

**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
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link Up	)	WC Docket No. 03-109

**COMMENTS OF THE  
NATIONAL CABLE & TELECOMMUNICATIONS ASSOCIATION**

The National Cable & Telecommunications Association (NCTA)<sup>1</sup> hereby submits its comments in the above-referenced proceedings.<sup>2</sup> NCTA supports the Commission’s proposals to improve accountability and efficiency within the existing universal service Lifeline and Link Up programs, and applauds the Commission’s efforts to repurpose universal service funding to support broadband services to low-income consumers in a fiscally responsible manner.<sup>3</sup>

**INTRODUCTION**

The Commission has recently enunciated several principles that it will follow in reforming its rules related to the Universal Service Fund: 1) modernization of the Fund to support broadband; 2) exerting fiscal responsibility over the size of the Fund; 3) increasing accountability for the use of universal service funds; and 4) relying on market-driven and

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<sup>1</sup> NCTA is the principal trade association for the U.S. cable industry, representing cable operators serving more than 90 percent of the nation’s cable television households and more than 200 cable program networks. The cable industry is the nation’s largest provider of broadband service after investing over \$170 billion since 1996 to build two-way interactive networks with fiber optic technology. Cable companies also provide state-of-the-art competitive voice service to more than 23 million customers.

<sup>2</sup> *Lifeline and Link Up Reform and Modernization*, WC Docket Nos. 11-42 and 03-109, CC Docket No. 96-45, Notice of Proposed Rulemaking, FCC 11-32 (rel. Mar. 4, 2011) (*Lifeline Reform NPRM*).

<sup>3</sup> The Lifeline program provides eligible low-income consumers with discounts on their monthly telephone bills and the Link Up program provides a discount on one-time installation fees. *Id.* at ¶ 16.

incentive-based policies to maximize the use of scarce Universal Service Fund resources.<sup>4</sup> The proposals in the *Lifeline Reform NPRM* reflect these principles.

NCTA supports the Commission's efforts to enhance the efficiency of the low-income universal service programs. Specifically, NCTA supports the proposal to increase accountability for the disbursement of low-income funds by requiring the Universal Service Administrative Company (USAC) to ensure that consumers do not receive duplicative support from multiple providers, and to create and maintain a database of eligible consumers. NCTA also supports the proposal to allow eligible low-income consumers to receive discounts under the Lifeline and Link Up programs for bundled services that include broadband as well as voice services. NCTA further agrees that the Commission should conduct a pilot program to encourage broadband adoption by low-income consumers. Finally, NCTA agrees with the Commission that the growth of the Universal Service Fund must be constrained, but urges the Commission to adopt a cap on the overall size of the \$8 billion fund, rather than limiting support to low-income consumers.

## **I. INCREASE EFFICIENCY AND ACCOUNTABILITY IN LOW-INCOME FUND DISBURSEMENTS**

In the *Lifeline Reform NPRM* the Commission asserts that there may be instances where low-income support discounts are being provided to the same residence by multiple providers in contravention of the Commission's policy to provide low-income support only for a single line in a customer's principal residence.<sup>5</sup> To ensure compliance with this policy, USAC should compile information regarding eligible low-income consumers' receipt of subsidies and address instances

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<sup>4</sup> *Connect America Fund*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, GN Docket No. 09-51, CC Docket Nos. 01-92, 96-45, Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, FCC 11-13, at ¶ 10 (rel. Feb. 9, 2011) (*2011 USF-ICC Reform FNPRM*).

<sup>5</sup> *Lifeline Reform NPRM*, FCC 11-32 at ¶¶ 48, 103.

where USAC finds that a consumer is receiving subsidies from multiple providers.<sup>6</sup> This is an appropriate task for USAC because it is the administrative body responsible for disbursing universal service funds and ensuring that such disbursements comply with Commission requirements. The National Broadband Plan and the Federal-State Joint Board on Universal Service recommended that the Commission consider the creation of a nationwide database of consumers eligible for and receiving low-income support.<sup>7</sup> The creation of this database would help ensure that funds are used efficiently and in compliance with Commission requirements, and would allow USAC to more effectively detect and avoid waste, fraud and abuse in disbursing funding.

