. Eligible Consumers Should be Provided with a Portable Benefit**

Consumers eligible for Lifeline support should be provided with a portable benefit, provided by the third-party verifying eligibility, which they could use with any Lifeline provider. The *Notice* is right on point when it states "That approach could facilitate consumer choice while also reducing administrative burdens on Lifeline providers."<sup>25</sup> Consumers should be allowed to

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<sup>24</sup> See *Notice* at ¶ 59.

<sup>25</sup> *Id* at ¶ 63.

submit their verification directly to the national verifier via the U.S. Postal Service, fax, email, or Internet upload, in addition to processes inherent in a coordinated enrollment process.

The Commission should adopt AT&T's proposal to transfer Lifeline benefits directly to the consumer by assigning subscribers with a unique identifier or Personal Information Number (PIN) that could be "deactivated" once a consumer is no longer eligible for Lifeline.<sup>26</sup>

Consumers could be assigned separate PINs for voice and broadband service. The PINs could be administered by the state database or national verifier.

### **VIII. The Commission Should Establish a National Lifeline Eligibility Verifier**

The Commission should establish a National Lifeline Eligibility Verifier ("NLEV") as soon as possible. That verifier would review consumers' proof of eligibility and certification forms, and be responsible for determining prospective subscribers' eligibility. It would also verify continuation of eligibility (referred to in the *Notice* as "recertification")<sup>27</sup> and be responsible for dispute resolution. The national verifier should also interact with state databases to the extent necessary to implement an efficient national Lifeline eligibility and verification system. Providers would then check with the national verifier to see if a potential Lifeline consumer is eligible for voice service, broadband service or both.

The NLEV should directly interface with consumers, taking over that role currently performed by providers. Providers should no longer determine proof of eligibility nor see or maintain the documentation needed to establish such proof. A national verifier using uniform processes across the states would make it simpler for consumers moving from one state to another to understand and access the processes necessary to reestablish eligibility in a new

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<sup>26</sup> *Id* at ¶ 105 and Fn. 220.

<sup>27</sup> *Id* at ¶ 86.

location. It would also allow retention of eligibility documents or have continual access to government databases that house information for eligibility determinations that are not dependent on the Lifeline consumer's location (such as proof of receipt of Supplemental Security Income, for example) , so such documentation would not have to be resubmitted.

The only time providers should be involved in the eligibility process is to interface with the national Lifeline eligibility verifier to determine if a prospective Lifeline customer may apply his or her Lifeline support to the provider's qualifying services. The simplest way to operationalize that function is through the use of AT&T's PIN proposal.

It makes no sense to insert providers between the national verifier and the consumer. The consumer's familiarity with the Lifeline application documents and program requirements is not dependent on whether the entity determining eligibility is the national verifier or is the provider. But it does matter as far as the promotion of consumer choice and competition in the Lifeline market for consumers to interface with the national verifier instead of the provider. Having the consumer directly using the national verifier will ensure that the consumer will have a uniform, standardized experience for the determination of eligibility, and will not feel tied to a particular provider, thereby promoting consumer choice and competition. It will also reduce the number of entities holding the consumer's sensitive eligibility information, thereby promoting consumer privacy and dignity.

#### **IX. Providers Should Not be Permitted to Provision Service to a Consumer Prior to Verification of Eligibility**

There is no need to risk the potential for waste, fraud and abuse that provisioning service prior to verification of eligibility would engender. The history of such a process was stated by the Commission in the *Notice* "We note that in the context of Telecommunications Relay Service (TRS), the Commission initially allowed service to be provisioned pre-verification, but changed

course due to the prevalence of waste, fraud, and abuse.”<sup>28</sup> Further, the use of a national verifier should expedite the eligibility approval process by eliminating the need for resubmission of certain documentation when a previous eligible consumer changes addresses. The uniform and standardized procedures offered by a national verifier whose sole role is to perform this function should also speed up the approval process. The very minor potential for delay in determining eligibility is vastly outweighed by the potential for waste, fraud and abuse inherent in a process where service would be provisioned prior to the determination of eligibility. A “pre-approval” process would create similar elevated risk of waste, fraud and abuse and should not be adopted.

