Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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

To: The Commission

COMMENTS OF CTIA – THE WIRELESS ASSOCIATION®

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COMMENTS OF CTIA – THE WIRELESS ASSOCIATION®

I. INTRODUCTION AND SUMMARY.

CTIA – The Wireless Association® ("CTIA") respectfully submits these comments in response to the Federal Communications Commission ("FCC" or "Commission")'s Second Further Notice of Proposed Rulemaking ("*Second Lifeline Reform NPRM*") in the above-captioned proceedings.[1] CTIA and its member companies applaud the Commission's leadership in seeking to bring the benefits of the Internet age to low-income consumers by modernizing the federal Lifeline program. Ultimately, the Commission's Lifeline program must reflect the value and opportunity that low-income consumers realize from mobile wireless services and recognize how innovative and competitive mobile wireless service offerings can effectively and efficiently meet the goal of ensuring access for all Americans, including low-income Americans.

Today, the Commission's Lifeline program enables millions of eligible low-income consumers to realize significant value and public safety, educational, and occupational

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[1] *Lifeline and Link Up Reform and Modernization*, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, 30 FCC Rcd 7818 (2015) ("*Second Lifeline Reform NPRM*").

opportunities from the ability to choose wireless services. Wireless competition has been crucial to the recent success of the Commission's Lifeline program in raising telephone service penetration rates among low-income consumers while delivering innovative wireless offerings.

As the Commission considers expanding the scope of services eligible for Lifeline support to broadband, the Commission should ensure that a modernized Lifeline program reflects low-income consumer views about *mobile* broadband services. Further, any minimum Lifeline service standards established by the Commission should reflect market realities of low-income consumer adoption and usage of mobile broadband, rather than be established at well-intentioned, yet unachievable, levels for providers offering service to low-income consumers.

As the largest collective contributor to the federal universal service programs, the wireless industry has a vested interest in ensuring an efficient and effective Lifeline program. CTIA supports efforts to improve the administrative efficiency of the Lifeline program through coordinated enrollment and automatic de-enrollment. In addition, the Commission should ensure that any administrative reforms continue to encourage wireless providers to compete for eligible low-income customers through innovative offerings. Competition in the wireless industry allows the Commission to maximize the value of its universal service support and for consumers to achieve the highest level of benefit.

Consistent with these comments, CTIA believes the Commission can ensure that Lifeline, especially wireless Lifeline, remains a critical tool that enables public safety, health care, educational, occupational, and other important communications for millions of eligible low-income consumers in the 21st century.

II. WIRELESS IS ESSENTIAL TO THE SUCCESS OF THE LIFELINE PROGRAM.

A. Low-Income Consumers Overwhelmingly Choose Wireless to Meet their Emergency, Health Care, Employment, and General Communication Needs.

Wireless is central to the lives of low-income consumers. The Centers for Disease Control's most recent data show that low-income households are significantly more likely to have "cut the cord" than other U.S. households, with nearly 60 percent of adults living in poverty residing in households that rely exclusively on wireless service, compared to an overall rate of 44 percent of all adults living in wireless-only households.[2] According to the Pew Internet & American Life Project, twice as many Americans with incomes of less than $30,000 per year use wireless for occupational or health reasons compared to Americans earning more than $75,000 per year (approximately 60 percent versus 30 percent).[3]

Low-income consumers increasingly use wireless service as their primary means of access to the Internet. The Pew Research Center reports that 13 percent of American adults with an annual household income of less than $30,000 per year rely primarily on their smartphone for Internet access, while just one percent of Americans from households earning $75,000 or more per year rely on their smartphones to a similar extent.[4] Twenty-four percent of lower-income adults report that they have few options for getting online other than their smartphones, compared with five percent of adults from households earning $75,000 or more, and an additional 19 percent of adults with smartphones in lower-income households report that they

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[2] Stephen J. Blumberg, Ph.D., and Julian V. Luke, *Wireless Substitution: Early Release of Estimates From the National Health Interview Survey, July-December 2014*, National Center for Health Statistics, at Table 2 (June 2015), *available at* http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201506.pdf.

[3] Aaron Smith, *U.S. Smartphone Use in 2015*, Pew Research Center, at 21 (Apr. 1, 2015), *available at* http://www.pewinternet.org/2015/04/01/us-smartphone-use-in-2015 ("*U.S. Smartphone Use*").