The Commission should not adopt its proposal requiring providers to resolve issues where duplicative funds have been disbursed to the same residence.<sup>8</sup> The Commission's rules for the disbursement of Lifeline support do not currently require providers to obtain a certification from customers regarding their receipt of only one Lifeline subsidy per residence, and there is no database or other method by which providers could verify this information. Instead, as noted above, the Commission should adopt the proposal in the record tasking USAC with identifying and resolving issues of duplicative support as part of its duties as the Universal Service Fund administrator.

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<sup>6</sup> *Id.* at ¶ 59. Under this proposal USAC would send notices to consumers with duplicative support asking them to select a single Lifeline provider. USAC would then notify the non-selected provider that it should discontinue providing Lifeline service to the consumer.

<sup>7</sup> *Connecting America: The National Broadband Plan*, GN Docket No. 09-51, at 173, [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DOC-296935A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-296935A1.pdf) (Omnibus Broadband Initiative, Mar. 16, 2010) (*National Broadband Plan*); *Federal-State Joint Board on Universal Service, Lifeline and Link Up*, CC Docket No. 96-45, WC Docket No. 03-109, Recommended Decision, 25 FCC Rcd 15598, 15611-12, ¶ 36 (Jt. Bd. 2010).

<sup>8</sup> The Commission should not impose this burden on providers even for an interim period. Instead, the Commission should consider adopting the interim proposal submitted by a group of Lifeline providers and associations that would primarily be administered by USAC with voluntary participation by eligible telecommunications carriers. See Letter from United States Telecom Association *et al.*, to Marlene Dortch, Secretary, Federal Communications Commission, WC Docket Nos. 11-42, 03-109, and CC Docket No. 96-45 (Apr. 15, 2011).

## II. PROVIDE LOW-INCOME SUPPORT FOR BROADBAND

As part of its efforts to modernize universal service support and to encourage the adoption of broadband, the Commission should adopt its proposals to allow low-income discounts to apply to bundles of services, and should create a pilot program for spurring broadband adoption. The Commission should also encourage broad participation in these programs by allowing all providers of broadband services to participate, rather than limiting participation to eligible telecommunications carriers (ETCs).

Consistent with the National Broadband Plan's recommendation, the Commission proposes to allow Lifeline and Link Up discounts to apply to any calling plan that includes a voice component, including plans that bundle voice with broadband.<sup>9</sup> This proposal furthers the objective of making broadband more affordable to low-income consumers and will help to unify the treatment of broadband bundles by states, which have adopted different approaches.<sup>10</sup> The Commission should also allow any provider of voice and broadband services to provide Lifeline and Link Up discounts to eligible low-income consumers.<sup>11</sup>

The Commission should also implement its proposal to create a pilot program to increase broadband adoption by low-income consumers. In doing so the Commission should examine the use of public-private partnerships to address the multiple issues that preclude low-income consumers from adopting broadband. Specifically, any pilot program should address the costs of

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<sup>9</sup> *Lifeline Reform NPRM*, FCC 11-32 at ¶ 258; *National Broadband Plan* at 172.

<sup>10</sup> *Lifeline Reform NPRM*, FCC 11-32 at ¶ 256.

<sup>11</sup> *Id.* at ¶ 305 (“The National Broadband Plan recommended that any broadband provider meeting criteria established by the Commission – whether wired or wireless, fixed or mobile, terrestrial or satellite – should be eligible to participate in Lifeline/Link Up.”); *see also* Letter from Jamie M. Tan, Director Federal Regulatory, AT&T, to Marlene Dortch, Secretary, Federal Communications Commission, WC Docket No. 03-109, GN Docket Nos. 09-51, 09-47, and 09-137, Attach. at 1 (Dec. 22, 2010) (arguing that all providers of voice and broadband services should be eligible to offer Lifeline discounts without complying with the ETC requirements of section 214 of the Communications Act).

receiving broadband service, the costs of any necessary equipment, and increasing digital literacy among consumers. Universal service support can help to address the first of these issues, i.e., lowering the costs of receiving broadband service. To ensure broad participation in the pilot program, support should be available to any broadband provider, rather than limited to ETCs.