#### **X. State Databases and the National Verifier Should Integrate Their Processes**

States that currently perform Lifeline eligibility and verification services should be able to continue to do so. If the processes in such states examine documentation for all qualifying programs, providers in those states should be immediately relieved of the responsibility of determining Lifeline eligibility. States which examine documentation for some but not all qualifying programs should be encouraged to include all such programs in their process. If they do not do so, but their function is retained when the third-party Lifeline eligibility process is implemented, coordinating with the national verifier to fill-in the qualifying program the state does not examine should be a high priority.

State databases should adhere to the same standards for updating eligibility as the national verifier does for states without a state database. The interface of state databases with consumers should be as similar as possible to that of the national verifier to enhance consumer understanding. State databases should also be able to easily exchange information with the national verifier to expedite the Lifeline eligibility determination process in instances where an

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<sup>28</sup> *Id* at Fn. 173.

eligible consumers moves from a state with a state database to one relying on the national verifier or vice versa.

Consumers should not have to pay twice for the operation of the Lifeline eligibility determination function – consumers in those states with state databases that process information for all qualifying programs should be exempted from any assessment to pay for the operations of the national verifier. Not only is this fair to consumers in those states, it will encourage those states engaged in Lifeline eligibility determination to process information for all qualifying programs.

## **XI. A National Verifier Should be Funded Through USF**

A national verifier should be funded through the Universal Service Fund. This is the most fair and efficient method of ensuring a sufficient and predictable flow of revenues to the national verifier. There is no need to implement a separate regime with its attendant administrative complexities and disputes when the USF contribution mechanism is already in existence.

The Commission should attempt to have the national verifier act in as cost-efficient manner as possible. The verification function could be subject to competitive bidding in the same manner as the number portability database administrator, as long as prospective national verifiers could all have access to the necessary government databases.

### **A. Providers Should Cease Retention of Consumer Eligibility Documentation as Soon as Possible**

Providers in states that perform Lifeline eligibility determination for all qualifying programs should immediately be relieved of the burden of determining Lifeline eligibility and any document retention requirements associated with such determination. They should turn over

any documentation they currently hold to the state database. In states without state databases that process the Lifeline eligibility determination for all qualifying programs, providers should cease determining Lifeline eligibility as soon as the national verifier is in place or the state database and national verifier can jointly process Lifeline eligibility for all qualifying programs.

### **B. The Commission Should Implement Coordinated Enrollment**

GVNW agrees with the Commission that “Coordinated enrollment with other Federal and state agencies will generate efficiencies in the Lifeline program by increasing awareness in the program and making enrollment more convenient for eligible subscribers, while also protecting the Fund against waste, fraud, and abuse by helping to ensure that only eligible consumers are enrolled.”<sup>29</sup> Of course, coordinated enrollment must take into account the fact that some of the qualifying programs are directed at individuals while Lifeline eligibility is determined on a household basis. So there would still need to be a determination by the state database or national verifier that enrollment of the consumer would not violate the “one-per-household” rule.

### **C. The Commission Should Streamline Eligibility for Lifeline Support**

The Commission should phase out eligibility for low-income consumers to qualify for Lifeline support based on household income and/or eligibility criteria established by a state. As the Commission points out, less than four percent of Lifeline subscribers are eligible for the service based on income level,<sup>30</sup> while verifying household income information is more complex than assessing documentation for other programs, and household income is not subject to coordinated enrollment unlike other qualifying programs.

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<sup>29</sup> *Id* at ¶ 93.

<sup>30</sup> *Id* at ¶ 114.

Also, unless a state contributes to the Lifeline Fund the incremental cost of the support generated by additional eligibility criteria established by that state, such criteria should not be permitted. It is unfair for all subscribers nationwide to contribute to those in a particular state based on that state's unique eligibility criteria when subscribers in other states are not eligible under those criteria.

**D. No Additional Eligibility Documentation Should be Required Until Providers are Relieved of the Burden of Determining Eligibility**

Once the Commission relieves providers of determining eligibility and moves to a system including state databases and a national verifier, it should reexamine the documentation required to assess Lifeline eligibility. State databases and a national verifier would be able to better integrate coordinated enrollment into their system, potentially impacting the list of acceptable required documentation. Those entities would also be able to exchange documents that would ease the burdens that could be placed on consumers in submitting additional documentation each time they apply for Lifeline eligibility. While providers retain the responsibility for performing the Lifeline eligibility determination, the Commission should provide a clear and specific list of acceptable documentation so as to remove any inconsistency or subjectivity within or among providers.