[4] *Id.* at 3.

have no Internet access at home, compared to just three percent of adults from households earning $75,000 or more.[5]

Lower-income smartphone users are especially likely to use their phone during a job search. Compared with smartphone owners from households earning $75,000 or more per year, those from households earning less than $30,000 annually are nearly twice as likely to use a smartphone to look for information about a job (58 percent versus 32 percent), and more than four times as likely to use their phone to actually submit a job application (32 percent versus 7 percent).[6] Users in households earning less than $30,000 per year are also more likely to use their smartphones to get information about a health condition than users in households earning $75,000 or more annually.[7] For these reasons, wireless participation in the Lifeline program enables low-income consumers to access essential communications, health care, educational, and occupational opportunities.

B. Wireless Providers Have Brought Significant Value and Competition to the Lifeline Marketplace.

Since mobile providers' entry into the Lifeline marketplace, the percentage of eligible subscribers utilizing the program has increased substantially, cutting the telephone subscribership gap between low-income households and other households by 50 percent. Since 2005, when the Commission first started permitting wireless carriers to receive Lifeline funds, the gap in telephone penetration rates between those households with annual incomes of less than $10,000 and all households fell from 6.3 percent to 3.2 percent by 2014, representing an addition of more than three million low-income telephone service users, without increasing the subsidy

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5 *Id*. at 18.

6 *Id*. at 21.

7 *Id*.

level.[8] As a result, Lifeline enables more than 12 million low-income households to communicate with 9-1-1 and medical professionals, seek educational and occupational opportunities, and access critical government services.[9]

The entry of mobile providers into the Lifeline marketplace has also enabled low-income consumers to benefit from innovative and competitive wireless service offerings. In the decade since wireless entered the federal Lifeline program, competition among wireless eligible telecommunications carriers ("ETCs") has more than quadrupled available Lifeline voice minutes from about 60 to 250 and more, while driving providers to include text messages, data services, and other features (such as roaming) in their service offerings.[10] This has been the case even while the subsidy amount has remained steady at $9.25 since 2011. While Lifeline only supports voice services, wireless providers have developed innovative and competitive programs whereby basic feature phones are made available at low cost, or no cost, to enable low-income consumers to access critical wireless Lifeline services. Thus, wireless competition in the Lifeline program has efficiently and effectively brought innovative products and affordable services to low-income consumers.[11]

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8 *Id.*; *see also* Letter from Meredith Attwell Baker, President & CEO, CTIA – The Wireless Association®, to Tom Wheeler, Chairman, FCC, *et al.*, WC Docket No. 11-42, at 1 (dated June 11, 2015).

9 Testimony of Scott Bergmann, Vice President of Regulatory Affairs, CTIA – -The Wireless Association®, before the United States Senate Committee on Commerce, Science & Transportation, Subcommittee on Communications, Technology, Innovation, and the Internet, at 5 (June 2, 2015) ("Bergmann Testimony"); *see also* United States Government Accountability Office, GAO-15-335, *Telecommunications: FCC Should Evaluate the Efficiency and Effectiveness of the Lifeline Program*, at 24 (Mar. 2015), *available at* http://www.gao.gov/assets/670/669209.pdf ("2015 GAO Lifeline Report") (stating that Lifeline served 12.4 million households by the end of 2014).

10 *Lifeline and Link Up Reform and Modernization*, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656, 6680 ¶ 50 (2012) ("*Lifeline Reform Order*").

11 Bergmann Testimony at 6.

Importantly, low-income consumers participating in the Lifeline program face unparalleled economic hardships. Data from a CTIA member company that is a wireless ETC found that the average Lifeline consumer has an annual income of $13,000 and is about 50 years old, and that about two-thirds of Lifeline consumers are either disabled or temporarily unemployed. Further, 80 percent of this wireless ETC's Lifeline customers live in wireless-only households, with a significant portion of these consumers having experienced gaps in their wireless service prior to enrolling in a wireless Lifeline service.