Projects that receive support for broadband services under the pilot program should include corresponding commitments from state and local governments or organizations, and/or other private entities to provide affordable equipment and appropriate training on access to and use of broadband services. The pilot program should allow a range of projects that satisfy these criteria and the Commission should examine the results of the funded projects to identify best practices for increasing broadband adoption.

### **III. CONTROL THE SIZE OF THE UNIVERSAL SERVICE FUND**

As the National Broadband Plan and the Commission have acknowledged, unconstrained growth in the size of the Universal Service Fund increases contribution burdens on consumers and jeopardizes the goals of the Fund.<sup>12</sup> In the *Lifeline Reform NPRM* the Commission seeks comment on a proposal to cap the size of the Lifeline and Link Up support programs at the 2010 disbursement level of approximately \$1.3 billion per year.<sup>13</sup> We agree that the Commission must take steps to ensure that the size of the Universal Service Fund does not grow. Rather than capping the amount of support available to low-income consumers, however, the Commission should instead adopt a cap on the overall size of the Universal Service Fund to ensure that the burden on consumers that contribute to the Fund does not continue to increase.

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<sup>12</sup> *National Broadband Plan* at 136, 150; *2011 USF-ICC Reform FNPRM*, FCC 11-13 at ¶¶ 213-14; *Lifeline Reform NPRM*, FCC 11-32 at ¶¶ 144-45.

<sup>13</sup> *Lifeline Reform NPRM*, FCC 11-32 at ¶ 145.

In 2010 the Universal Service Fund disbursed approximately \$8 billion in support.<sup>14</sup> Of that amount, approximately \$1.3 billion was disbursed to low-income consumers.<sup>15</sup> This represents a small percentage, only slightly more than 16 percent, of the total Fund. Although low-income support has been increasing in recent years,<sup>16</sup> the Commission has noted that this program historically has been undersubscribed.<sup>17</sup> And low-income consumers are less likely to adopt broadband than are consumers in higher income brackets.<sup>18</sup> Given these facts, there may be a need to expend additional Universal Service Fund resources beyond the \$1.3 billion disbursed in 2010 to ensure that low-income consumers have the opportunity to benefit from broadband. To allow some flexibility in the amount of low-income support while maintaining the Commission's fiscally responsible approach to universal service, the Commission should adopt a cap on the overall size of the Universal Service Fund. Any increases that might be necessary in low-income support would come from corresponding reductions in support in other areas.<sup>19</sup>

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<sup>14</sup> Universal Service Administrative Company 2010 Annual Report, <http://www.usac.org/res/documents/about/pdf/usac-annual-report-2010.pdf>, at 56 (last visited Apr. 15, 2011) (USAC 2010 Annual Report).

<sup>15</sup> *Id.*

<sup>16</sup> *Lifeline Reform NPRM*, FCC 11-32 at ¶ 143 (discussing the growth of low-income support).

<sup>17</sup> *Virgin Mobile USA, L.P. Petition for Forbearance from 47 U.S.C. § 214(e)(1)(A)*, CC Docket No. 96-45, Order, 24 FCC Rcd 3381, 3393, ¶ 30 (2009) (*Virgin Mobile Forbearance Order*) (asserting that only about one-third of eligible low-income consumers receive universal service funding and discussing efforts to increase participation).

<sup>18</sup> See Pew Research Center, Pew Internet and American Life Project, Home Broadband 2010 Report at 8, <http://pewinternet.org/Reports/2010/Home-Broadband-2010.aspx> (last visited Apr. 15, 2010).

<sup>19</sup> The Commission has recently identified ways to eliminate inefficiencies in the disbursement of universal service high-cost support. *2011 USF-ICC Reform FNPRM*, FCC 11-13 at ¶¶ 157-260. Some of the funds saved from eliminating these inefficiencies could be shifted to the low-income mechanisms.

## CONCLUSION

NCTA urges the Commission to increase the efficient use of universal service low-income funds through the existing Lifeline and Link Up programs, and agrees with the Commission's proposals to increase broadband adoption through these programs. Successful broadband adoption programs must address multiple issues hindering low-income consumers' ability to obtain and effectively use broadband services and equipment. The important goal of increasing broadband adoption must be achieved in a manner that does not further inflate the overall size of the Universal Service Fund.

Respectfully submitted,

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