



November 18, 2011

Marlene H. Dortch, Esq.  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

**RE: *Ex Parte Letter via Electronic Filing***

- WC Docket No. 11-42 : In the Matter of Lifeline and Link Up Reform and Modernization

Dear Ms. Dortch:

This ex parte letter reports on a November 10, 2011 meeting with Kim Scardino and Garnet Hanly of the Wireless Competition Bureau, Nicholas Alexander of the Office of Strategic Planning and Analysis, Jon Banks, Senior Vice President of Law and Policy at US Telecom, Joseph S. Miller, Deputy Director and Senior Policy Director of the Media and Technology Institute at the Joint Center for Political and Economic Studies (Joint Center), Lindsay Boroush, Policy and Communications Manager at the Joint Center, and myself.

We discussed MTI's proposal for the broadband adoption Lifeline/Linkup pilots.

*Proposal Components*

Our proposal would have three components - research, program design and implementation, and evaluation.

Research:

- Offer general research for understanding the current distribution of government subsidies in this area by state and census tract (if available); and, provide recommendations for the program design based upon these key data to industry partners.
- Conduct a thorough analysis of the targeted populations to identify the pilot communities integrating income thresholds, and access to broadband services and other digital literacy/technical supports that can affect program enrollment; and, leverage this data to create a random and targeted sample for the project. Additional information about the sample is shared in this document.

- Construct a cost analysis of a “complete broadband solution,” i.e., broadband service, hardware and other expenses to understand on average the cumulative cost to low-income households for connecting to, and sustaining a home broadband connection.
- Create objective control groups for the length of the project to explore the usefulness of subsidy programs to spur broadband adoption for low-income populations.

#### Program Design and Implementation:

- Brainstorm with industry partners the most effective and efficient strategies for deploying government subsidies for broadband, support for computer purchase programs, and scalable technical support for consumers.
- Identify three targeted treatment groups for piloting proposed broadband subsidies within a 24 month timeframe. The treatment groups will include conditions where:
  - *Consumers receive the monthly discount without “discount elimination” over the program period.*
  - *Consumers receive the monthly discount with “discount elimination” at some defined point (most likely after 12 months) in the program period.*
  - *Consumers do not receive any type of monthly discount, and subscribe to services at market rate.*
- Determine the eligibility criteria for low-income consumers to receive a computer as part of the program, and identify the mechanism for computer acquisition, i.e. vouchers that can be used at any retail outlet or a standard PC unit offered by industry partners. The Joint Center will work with industry to determine which treatment group receives the computer, and screen applicants for need.
- Link the program, where possible, to other government programs (e.g., workforce training, free and reduced price lunch, and educational incentive programs for low-income adults) to test inter-agency impact on consumer use and benefit.
- Identify a national non-profit partner to:
  - Distribute marketing materials to targeted groups and communities.
  - Provide general technical support such as computer troubleshooting once people are enrolled.
  - Assist in the aggregation of respondents for focus groups, and offer feedback on opportunities/challenges of the program’s marketing and implementation.
- Create and implement program design with industry and government; and, conduct necessary outreach (e.g., direct mail, brochures, informational sessions, etc.) to reach eligible applicants.
- Monitor program implementation, and make any necessary adjustments to intake, enrollment, and close-out processes.

#### Program Evaluation:

- Convene a working group of policy, and academic experts to assess the progress of the pilot, and make recommendations for implementation and final reports.

- Establish necessary benchmarks along with program indicators that assess individual uptake and broadband usage patterns. Compile and collect data in a format that will highlight the successes/challenges of each scenario.
- Develop an interim report as part of the project that documents each treatment group after a six month period, as well as user experience, benefits of training and overall impact of broadband use. This report will only be shared with industry stakeholders.
- Compile project findings and recommendations in a final report issued with industry partners to the Commission on the best practices, funding, and policies to implement a wholesale, national government subsidy program. All industry and consumer data will be aggregated in the final report.

The Joint Center proposes a minimum sample size of 3,240 low-income households from six distinct market regions in the U.S. to serve as the pilot locations for how consumers respond to the three proposed treatments for receiving a monthly service discount for broadband services. Markets will comprise a SMSA, and additional adjustments will be made to accommodate more households from sparsely populated rural areas. The sample will target low-income households within each region based on population characteristics using data from the Census Population Survey (CPS) and industry consumer data to draw a more reliable sample. Industry partners will also identify which carrier(s) serve the selected market; and, determine both the amount of the discount and means for the distribution of the service to the consumer.