For these low-income consumers, wireless participation in the Lifeline program is critical to their ability to communicate, reach emergency services, and find opportunities to improve their lives. As one Lifeline customer noted, "[w]ithout a phone, I couldn't connect with my job, my kids' doctors or their schools . . . [y]ou don't realize how many people you have to talk to until you can't."[12]

C. The Wireless Industry Has a Vested Interest in the Efficiency and Cost-Effectiveness of Lifeline.

Wireless consumers and providers are the largest contributors to the federal universal service fund ("USF"), including Lifeline, responsible for 44 percent of total annual USF contributions.[13] CTIA and its member companies therefore have a strong interest in ensuring that the program is efficiently managed in a manner that prevents waste, fraud, and abuse. CTIA has supported the Commission's efforts to effectively manage the Lifeline program, which have

[12] Rebecca R. Ruiz, *F.C.C. Chief Seeks Broadband Plan to Aid the Poor*, N.Y. TIMES, May 28, 2015, *available at* http://www.nytimes.com/2015/05/28/business/fcc-chief-seeks-broadband-plan-to-aid-the-poor.html (quoting Shanell Harmon of Elkins, West Virginia).

[13] Bergmann Testimony at 6.

reduced Lifeline spending by nearly 24 percent.[14] Indeed, Lifeline support payments fell from $2.2 billion in 2012 to $1.6 billion in 2014.[15]

Even before the FCC adopted the 2012 *Lifeline Reform Order*, the wireless industry worked closely with the Commission and the Universal Service Administrative Company ("USAC") to establish an in-depth validation ("IDV") process to identify and de-enroll duplicates, a process that led to the highly successful National Lifeline Accountability Database ("NLAD"). The NLAD launched for all states in March 2014 and has already demonstrated great success, largely eliminating the problem of consumers receiving multiple Lifeline benefits. Wireless Lifeline providers have also worked closely with the states in their efforts to bring further efficiencies to the program.

Wireless Lifeline has also proven an efficient use of universal service dollars, as measured on a support-per-subscriber basis. For example, Lifeline serves far more customers per dollar of support than the high-cost program (where overall high-cost support to mostly wireline providers is nearly quadruple the Lifeline support for mostly wireless providers). In 2013, Lifeline supported 14.5 million Lifeline customers with $1.6 billion,[16] while the Commission is proposing to use roughly the same amount of support for approximately four million eligible locations through the Connect America Fund Phase II.[17] Numerous economists have argued that support to low-income consumers is in fact the most efficient form of universal

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[14] *Id*. at 7.

[15] *Second Lifeline Reform NPRM* ¶ 3.

[16] Universal Service Monitoring Report (Dec. 2014) at 23, 24, Tbls. 2.1, 2.2.

[17] *See* Connect America Cost Model Final Results: Offer by Carrier and State, *available at* https://www.fcc.gov/wcb/CAM_4.3_Results_Final_042915.xlsx.

service support.[18] This underscores the important role that wireless Lifeline services play in meeting the Commission's universal service goals.

III. MOBILE BROADBAND WILL BE CRUCIAL TO A MODERNIZED LIFELINE PROGRAM AND WILL PROVIDE UNIQUE BENEFITS TO LOW-INCOME CONSUMERS.

A. Low-Income Consumers Realize Significant Value and Opportunity from Mobile Broadband Services.

As discussed above, the Pew Research Center has found that low-income consumers rely more heavily on their smartphones for online access than consumers in households earning $75,000 or more annually. Consumers in households earning less than $30,000 annually are more likely than the $75,000-plus category to use smartphones as their primary means of access to the educational, health care, and occupational opportunities through the Internet.[19] Thus, mobile broadband services provide significant value and opportunity for low-income consumers to access the communications platform of the 21st century.

Mobile broadband also can be an important part of solving the "homework gap," as demonstrated by the E-rate Mobile Broadband Pilot program[20] and by the popularity of mobile services among E-rate schools. Even before the Commission's recent rule changes, mobile

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[18] *See, e.g.*, Gregory L. Rosston & Bradley S. Wimmer, *The "State" of Universal Service*, 12 INFO., ECON. & POL'Y 261, 265 (2000) ("The FCC recognizes the effectiveness of targeted subsidies to increase penetration rates and provides subsidies based on need through its Lifeline and Link-up programs."); Jerry Ellig, *Costs and Consequences*, 28 REGULATION 40, 42 (2005) ("[T]he low-income programs are a bargain compared to the rural programs . . ."); *cf.* Comments of Mercatus Center on National Broadband Plan NOI, GN Docket No. 09-51, at 17 (filed June 8, 2009) (stating that subsidies for low-income households "may be far more cost-effective in encouraging broadband adoption than subsidies for construction of networks").

[19] *U.S. Smartphone Use* at 21.