**XII. There is No Need to Link the ETC Designation to Lifeline Support**

There is no reason to link the ETC designation with the eligibility of a provider to offer Lifeline services. This unnecessarily limits the universe of Lifeline providers and forces interested providers to go through the ETC designation process. It also places burdens and costs upon ETCs that may have very few Lifeline subscribers and may wish to no longer offer Lifeline service. All providers, whether ETCs or not, offering voice and/or broadband services meeting

the minimum service standards and willing to comply with reporting and auditing requirements, should have the option to accept consumers seeking to use their Lifeline benefit. As an initial step, the Commission should offer ETCs the option of dropping their obligation to provide Lifeline service in areas in which another provider is providing such service. If the Commission adopts a new process to designate providers of Lifeline service, ETCs that decide to continue to offer Lifeline services should be automatically designated as Lifeline providers for as long as they wish to offer such services.

Making the burdens of providing Lifeline service as minimal as necessary will encourage more providers to offer Lifeline services. Once the Lifeline benefit becomes portable and the determination of Lifeline eligibility moves to a state database and/or a trusted third party, the burdens of providing Lifeline service will be reduced, which is another reason to accelerate implementation of those reforms.

### **XIII. De-enrollment Procedures Should be Adapted for Small Companies**

GVNW does not object to the Commission's proposal to make readily available a 24 hour customer service number allowing subscribers to de-enroll from Lifeline services, for any reason,<sup>31</sup> as long as small companies do not have to staff that line with a live operator during non-business hours. If the Commission determines that a live operator is necessary, small companies should be exempted from that requirement. Small companies have neither the resources nor the number of Lifeline customers to justify the expense of staffing such a service.

In instances in which the customer does not leave on a recorded customer service line the complete information necessary to process the de-enrollment, including sufficient authentication information, the provider of Lifeline service should have two business days to follow up with the

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<sup>31</sup> *Id* at ¶ 150.

customer to obtain such information. Similarly, when the customer's initial call to the customer service number does not include all the required information, the permitted time period to process the de-enrollment should begin when the customer provides all the information necessary to the Lifeline provider to process the de-enrollment.

A Lifeline provider should not have any additional authentication processes beyond those it uses for all customer requests. In particular, Lifeline providers should not be required to authenticate subscribers through the use of information they would not necessarily otherwise retain, such as Social Security numbers. Such a requirement would raise privacy concerns and subject the authentication information to the risk of unauthorized disclosure.

#### **XIV. Tribal Lands Support Should be Better Targeted**

The Commission should take action to better target enhanced Lifeline support for residents of tribal lands. Because of the special nature of enhanced Tribal Lifeline and Link Up support, appropriate actions would be to limit such support only to those Lifeline providers who have facilities in the Tribal lands, to areas with lower population densities and to households accurately determined to be within Tribal areas.

##### **A. Enhanced Lifeline Support for Tribal Areas Should be Treated Differently than Lifeline Support**

While GVNW endorses a portable Lifeline benefit directed at the customer, enhanced Lifeline support for Tribal areas should be more closely tied to development of needed infrastructure on Tribal lands. The Commission should adopt the proposal of the Oklahoma Corporation Commission (“OCC”)<sup>32</sup> and limit enhanced Lifeline support to those Lifeline

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<sup>32</sup> *Id* at ¶ 167 referencing Fn. 321, Letter from Maribeth Snapp, Telecom Policy Director, Oklahoma Corporation Commission, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 11-42 (filed Feb. 20, 2014).

providers that are deploying, building, or maintaining infrastructure on Tribal lands, as long as they meet the minimum standards for voice and/or broadband services that the Commission may adopt.

The *Notice* observes that “Lifeline program data show that two-thirds of enhanced Tribal support goes to non-facilities based Lifeline providers, and it is unclear whether the support is being used to deploy facilities in Tribal areas.”<sup>33</sup> Not only is it important to ensure that Lifeline support in Tribal areas goes to building out networks in those areas, but the construction of networks should bring more jobs and economic development to these areas that the Commission has accorded special treatment because of their high rates of poverty. Directing funds to customers of facilities-based providers will also increase the penetration rates of those providers, thereby increasing the revenues needed to support facilities buildout, deployment and maintenance in these generally low-density high-cost areas.

**B. The Commission Should Focus Enhanced Tribal Support to Those Tribal Areas with Lower Population Densities**

The Commission’s objectives are best met by focusing scarce Lifeline universal fund resources on the low-density Tribal areas. Enhanced support funds should not be used in higher-density areas in which concerns about high rates of poverty and lack of adequate telecommunications facilities are not as acute.

