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 TCA

I. Introduction

On June 18, 2015, the Federal Communications Commission ("FCC") adopted a Second Further Notice of Proposed Rulemaking ("FNPRM") seeking comments on various potential reforms to the Universal Service Fund Low Income Program ("Lifeline").[1] Specifically, the FCC asks 1) how it can adapt the program to provide support for broadband services, 2) whether it should adopt a third party customer eligibility verification process, and 3) how it should control the size of the Lifeline program.

TCA applauds the FCC's proposal to make broadband eligible for Lifeline discounts, and urges the FCC to ensure affordability by first addressing issues in the Universal Service Fund High Cost program. TCA also recommends that the FCC adopt its coordinated enrollment proposal and

[1] 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, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, FCC 15-71 (rel. Jun. 22, 2015) ("FNPRM").

work with state commissions and Tribal agencies to implement this process. Finally, TCA supports the FCC's goal of fiscal responsibility in the Lifeline program.

TCA is a national consulting firm that performs financial, regulatory and marketing services for over one-hundred local exchange carriers and their affiliates. The vast majority of TCA clients are rate-of-return regulated in both the interstate and state jurisdictions ("RLECs") and offer voice and broadband services to their customers. TCA clients are Lifeline providers to low-income households in their service areas, ensuring telecommunications services remain affordable to the country's most vulnerable rural citizens.

II. The FCC must create a CAF for RLECs to ensure low income consumers in rural areas have broadband availability

TCA supports the FCC's proposal to include broadband service as eligible for Lifeline benefits and to establish minimum service standards "to ensure low-income consumers receive 'reasonably comparable' service per Congress's directive in section 254(b) […]."[2] However, the FCC must not forget that this Congressional directive requires "reasonably comparable" service *AND* rates.[3] This is particularly critical in light of the FCC's proposal to "require providers to offer data-only broadband to Lifeline customers to ensure affordability of the service."[4] Unfortunately, the FCC has not yet updated its rules in the Universal Service Fund High Cost Program to allow cost recovery for RLECs when customers choose to subscribe to broadband

[2] *Id.* at para. 10.

[3] 47 U.S.C. 254(b)(3) states: "Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that **are available at rates that are reasonably comparable to rates charged for similar services in urban areas**." (emphasis added).

[4] *FNPRM* at para. 37.

without voice service. Indeed, this discrepancy has the perverse effect of causing data-only broadband to be significantly more costly to the customer than a combined offer of voice and broadband services.[5] Until the FCC fixes this "quirk of regulatory history"[6] a $9.25 benefit to low-income customers, as proposed,[7] would be of very little assistance to low-income customers living in rural areas. On average, this discount would amount to approximately 8.4% of the rate for a data-only offering without high cost program support.[8] This level of discount is not likely to incentivize adoption, particularly among rural residents who live on fixed incomes. Therefore, the FCC must first adopt reforms in the high cost program to support data-only connections in RLEC Study Areas before it can mandate data-only offerings to Lifeline customers at "reasonably comparable rates."

III. The FCC should coordinate Lifeline enrollment with state and Tribal assistance programs

As a consulting firm, TCA has experience in assisting Lifeline ETCs operating in states where agencies coordinate enrollment in Lifeline during enrollment of other social services[9] and states that do not. Lessons can also be learned from confusion caused in states, such as Colorado, that ended coordinated enrollment after the FCC adopted a flat reimbursement amount of $9.25.[10] Indeed, it has been TCA's experience that coordinated enrollment offers the efficiencies and

[5] Comments of TCA. Connect America Fund, WC Docket 10-90 (filed June 17, 2013). at pp. 2-3.

[6] Statement of FCC Commissioner Ajit Pai: *Announcing His Plan to Support Broadband Deployment in Rural America* (rel. June 29, 2015). at p. 1.

[7] *FNPRM* at para. 52.

[8] *See* NTCA, NECA, WTA *ex parte*, WC Docket No. 10-90 (April 21, 2015). at Attachment, p. 1. Showing data-only broadband rates are $110, on average, in RLEC areas.

[9] Nebraska is a state that coordinates Lifeline with other social services.

[10] Colorado Department of Human Services: http://www.colorado.gov/cs/Satellite/CDHS-SelfSuff/CBON/1251589753838; (retrieved August 25, 2015).

effectiveness to the Lifeline program, while minimizing administrative burdens on ETCs and customers.

In these states, if a customer elects to participate in Lifeline when enrolling in other services, the agency or commission will contact the ETCs to inform them when customers are eligible or ineligible for Lifeline discounts.[11] TCA proposes that this model could be coordinated with the existing National Lifeline Accountability Database ("NLAD") such that:

1. Upon determination of eligibility, state agency submits data to NLAD;
2. Customer selects a Lifeline ETC provider;
3. ETC queries NLAD to ensure the customer is eligible for Lifeline; and
4. ETC enrolls the customer in NLAD.

This model is preferable to all others that the FCC has proposed because it 1) achieves the FCC's goal of streamlining enrollment and securing proof of eligibility by allowing customers to provide sensitive information only once; and 2) will not cause unnecessary delays in customer enrollment by requiring ETCs to collect eligibility information and sending it on to a third party verifier. TCA encourages the FCC to work with state and Tribal agencies administering assistance programs to low-income households to develop a process that will allow customer eligibility for Lifeline to be integrated into NLAD.

However, in this streamlining process, TCA also cautions the FCC not to make any changes to eligibility criteria that could impact low-income consumers living on Tribal lands. The FCC asks whether it should streamline the programs under which customers may qualify for Lifeline. It may be tempting, in the name of simplification, to tie benefits to a single program (or only a few)[12], such as the Supplemental Nutrition Assistance Program ("SNAP"), but as the FCC

[11] In some cases, the agency or commission provide the customer a document reflecting eligibility.

[12] *FNPRM* at para. 113.

recognizes, Lifeline is a critical program for Tribal residents and they should not be disenfranchised.[13] The FCC has rightly allowed Lifeline eligibility for customers enrolled in income-based Tribal benefit programs because these customers are more likely to opt in to these programs rather than comparable federal programs.[14] Therefore the FCC should not adopt any streamlining measures that would cause any Tribal customers to lose their eligibility for Lifeline discounts.

IV. Fiscal Responsibility Should be a Goal of Lifeline Reforms

The FCC seeks comment on an approach to establishing a budget for the Lifeline program.[15] As a general matter, TCA supports the FCC's efforts to ensure that all Universal Service Fund programs prevent waste, fraud and abuse, reduce contribution burdens on consumers and disburse support in an efficient and fiscally responsible manner. However, budgets must be correctly sized to meet program goals and ensure that service is truly universal, as Congress intended.[16] The FCC should not shoehorn the Lifeline Program - or other programs, such as the High Cost Program - to comply with arbitrary constraints on funding. Therefore, the FCC must undertake a thoughtful, data-driven, and measured approach to establishing any budgetary targets for the Lifeline fund.

V. Conclusion

[13] *Id.* at para. 162.
[14] *Id.* at para. 113.
[15] *Id.* at paras. 55-58.
[16] 47 U.S.C. 254(b).

For all of the reasons stated above, TCA urges the FCC to ensure affordability for low-income broadband customers by first addressing affordability issues in the Universal Service High Cost program for RLECs. TCA also supports the FCC's coordinated enrollment proposal, but reminds the FCC not to alienate Tribal customers who rely on Lifeline. Finally, TCA supports the FCC's endeavor to ensure Lifeline funds are efficiently and responsibly disbursed.

Respectfully submitted,

[electronically filed]
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