[20] Learning On-The-Go (LOTG) Pilot Program (also known as E-rate Deployed Ubiquitously (EDU2011) under the E-rate program (more formally known as the Schools and Libraries program)); *see also Second Lifeline Reform NPRM* ¶ 5, n.18.

broadband service proved to be extremely useful in boosting student performance in several pilot projects.[21] Education groups have also demonstrated the clear value of mobile technology for digital learning in the E-rate proceeding.[22] The Commission has pointed out that its "current E-rate rules prevent full utilization of the learning opportunities that wireless broadband can provide beyond the boundaries of the school day."[23] Enabling Lifeline support for mobile broadband services used by low-income families could further help wireless providers fill that gap.

The Commission's Low-Income Broadband Pilot Program data also demonstrate that low-income consumers are more likely to purchase broadband services if provided a sufficient subsidy to overcome affordability concerns.[24] Most low-income consumers participating in the Pilot Program preferred smartphone plans to MiFi "hotspot" modem plans designed to allow the use of a laptop. When given a choice among service plans, participating low-income consumers that were willing to pay for broadband service tended to choose more modest speeds and data

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21 *Second Lifeline Reform NPRM* ¶¶ 18, 20, n.66 (stating that "scores increased as result of off-premises wireless connectivity").

22 *See, e.g.*, Comments of Connected Nation, Inc., WC Docket No. 13-184, at 2 (filed Apr. 7, 2014); California Emerging Technologies Fund ("CETF"), *School2Home: Empowering Students, Transforming Lives*, at 5, *attached to* Letter from Rachelle B. Chong, Attorney for CETF, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 13-184 (dated May 2, 2014); Letter from Marc Ecker, President, and Wesley Smith, Executive Director,, Association of California School Administrators, to FCC, WC Docket No. 13-184, at 2 (dated Apr. 8, 2014); Letter from Martha Reid, State Librarian, State of Vermont Department of Libraries, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 13-184, at 2 (dated Apr. 25, 2014).

23 *Second Lifeline Reform NPRM* ¶ 18, n.50.

24 Federal Communications Commission, Wireline Competition Bureau, *Low-income Broadband Pilot Program Staff Report*, 30 FCC Rcd 4960 (May 22, 2015) ("Broadband Pilot Report").

allowances.[25] Thus, Lifeline support for mobile broadband services can help price-sensitive eligible low-income consumers fully realize the value and benefits of modern wireless services.

Given the value and opportunity that low-income consumers' realize from mobile wireless services, mobile wireless broadband will be integral to the success of an expanded Lifeline program. Therefore, any expansion or modification to the Commission's Lifeline program should reflect the value and opportunity that low-income consumers realize from mobile wireless broadband.

B. As a Result, the Commission Must Ensure That Any Minimum Service Standards Adopted in the Lifeline Program Reflect Low-Income Consumers' Views of Mobile Broadband.

The *Second Lifeline Reform NPRM* seeks comment on whether minimum service standards should be established for Lifeline services[26] and how those standards should be applied to mobile broadband services.[27] Further enhancing the efficiency of Lifeline support, competition among Lifeline providers will better encourage innovative service offerings than minimum service standards. However, if the Commission decides to establish minimum standards, it should ensure such standards do not preclude participation by providers of the mobile broadband services upon which low-income consumers realize significant value and opportunity.

In other universal service contexts, the Commission has established specific standards recognizing the particular characteristics of mobile networks. For example, in the *USF/ICC Transformation Order*, the Commission recognized that, "[b]ecause fixed and mobile broadband

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[25] *Id.* at 2 (Executive Summary).

[26] *Second Lifeline Reform NPRM* ¶¶ 15-62.

[27] *Id.* ¶¶ 44-46.

technologies may differ in some of their capabilities, we find it appropriate to adopt different performance benchmarks for the CAF funding mechanisms that are specifically oriented towards the goal of universal mobility."[28] Accordingly, the Commission established an initial minimum broadband speed benchmark for CAF recipients, "other than for the Phase I Mobility Fund," of 4 Mbps downstream and 1 Mbps upstream.[29] Mobility Fund recipients deploying a 3G network were required to offer an outdoor minimum of only 200 kbps downstream and 50 kbps upstream to handheld mobile devices, and those deploying a 4G network were required to offer an outdoor minimum of 768 kbps downstream and 200 kbps upstream to handheld mobile devices.[30]

