

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

In the Matter of )  
 )  
Federal-State Joint Board on Universal ) WC Docket No. 03-109  
Service )  
 )  
Lifeline and Link Up )

**COMMENTS OF  
THE UNITED STATES TELECOM ASSOCIATION**

USTelecom<sup>1</sup> is pleased to submit these comments responding to the request of the Federal-State Joint Board on Universal Service concerning Lifeline and Link-Up Eligibility, Verification, and Outreach Issues Referred to the Joint Board (“Joint Board Request”).<sup>2</sup> The Joint Board Request is pursuant to questions presented in a Referral Order<sup>3</sup> (“Referral Order”) in which the Commission asked the Joint Board to recommend any changes to the Lifeline and Link Up eligibility, verification and outreach rules that may be necessary given significant technological and marketplace changes since the current rules were adopted, based on consideration of: (1) the combination of federal and state rules that govern which customers are eligible to receive discounts through the Lifeline and Link Up programs; (2) best practices among states for effective and efficient verification of customer eligibility, both at initial customer sign-up and periodically

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<sup>1</sup> USTelecom is the premier trade association representing service providers and suppliers for the telecommunications industry. USTelecom members provide a full array of services, including broadband, voice, data and video over wireline and wireless networks.

<sup>2</sup> See *Public Notice, Federal-State Joint Board on Universal Service Seeks Comment on Lifeline and Link-Up Eligibility, Verification, and Outreach Issues Referred to Joint Board*, rel. June 15, 2010 (*Joint Board Request*). The *Joint Board Notice* references CC Docket 96-45, but also states that “[a]ll pleadings are to reference **WC Docket No. 03-109 only.**” (emphasis in original). USTelecom’s pleading complies with this requirement, however, it is also filing these comments in CC Docket 96-45.

<sup>3</sup> See *Federal-State Joint Board on Universal Service, Lifeline and Link Up*, CC Docket No. 96-45, WC Docket No. 03-109, Order, FCC 10-72 (rel. May 4, 2010) (*Referral Order*).

thereafter; (3) appropriateness of various outreach and enrollment programs; and (4) the potential expansion of the low-income program to broadband, as recommended in the National Broadband Plan (“NBP”).<sup>4</sup>

## **I. USTELECOM SUPPORTS CHANGES TO THE CURRENT LIFELINE AND LINK UP PROGRAMS**

Changes to the low-income programs are necessary, appropriate and overdue. As noted by AT&T in its comments on NBP Public Notice #19<sup>5</sup> “[t]he current voice Lifeline program suffers under antiquated rules and requirements that discourage consumers and providers from participating, and are costly and cumbersome for carriers and USAC to administer and audit.”<sup>6</sup> Changes should be made to the voice program to optimize its administrative efficiency and effectiveness before extending low-income programs to broadband. Necessary improvements include relieving providers of functions better suited for government, such as performing outreach, determining initial eligibility and verifying continued eligibility. Improvement should also include standardization in a variety of areas to simplify administration and avoid consumer confusion. Changes to the voice program should be made expeditiously. These administrative improvements should then be applied to a low-income support mechanism for broadband services if and when the Commission creates such a mechanism. The information gained by the Commission through experience with modified administration of the voice program as well as pilot programs to test the most efficient and effective approaches to broadband adoption would well serve the Commission in its creation of a low-income mechanism for broadband.

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<sup>4</sup> See Federal Communications Commission (FCC), *Connecting America: The National Broadband Plan* (March 16, 2010) (*NBP*).

<sup>5</sup> See *NBP Public Notice #19, Comment Sought on the Role of the Universal Service Fund and Intercarrier Compensation in the National Broadband Plan*, GN Docket Nos. 09-47, 09-51, 09-137, Public Notice, 24 FCC Rcd 13757 (OSP 2009) (*NBP PN #19*).

<sup>6</sup> See comments of AT&T at page 24 in *NBP PN #19*.