Each market will get a single monthly service discount plan. Control groups that match the demographic and geographic profile of selected markets will also be established. Selected test markets will also receive computer hardware whose terms and eligibility will be determined by industry partners. Computers will not be offered in markets with the discount elimination to avoid service cancellation after receiving a new computer.

The following additional assumptions are also made about the sample design:

1. Each broadband provider will test adoption stimuli in comparable markets within its own service territory, not to exceed six different test markets for the entire project.
2. Control groups will be established in separate areas from the test markets.

While the Joint Center has proposed two other options to industry partners (see memo from June 4, 2010 meeting), the proposed plan will control for any learning effect between consumers who may compare discounts with other households.

The Joint Center will contract the Princeton Survey Research Associates International (PSRAI), and the University of Illinois Survey Research Service to identify and survey low-income households within treatment and control group cities. We will use a combination of landline, cell, mail and online surveys to collect information from each household. The Joint Center will also partner with industry partners to gather marketing or survey databases to help identify eligible program participants. Additionally, the program will be

promoted through government programs where individuals are eligible and/or participating in free or reduced price school lunch, job training and educational programs.

The proposed sample design will yield a longitudinal panel-study where participants in each price discount scenario will be surveyed three times over the course of the project. Data will be collected prior to program enrollment, six months into the program, and upon completion of the subsidy. This panel approach should result in approximately 9,720 responses that can be factored into our analyses. The panel also permits us to analyze changes in behavior and attitudes (i.e., cancelled or upgraded service), and the underlying factors (i.e., computer ownership, cost, etc) that drive causal relationships between factors. We will also develop a smaller sample of households for one-on-one interviews, and structured focus groups. This data will provide more in-depth qualitative information to further help us to clarify data from the surveys, and to understand the user experience more fully.

#### *Preliminary Program and Evaluation Design*

For this pilot program, the Joint Center will evaluate the feasibility of a fixed price discount to low-income households, and the extent to which this program can be scaled and managed through the Universal Service Fund. In our conversations with industry partners, two 12-month discount levels, \$15 or \$10, will be offered to eligible households. For some participants, “discount elimination” will be proposed after a defined period, whether 12 months or more after initial service subscription. The terms of the discount elimination program will be determined by industry partners.

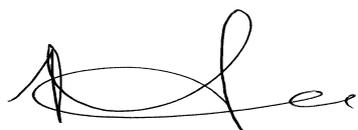
Secondly, the Joint Center proposes to evaluate the extent to which assisting consumers with purchasing a computer is a necessary requirement for broadband adoption. We will work with industry partners to develop a strategy to either provide computer hardware directly to eligible participants of the selected treatment group or offer retail vouchers for them to purchase computers.

Finally, we will evaluate data about the obstacles to broadband adoption that are often not cost-related such as digital literacy, technical support, and online relevance. Working with industry and our non-profit partner, we will develop a community outreach and education strategy that will connect people to necessary digital literacy resources. In the outreach, enrollment and implementation phases, we will also ask questions to both the treatment and control groups about their need for digital literacy training, and technical support to understand how they factor into a low-income consumers’ decision to adopt. Where possible and scalable, we will identify and link program participants to existing local resources that can support further training on computers and the Internet. Capturing this data will help industry partners and government assess what’s needed to improve access to these services, especially if USF becomes a vehicle to fund these activities. Since this pilot is not designed to compare urban and rural communities, the activities will be designed with the ability to be implemented in either scenario. Differences that emerge from the two geographic locations will be captured in the data.

The Joint Center worked very closely with United States Telecom Association to develop the thinking around this pilot. Documents were previously filed with the Commission regarding the proposed pilot program. We look forward to the possibility of working with the Commission.

Pursuant to Section 1.1206(b) of the Commission's rules, this letter is being filed electronically.

Sincerely,

A handwritten signature in black ink, appearing to read "Nicol Turner-Lee". The signature is fluid and cursive, with a large initial "N" and "T".

Nicol Turner-Lee,  
Vice President and Director  
Media and Technology Institute,  
The Joint Center for Political and Economic Studies

cc: Kim Scardino

Garnet Hanly

Nicholas Alexander