Similarly, in the recently released *Eleventh Broadband NOI*, the Commission sought comment on "the adoption of a speed benchmark for mobile service that is lower than the standard for fixed services" and whether this approach would comport with the Section 706 instruction to define advanced telecommunications capability "without regard to any transmission media or technology," "since the critical difference between fixed and mobile product offerings is mobility, not any transmission media or technology."[31]

Adopting Lifeline performance standards that do not account for mobile network capabilities would impede low-income consumers' access to the mobile services that they demonstrably prefer. As the Commission notes, "low-income consumers that are more likely to

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[28] *Connect America Fund*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17696 ¶ 91, n.134 (2011) ("*USF/ICC Transformation Order*"), *aff'd sub nom. In re: FCC 11-161*, 753 F.3d 1015 (10th Cir. 2014).

[29] *Id*. ¶ 94.

[30] *Id*. ¶¶ 361-62.

[31] *Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion*, Eleventh Broadband Progress Notice of Inquiry, GN Docket No. 15-191, FCC 15-101, ¶ 28 (rel. Aug. 7, 2015) ("*Eleventh Broadband NOI*"); *see also id*. ¶ 39 (requesting comment on different latency standards for fixed and mobile services).

only have mobile broadband service, likely due to affordability issues, may rely on that service more heavily than the majority of consumers who can offload some of their usage onto their residential fixed connection."[32]

In addition, any minimum broadband service standards adopted by the Commission should not interfere with providers' overall market offerings or consumers' ability to choose the services that meet their needs. Specifically, consistent with the Commission's past practices discussed above, minimum service standards should be established at levels that encourage providers to participate because the standards reflect market realities of low-income consumer adoption and usage, rather than established at levels that are well-intentioned, yet unachievable, for providers offering service to low-income consumers. Any minimum service standards should preserve carriers' ability to offer innovative service offerings that consumers value, including services offered at no charge to the consumer.

IV. THE COMMISSION SHOULD CAREFULLY CONSIDER ALTERNATIVE ELIGIBILITY AND ENROLLMENT PROCEDURES.

A. CTIA Has Long Supported Reforms to the Lifeline Program to Address Current Challenges for ETCs Around Eligibility and Enrollment.

CTIA appreciates the *Second Lifeline Reform NPRM*'s goal of "shifting the burden of determining consumer eligibility for Lifeline support from the provider."[33] As CTIA has explained, under the current system, ETCs have been required to act as independent verification agencies and to navigate a patchwork of state processes and systems.[34] As a result, ETCs have taken on responsibilities that are fundamentally different from their core functions as

[32] *Second Lifeline Reform NPRM* ¶ 45.

[33] *Id.* ¶ 3; *see also id.* ¶ 63.

[34] Comments of CTIA – The Wireless Association®, WC Docket No. 11-42, *et al.*, at 5 (filed Apr. 21, 2011) ("2011 CTIA Lifeline/Link Up Comments").

telecommunications carriers. For instance, ETCs must train their sales staff to interpret and apply the relevant eligibility rules for each Lifeline applicant and to handle documentation for assessing eligibility (including tax forms and divorce decrees) in a retail environment.[35] Thus, CTIA has supported the Commission's efforts to consider transitioning eligibility decisions into the hands of appropriate government agencies (or third parties) and to enable coordinated enrollment and automatic de-enrollment.

CTIA has observed that determining customer eligibility is an important task, but one that could be managed by entities with detailed knowledge of – and a mission focused on addressing – the specific requirements of relevant government subsidy programs.[36] Under the current program, Lifeline providers must assume the responsibility of considering eligibility information that is more commonly handled by social welfare agencies, and not telecommunications carriers. For these reasons, CTIA supported the creation of a single, integrated national consumer eligibility database or interface as the most effective method for protecting the Lifeline program against waste, fraud, and abuse.[37]

In these comments, CTIA continues to support reforms that ease the Lifeline program's administrative burdens on wireless ETCs and will encourage more provider participation to meet eligible low-income consumer needs.

B. However the Commission Determines to Modify the Current Eligibility and Enrollment Process, CTIA Encourages the Commission and USAC to Collaborate Closely with Lifeline Providers.

As it continues to explore ways of shifting administrative responsibilities away from Lifeline providers to other entities, the Commission should work closely with providers in the

35 *Id*. at 5-6.

36 *Id*.