While low-income support should continue to address voice service, the Commission also should consider allocating new low-income support to address broadband service. There is a clear need for federal policymakers to encourage greater broadband adoption among low-income populations. The NBP notes that while 65% of Americans use broadband at home, the other 35% (roughly 80 million adults) do not.<sup>7</sup> Low income should not be a barrier to making available the opportunities offered by broadband. The marginal value of broadband often is even higher to those in low-income households because many low-income consumers have a special need for technologies that lower geographic barriers (given that many low-income consumers cannot afford private transportation and/or reside in rural areas), connect people to job opportunities (since many low-income consumers would stand to benefit substantially from new employment), and expand channels for communication (especially channels offering educational and health care services that otherwise may not be readily available to low-income consumers).

Rates of broadband adoption are a concern in all areas, including rural America. While much of the discussion of universal broadband usage addresses the *availability* of facilities in high-cost rural areas, such areas, as noted by Windstream in its comments on NBP PN #16,<sup>8</sup> have *adoption* rates that significantly lag behind urban rates, even when broadband is readily available in rural areas. Rural populations tend to be less well-educated and to have lower incomes than other Americans – two characteristics that correlate with lower than average broadband adoption rates.<sup>9</sup> While 68% of adults in

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<sup>7</sup> See *NBP* page 167

<sup>8</sup> See Public Notice, *Comment Sought on Broadband Adoption – NBP Public Notice #16*, GN Docket Nos. 09-47, 09-51, DA 09-2403 (rel. Nov. 10, 2009).

<sup>9</sup> See *NBP*, Exhibit 3.1, page 23.

non-rural areas subscribe to broadband, only 50% in rural areas subscribe.<sup>10</sup>

## **II. STATE AND FEDERAL ELIGIBILITY REQUIREMENTS FOR LIFELINE AND LINK-UP VOICE DISCOUNTS SHOULD BE STANDARDIZED**

Eligibility criteria for low-income support should be modified so that they are consistent across all states. The lack of standard eligibility criteria among states has led to a hodge-podge which is confusing for consumers and those administering and verifying eligibility. In non-federal default states, a state may establish the eligibility criteria and certification requirements with which consumers must comply in order to qualify for both state and federal support, as long as the eligibility criteria are based solely on income or factors directly related to income.<sup>11</sup> A household could move from one state to another, even within the same metropolitan area, with no other change in household income or eligibility for other government benefits, and be eligible for participation in the low-income programs in one jurisdiction and not in the other. That makes no sense from either a public policy or consumer perspective. It also significantly complicates matters for communications providers that maintain multi-state operations.

There, however, is no evidence that changes to federal default rules that expand Lifeline and Link-Up voice discount eligibility would materially improve low-income consumers' access to telecommunications services. Such a move could further strain the Universal Service Fund ("USF") at a time when the low-income portion of the Fund is already experiencing a high rate of growth. The national telephone subscribership rate among low-income consumers (households with an annual income of less than \$20,000)

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<sup>10</sup> See *NBP*, Exhibit 3.1, page 23.

<sup>11</sup> See *Referral Order* at paragraph 14, page 6.

stood at 90.4% in March 2009.<sup>12</sup>

The goal of the Lifeline program is not to maximize eligibility for USF subsidies. Rather, the statute says that “consumers in all regions of the Nation, including low-income consumers...should have access to telecommunications and information services.”<sup>13</sup> There is no evidence that expanding federal Lifeline and Link-Up voice eligibility would materially change Lifeline take rates among low-income consumers or more broadly ensure that low-income consumers have access to telecommunications and information services. In fact, today’s comparatively strong telephone subscribership rate among low-income consumers is evidence that a further expansion of federal eligibility is unnecessary and signals that whatever deficiencies there may be with the Lifeline and Link-Up programs, those deficiencies are not related to federal eligibility criteria.

### **III. DETERMINATION AND CONTINUED VERIFICATION OF ELIGIBILITY ARE PROPERLY GOVERNMENT FUNCTIONS**

While the Referral Order asks many questions about determination of eligibility and verification of continued eligibility, it ignores the fundamental question of who is the proper party to administer these key elements of the low-income programs. Government, not providers, should be responsible for administering the eligibility process, including periodic verification. Government administration of eligibility would safeguard consumers’ privacy and minimize burdens on participating providers. The elimination of this particular obligation on communications providers – and ensuring that all, rather than just some, states fully reimburse carriers for state Lifeline discounts, may also incent additional providers to begin participating in the Lifeline program, thereby increasing

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<sup>12</sup> See FCC, *Telephone Penetration by Income and State* (May 2010) at Table 2, page 8 available at [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DOC-297986A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-297986A1.pdf) (visited July 14, 2010).