**C. The Third-Party Administrator Should be Responsible for Verifying Tribal Residency**

The third-party administrator, whether a national Lifeline eligibility verifier, a state database, or a combination of both, should be responsible for verifying tribal residency. Tribal residency is a necessary element to determine eligibility for enhanced Lifeline support, and as

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<sup>33</sup> See *Notice* at ¶ 167.

such, responsibility for that determination should be resident within the entities responsible for making Lifeline eligibility determinations. Those entities should have maps of eligible Tribal lands that include a list of addresses and a method for determining whether non-standard addresses are within the boundaries of the map. The entities should coordinate with Tribal Nations to develop these maps.

**XV. The Commission Should Establish Processes to Facilitate Transfers of Lifeline Subscribers to Another Provider or When a Lifeline Provider Exits the Market**

The Commission's priority should be to not have actions by providers of Lifeline services disrupt Lifeline service to consumers. The best way to accomplish this goal is to disentangle the designation of a Lifeline provider from that of an ETC. The Commission can then adopt discontinuance rules specific to provision of Lifeline services without delving into the complexities of ETCs that are not currently subject to the Commission's discontinuance rules and section 214 requirements.

The Commission should adopt a streamlined approach to transactions where the acquiring entity is also approved as a Lifeline provider, meaning that it meets the minimum standards for service and agrees to reporting and other requirements. Such transactions should be simply and quickly approved for Lifeline purposes. Processes adopted for these transactions should also apply to transactions where the acquiring entity becomes the Lifeline provider using a different corporate name or operating entity, or when the acquiring entity maintains the acquired Lifeline provider's corporate name or operating entity. As long as Lifeline services continue to be offered from an acquiring provider under the same terms and conditions as from the acquired provider, no notice to the consumers is needed. This should also apply when a Lifeline provider exits the Lifeline market as long as the Lifeline customers are transferred to another Lifeline provider in the same area that provides Lifeline services under the same terms

and conditions as the exiting provider. The only time customer notification is needed and thus should be required is when the customer will experience a change or disruption in his or her Lifeline service when there is change in the Lifeline provider. Also, notice should be provided to the NLAD, the national Lifeline eligibility verifier and the state Lifeline database to enable continued interaction to ensure a smoothly functioning eligibility and verification system.

**XVI. The Non-Usage Period Should be Shortened to 30 Days**

Reducing the non-usage period from 60 days to 30 days would benefit the Lifeline program by not paying providers for a second month of receiving reimbursement to not provide Lifeline service to inactive subscribers, thereby conserving scarce Lifeline universal service fund resources. In the rare instances where a Lifeline subscriber is inactive for 30 days but wishes to resume Lifeline service, a simple enrollment and eligibility system using a national verifier and/or state databases will diminish the impact of de-enrollment for non-usage on the Lifeline subscriber. That rare and minor inconvenience is more than balanced by the reduction in waste of Lifeline resources.

**XVII. Standardization of Consumer Certification, Recertification and Household Worksheet Forms Will Expedite Low-Income Consumers' Access to Lifeline Services**

Standardization of forms will naturally accompany the implementation of an eligibility and recertification system relying on a national verifier and/or state databases instead of providers. However, until entities are up and running in states where all qualifying programs are not processed for purposes of eligibility and verification, it will be helpful for consumers and providers to use standardized forms. This will help consumers become familiar with the requirements for eligibility if they apply for Lifeline support more than once over time or from different providers, and will facilitate more efficient processing of forms including electronic

processing. The FCC, USAC, or the national verifier should be responsible for the design of such forms which should be available in a variety of languages. Use of standard forms will make it easier to implement a requirement that the certification and recertification forms include an entry for the subscriber execution date.

### **XVIII. Officer Training Certification is Onerous and Unnecessary**

The proposed requirement for officer training and certification that all individuals taking part in the enrollment and recertification processes have received sufficient training on the Lifeline rules<sup>34</sup> is a clear indication that these processes should be removed from providers as soon as possible and delegated to a national Lifeline eligibility verifier and/or state databases. The Commission, uniquely for the Lifeline program, requires providers to determine eligibility, and there is an incentive for some providers to have that determination always be positive, and when employees making the determination work on a commission basis, there is an incentive for those employees to make the same finding. The best response to this problem is to remove the eligibility function entirely from providers as soon as possible. Short of that, the Commission should adopt the proposal of the Lifeline 2.0 Coalition petition to no longer permit employees who are paid on a commission to review and approve applicants of the program.<sup>35</sup>

Even if the Commission adopts increased enforcement on providers' eligibility determinations prior to moving that function to a trusted third party, adoption of an officer certification for an ambiguous standard – “sufficient training”<sup>36</sup> – is no way to accomplish that. If an employee or agent of the Lifeline provider violates the rules governing the eligibility

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<sup>34</sup> *Id* at ¶ 210.