37 *Id*. at 7.

development and implementation of any alternative approach. Specifically, the Commission and USAC should work with Lifeline providers to establish a system that will ensure timely eligibility determinations, efficient coordinated enrollment, and automatic de-enrollment processes, while also protecting the privacy and dignity of low-income consumers. A collaborative approach to reforming the eligibility and enrollment procedures would permit the Commission to draw on the extensive experience accrued by ETCs, maximize efficiencies, and minimize administrative costs to the Lifeline program. In contrast, a failure to leverage the expertise that Lifeline providers have accrued could risk the introduction of solutions that inadvertently result in lower participation rates and place greater burdens on low-income consumers, providers, and other stakeholders.

In the same vein, if the Commission moves forward with a national verifier,[38] it should ensure that the national verifier does not unduly displace service providers. In particular, the national verifier's responsibilities should be limited to verifying eligibility; it should not be permitted to directly interfere with Lifeline providers' relationships with their current customers or prospective customers. By working collaboratively with Lifeline providers to implement any administrative reforms, the Commission can strike the appropriate balance among the national verifier's core functions and Lifeline providers' commercial interests and demonstrated success in promoting Lifeline participation.[39]

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38 *Second Lifeline Reform NPRM* ¶ 64.

39 *Id*. ¶ 65-66.

V. THE STATES HAVE MADE BENEFICIAL CONTRIBUTIONS TO THE LIFELINE PROGRAM, BUT THEIR ONGOING ROLE SHOULD REFLECT THE PROGRAM'S TRANSITION TO INTERSTATE BROADBAND SERVICES.

As the Commission noted in the *Second Lifeline Reform NPRM*, "[t]he Lifeline program is heavily dependent on effective oversight at both the Federal and the state level and the Commission has partnered successfully with states through the [Joint Board] to ensure that low-income Americans have affordable access to voice telephony service in every state and territory."[40] The Commission now requests comments regarding state Lifeline-related administrative practices in connection with several issues in the *Second Lifeline Reform NPRM*.[41]

The states have been valuable partners to the Commission in implementing and administering the Lifeline program to support the availability of voice telecommunications services to low-income consumers. The Commission has encouraged coordinated enrollment by state agencies in Lifeline and other assistance programs for low-income participants[42] and has highlighted Florida's and Nebraska's coordinated enrollment practices as models.[43] For example, in 2007, Florida's Department of Children and Families and the Florida Public Service Commission ("Florida PSC") established a coordinated enrollment system in which applicants to three Lifeline-eligible programs can also apply for Lifeline benefits at the same time. The Florida PSC has reported that "Lifeline assistance participation in Florida continues to grow

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40 *Id*. ¶ 2.

41 *See*, *e.g.*, *id*. ¶ 64 (use of third-party eligibility verifier); *id*. ¶ 72 (eligibility databases); *id*. ¶¶ 96-103 (coordinated enrollment with other programs).

42 *See id*. ¶ 103; *Lifeline Reform Order* ¶ 172-78.

43 *See Second Lifeline Reform NPRM* ¶ 103, n.215; *Lifeline Reform Order* ¶ 175.

through the automatic enrollment process"[44] and that, as of the end of 2014, the coordinated enrollment process "has been a major success," totaling more than 650,000 coordinated enrollment applications from 2007 to 2014.[45] Florida's program is an example of how the states have had an important role to play in the Lifeline program, and the Commission should carefully consider whether and how Florida's coordinated enrollment approach could be implemented on a national basis.

While states will continue to play an important role in the Lifeline program, such as supporting coordinated enrollment, the Commission's decision to expand the scope of supported Lifeline services to include broadband must also reflect the limited authority states can have over a wholly interstate service, such as broadband. For example, the proposed modernization of the program to include service standards for broadband services carries implications for the ETC designation process. Because broadband Internet access services are entirely interstate services, as reaffirmed by the *Open Internet Remand Order*,[46] Lifeline broadband services are beyond the jurisdiction of the states. As a result, only this Commission would have the authority to designate broadband service providers for participation in the Lifeline program under Section 214(e).[47] Whether the Lifeline provider designation process is part of or separated from the ETC

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[44] Florida Public Service Commission, *Link-Up Florida Lifeline Assistance: Number of Customers Subscribing to Lifeline Service and the Effectiveness of Procedures to Promote Participation*, at 1 (Dec. 2011), http://www.psc.state.fl.us/publications/pdf/telecomm/tele-lifelinereport2011.pdf.

[45] *Id*. at 9.