<sup>13</sup> 47 U.S.C. Sec. 254(b)(3).

consumer choice. Administration by government should be accomplished pursuant to national customer qualification processes. The best practices requested in the Referral Order may be used as the basis for the development of a uniform state system of eligibility determination.<sup>14</sup>

Low-income support for communications services is a public benefit passed through to consumers by communications providers. Determination of eligibility for a public benefit is clearly a government function, and should not be delegated to the private sector. The designation of service providers as administrators of the eligibility determination for low-income support programs is a relic of the monopoly-era telephone environment. In today's telecommunications services market, there are many wireline and wireless providers from which consumers can choose to obtain voice service. The potential expansion of low-income support to broadband service may add even more participating service providers. The consistency and efficiency of the eligibility and verification processes can be greatly improved by assigning those functions to a government administrator, working with a centralized database administered by the Universal Service Administrative Company (USAC).<sup>15</sup>

To make the low-income support eligibility determination, household income information must be scrutinized. As the Commission becomes more mindful of the need to protect consumers' personal information and share it only when necessary, prudence counsels vesting the eligibility determination in government that already has this information, rather than placing this obligation on what may be an expanding number of

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<sup>14</sup> See *Referral Order* at paragraph 17, page 7.

<sup>15</sup> See *NBP* page 173, "As part of these efforts, and in conjunction with Universal Service Administrative Company (USAC) reform efforts outlined in Chapter 8, the FCC should also consider whether a centralized data base for online certification and verification is a cost-effective way to minimize waste, fraud and abuse."

communications providers.

As suggested in an *ex parte* communication submitted by AT&T,<sup>16</sup> government administration of eligibility for low-income support can be accomplished through a centralized administrator, USAC, which would generate a unique PIN (Personal Identification Number) to be assigned by the government officials to each eligible customer to verify their eligibility for low income-support. USAC would maintain the national database of PINs, tracking which ones have been used by customers in order to prevent duplicative support to customers. The customer would present the PIN to any service provider in order to obtain discounts. USAC would reimburse providers based on the PINs served.

#### **IV. GOVERNMENT OUTREACH CAMPAIGNS WILL BEST ENSURE ELIGIBLE CONSUMERS ARE AWARE OF THE DISCOUNTS AVAILABLE TO THEM**

Similar to the eligibility administration function, consistent government outreach is best and most appropriate. This approach would be competitively neutral for providers and help ameliorate consumer confusion. Potential eligible consumers would be provided a consistent message about the services to which their low-income discount could apply. Governments, which has household income information, is well positioned to know which consumers are most likely to qualify for the service and therefore can best ensure that the design and implementation of outreach maximizes consumer awareness.

The NBP recognizes the role of states in outreach: “State social service agencies should

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<sup>16</sup> See Letter from Jamie M. (Mike) Tan, Director, Federal Regulatory, AT&T, to Marlene H. Dortch, Secretary, FCC, filed December 22, 2009 in the following proceedings: *In the Matter of Lifeline and Link-up* (WC Docket No. 03-109), *In the Matter of a National Broadband Plan for Our Future* (GN Docket No. 09-51), *In the Matter of International Comparison and Consumer Data Requirements in the Broadband data Improvement Act* (GN Docket No. 09-47), and *In the Matter of Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion* (GN Docket No. 09-137).

take a more active role in consumer outreach and in qualifying eligible end-users.

Agencies should make Lifeline and Link-Up applications routinely available and should discuss Lifeline and Link-Up when they discuss other assistance programs.”<sup>17</sup>

Regardless of the entity performing outreach, the Commission should reject USAC’s incorrect audit finding that the publicizing of the availability of Lifeline service must include a list of the supported services listed under Rule 54.101(a).<sup>18</sup> USAC inappropriately blurs obligations established by two different Commission rules. First, Rule 54.405(b) requires all eligible telecommunications carriers to “[p]ublicize the availability of Lifeline service in a manner reasonably designed to reach those likely to qualify for the service.” Second, with reference to the universal service supported services generally, rule 54.201(d)(2) requires that the Eligible Telecommunications Carrier (ETC) “[a]dvertise the availability of such services and the charges therefore using media of general distribution.”