<sup>35</sup> *See* Lifeline Reform Coalition's Petition for Rulemaking to Further Reform the Lifeline Program, WC Docket Nos. 11-42 *et al*, 8-9 (filed Jun. 28, 2013).

<sup>36</sup> *See Notice* at ¶ 210.

determination, is that a *per se* violation of the certification under the assumption that a properly trained person would not commit such a violation? Moreover, the Commission has never clarified exactly which documents are acceptable to meet each eligibility qualification criteria. This leaves much room for judgment which could be viewed as a lack of training.

In addition to being ambiguous and unworkable, this proposal for officer certification continues an unwelcome trend of criminalizing enforcement of the Commission's rules. The proposal should be rejected.

**XIX. Section 54.420(b) Should be Revised to Grant Discretion to OMD to Determine if a Lifeline Provider Should be Audited Within the First Year of Receiving Lifeline Benefits**

Revision of section 54.420(b) should be revised to grant discretion to the Commission's Office of the Managing Director (OMD) to determine if a Lifeline provider should be audited within the first year of participating in the Lifeline program. As proposed by the Commission in the *Notice*, OMD, in its role of overseeing the USF audit programs should work with USAC to identify those audits of first-year Lifeline providers that will not result in useful audits and permit those carriers to be audited after the one-year deadline.<sup>37</sup>

**XX. Conclusion**

GVNW supports the Commission's Lifeline program, supports recent reforms made to enhance the integrity of the program and supports prompt adoption of further needed and appropriate reforms to the program. Further reform of the Lifeline program will help low-income consumers continue to afford the voice services currently supported as well as access advanced services that are increasingly necessary to apply for employment, to complete school

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<sup>37</sup> *Id* at ¶ 220.

assignments and to access medical care. The rural areas served by GVNW's clients are not only more expensive to serve than non-rural areas, the proportion of their population that is low-income is greater than in non-rural areas.

The Commission should structure the Lifeline program so as to encourage the participation by terrestrial providers of fixed services who now have been eclipsed by prepaid wireless carriers as providers of Lifeline service. Rural Local Exchange Carriers (RLECs) are best positioned, and in many areas uniquely able to provide the level of service needed to provide voice and broadband service at levels that meet or exceed standards that the Commission may adopt.

GVNW endorses Commissioner Clyburn's five principles for reform of the Lifeline program. The structure and operation of the Lifeline program are not simple and neither will be the changes needed to best fulfill Commissioner Clyburn's principles. Determining how to accomplish those changes promptly and in an optimal manner is the challenge faced by the Commission.

The Commission should support broadband service and retain support for voice service, while lowering the subsidy for voice. It should adopt minimum standards for voice and broadband. Both the minimum standards and the structure and level of the voice and broadband subsidies should make no distinction between fixed and mobile services and should be technology neutral.

For the benefit of both providers and consumers, the Commission should establish a date certain for elimination of providers' responsibility for determining and verifying eligibility for Lifeline support and move that function to a trusted third party. That trusted third party should

be a collaboration between a national verifier and state databases. The national verifier should be funded from the Universal Service Fund.

Lifeline eligible consumers should have the greatest possible choice of services and providers. Their Lifeline benefit should be portable and they should be able to use it to get services from any provider, ETC or not, that meets the standards for minimum service. There is no need to link the ETC designation to Lifeline support.

The Commission should not discourage participation by providers by imposing burdensome and unnecessary requirements. Subscriber de-enrollment procedures should be adapted for small companies and the Commission's proposal for officer certification of training should not be adopted.

Scarce Lifeline program funds should be conserved. This can be accomplished through better targeting of Tribal lands support and shortening the non-usage period from 60 to 30 days.

Commissioner Clyburn was right on target when she said that this program "has yet to realize its full potential to change the lives of millions of ordinary people." The Commission should adopt GVNW's suggestions as to how to structure and implement the needed reforms so as to fulfill the potential of the Lifeline program.

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