[46] *Protecting and Promoting the Open Internet*, Report and Order on Remand, Declaratory Ruling, and Order, 30 FCC Rcd 5601, 5803 ¶ 431 (2015) ("*Open Internet Remand Order*").

[47] *See USF/ICC Transformation Order* ¶¶ 73, 1235 (stating that the FCC designates ETCs in the case of providers that are beyond the jurisdiction of state commissions).

designation process, as contemplated by the Commission,[48] it would be inappropriate for states to make Lifeline designation decisions for broadband service providers.

CTIA believes that the states have made and will continue to make strong contributions to the Lifeline program. However, issues such as ETC designation of broadband providers highlight the need for the Commission to appropriately balance the program administration goals of a modernized Lifeline program within the jurisdictional boundaries of interstate broadband communications.

VI. A LIFELINE CAP COULD CREATE LOGISTICAL DIFFICULTIES, ESPECIALLY IN THIS TRANSITIONAL PERIOD.

The *Second Lifeline Reform NPRM* seeks comment regarding whether to establish a Lifeline cap and, if so, what the cap should be.[49] While the Commission must always be conscious of the contribution burden on wireless and other consumers, a Lifeline cap would not be appropriate, particularly at this time. As CTIA and other parties have explained, capping the Lifeline program would be counterproductive and difficult to implement.[50] Imposing a cap also would be unnecessary, given that the further reforms proposed in the *Second Lifeline Reform NPRM* "to reduce fraud, waste and abuse should limit any increase in program expenditures that may be associated with the [proposed] reforms to modernize the program."[51] Moreover, because "not every eligible household participates in the Lifeline program," a cap "could foreclose some eligible households from participating in the program."[52]

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48 *Second Lifeline Reform NPRM* ¶¶ 132-41.

49 *Id.* ¶¶ 55-58.

50 *See, e.g.*, 2011 CTIA Lifeline/Link Up Comments at 24-25.

51 *Second Lifeline Reform NPRM* ¶ 57.

52 *Id.*

The Lifeline program provides support only to means-tested recipients and serves a purpose more akin to other low-income government programs that are not capped than to other universal service funds that are capped. A cap thus would undermine the Commission's policy of encouraging low-income consumers to adopt essential communications services. Based on recent data, fewer than 30 percent of eligible households actually participate and receive Lifeline benefits.[53] Given that most eligible households are not receiving Lifeline benefits now, imposing a cap based on current expenditures would raise thorny policy and administrative issues for the Commission, states, carriers, and low-income consumers.

For example, a cap could require the Commission to either exclude eligible customers from joining the program or significantly reduce the benefits for all Lifeline subscribers. If benefits were reduced for all recipients, the Commission would have to develop mechanisms that would enable carriers to market and bill for services receiving unpredictable support. By thus reducing the attractiveness of Lifeline services, a cap would reduce carriers' incentives to continue offering innovative services at lower prices, thereby inhibiting the competition that has benefitted Lifeline consumers.

An arbitrary cap based on historical enrollment levels would be particularly problematic now, given that the Commission is considering potentially significant changes to the eligibility and verification rules, as well as the inclusion of broadband as a supported Lifeline service.[54] There was significant growth in the Lifeline program from 2008 to 2011, but administrative reforms and the economic recovery have reduced Lifeline expenditures from a high of roughly

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[53] *Compare id*. ¶ 111 (stating that 42 million households eligible for Lifeline benefits as of March 2014), *with* 2015 GAO Lifeline Report at 24 (stating that Lifeline served 12.4 million households by the end of 2014).

[54] *Second Lifeline Reform NPRM* ¶ 61.

$2.2 billion in 2012 to $1.6 billion in 2014.[55] It would be extremely difficult to determine what the "appropriate" Lifeline cap would be, particularly in light of potential impact of all of the changes resulting from the *Second Lifeline Reform NPRM*. Given the success of past Lifeline reforms and the likely reforms resulting from the *Second Lifeline Reform NPRM*, the Commission should not pursue a cap at this time.

VII. CONCLUSION.

By adopting reforms consistent with these comments, the Commission can ensure that Lifeline, especially wireless Lifeline, remains a critical tool that enables public safety, health care, educational, occupational, and other important communications for millions of eligible low-income consumers in the 21st century.

Respectfully submitted,

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55 *See id*. ¶ 3; *see also* Bergmann Testimony at 10.