These two requirements are distinct and create *separate* obligations. Advertising the list of supported services is completely different from publicizing Lifeline service. Moreover, including the list of supported services in publicity of Lifeline service may in fact contradict the obligation created by the portion of Rule 54.405(b) that requires publicity “in a manner designed to reach those likely to qualify for the service.” The complex and lengthy verbiage needed to list the service and/or functionalities that must be provided with Lifeline service, such as “dual tone multi-frequency signaling or its functional equivalent, single-party service or its functional equivalent”, would obscure the main message inherent in publicizing Lifeline service, that is, the availability of

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<sup>17</sup> See *NBP*, pages 172 and 173.

<sup>18</sup> See *Request for Review by AT&T, Inc. of the Decision of the Universal Service Administrator*, WC Docket No. 03-109, (filed on August 14, 2009).

service at a reduced rate to qualifying consumers.

**V. THE COMMISSION SHOULD CONSIDER EXTENDING LOW-INCOME SUPPORT TO BROADBAND**

While low-income support for voice should be continued, the Commission should consider expanding low-income support to address broadband service as well. To ensure any new support for broadband is set at optimal levels, pilot low-income broadband programs should be implemented to test the most efficient and effective approaches. USTelecom supports the NBP's recommendation for pilot programs to produce actionable information that would facilitate implementation of the most efficient and effective program of low-income support for broadband service.<sup>19</sup> As USTelecom declared in its prior filing calling for development of broadband adoption pilot programs,<sup>20</sup> this approach is enormously sensible in that it is important that an adoption strategy be right from the start – efficient, effective, implementable and auditable.

Developing test beds to fill in conceptual gaps and assembling and evaluating the resulting data are important steps in the consideration of strategies to increase broadband adoption. Important test bed elements that could be assessed for their effect on adoption by low-income households include various levels of discounts on broadband service; discounts on broadband service that would be phased out for a particular household after a period of time; discounts on hardware (computers, modems, etc.); digital literacy education; and provision of information on the benefits of broadband. Relevant data should be gathered from both rural and urban populations and relevant demographic groups within those populations.

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<sup>19</sup> See *NBP Recommendation 9.1*, page 172.

<sup>20</sup> See Letter from Jonathan Banks, Senior Vice President, Law and Policy, USTelecom Association, to Marlene H. Dortch, FCC, filed January 25, 2010, in GN Docket Nos. 09-47, 90-51, 09-137.

Regardless of the amount or duration of a broadband service discount, the discount should be available in standardized amounts to consumers purchasing qualifying broadband services, with no regard to whether these broadband services are part of service bundles. Low-income households should not be denied the benefits and savings realized through service bundling merely because of their participation in a support program. Designing support programs so that they can work with bundled offerings allows low-income households to take advantage of the vigorous competition present in the market for broadband services.

And even while a broadband support regime is under development, all states to permit Lifeline recipients to apply discounts for voice service to bundles that include broadband services as well.<sup>21</sup> As the National Broadband Plan recognizes, this reform “[c]an help low-income consumers benefit from the same discounts provided through bundled service offering that are affordable to wealthier households in the United States.”<sup>22</sup>

## **VI. CONCLUSION**

Changes to the low-income programs are necessary, appropriate and overdue. The changes should be made to the voice program to optimize its administrative efficiency and effectiveness. And while low-income support should continue to address voice service, the Commission also should consider expanding low-income support to address broadband service as well. Pilot programs should be implemented to test the most efficient and effective approaches so that any new support for broadband is set at optimal levels.

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<sup>21</sup> Some states, like Ohio, currently refuse to apply Lifeline discounts to bundles that include services other than basic telephone service and call waiting.

<sup>22</sup> See *NBP*, page 172.

Respectfully submitted,

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July 15, 2010