

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
Lifeline and Link Up Reform and Modernization)	WC Docket No. 11-42
)	
Lifeline and Link Up)	WC Docket No. 03-109
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Advancing Broadband Availability Through Digital Literacy Training)	WC Docket No. 12-23
)	

COMMENTS OF SPRINT NEXTEL CORPORATION

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COMMENTS OF SPRINT NEXTEL CORPORATION

Sprint Nextel Corporation (“Sprint”) hereby respectfully submits its comments in the above-captioned Further Notice of Proposed Rulemaking released on February 6, 2012 as part of the Commission’s *Lifeline Reform Order*,¹ seeking comment on a broad range of issues relating to the Commission’s ongoing efforts to reform and modernize the Universal Service Fund’s Low-Income Program. These Comments are directed to Lifeline eligibility verification, the provision of Lifeline service by providers other than eligible telecommunications carriers (“ETCs”), the Lifeline support amount, and the inclusion of participants in the Women, Infants and Children program and homeless veterans in the Lifeline program.

¹ *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42; *Lifeline and Link Up*, WC Docket No. 03-109; *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45; *Advancing Broadband Availability Through Digital Literacy Training*, WC Docket No. 12-23; *Report and Order and Further Notice of Proposed Rulemaking*, FCC 12-11, released Feb. 6, 2012 (“*Lifeline Reform Order*”).

I. INTRODUCTION AND SUMMARY

The revised rules bring about substantial improvements in Lifeline eligibility verification procedures. To further enhance the eligibility verification process, Sprint recommends the implementation of a single electronic interface, separate from the National Accountability Database, through which federal and state program databases may be accessed for verification purposes. Sprint favors a single interface over a federally administered national database containing program data continuously updated from state and federal sources. Sprint also favors a single interface in place of the current approach whereby state agencies and ETCs negotiate program database access on an ad hoc basis. Sprint opposes the use of a non-electronic verification process handled by a single third-party administrator for all ETCs, and further opposes USAC in the role of a third-party administrator for any ETC.

To ensure that eligibility verification procedures and other measures aimed at curbing program waste, fraud and abuse are uniformly implemented for maximum effectiveness, Sprint recommends that all providers of Lifeline supported service to end-users be required to obtain ETC designation.

Sprint supports a flat-rate Lifeline support amount to facilitate customer comparisons of Lifeline supported plans and to provide ETCs with certainty in designing plans that offer the most value to Lifeline customers. Sprint recommends that the support amount be set at the current maximum federal support amount of \$10 and opposes a lesser flat rate, which would amount to a decrease in support on average for Lifeline-qualifying consumers in more than half of the states. A decrease in the federal amount finds no support in 2011 data, which shows decreased voice service penetration rates in low-income households and an increase in the gap in penetration rates between low-income and all households compared to 2010.

Particularly in light of the extended period of economic hardship confronted by so many Americans, Sprint supports the extension of Lifeline benefits to participants in the Women, Infant and Children program and homeless veterans and those at risk of becoming homeless. Adding WIC participants and homeless veterans to the eligibility criteria undoubtedly would advance the goal of ensuring universal availability of phone service to low-income consumers.

II. LIFELINE ELIGIBILITY VERIFICATION

Sprint supports the use of public benefits information stored in federal and state databases to verify applicant eligibility for federal Lifeline Assistance. Where reliable information exists concerning the participation of a consumer in a Lifeline-qualifying program, providing access to that information for the purpose of verifying Lifeline eligibility offers a reliable means for confirming eligibility and eases the burden on the consumer to independently provide proof of Lifeline eligibility. Access to this information should be provided in as cost-effective and technologically simple a manner as possible.

To these ends, Sprint supports the development of a single interface through which federal and state databases could be accessed. A single interface would minimize and standardize the technological development required by state and federal agencies and ETCs. In its simplest form, the interface could serve as a query system that searches a database and returns a yes/no response concerning an applicant's eligibility without providing ETCs with direct access to the database, minimizing data privacy, security and other concerns associated with database access.

Sprint favors reliance on databases at the program level, whether federal or state, to ensure the most reliable, up-to-date information. Assuming development of a workable interface, this approach is preferable to a centralized national database specifically for Lifeline eligibility verification. A centralized database would require ongoing transfer of information

from program databases, a critical step that would introduce the possibility of error and delay in the transfer of information, undermining the purpose of the database as a reliable source of eligibility verification. In addition, the transfer and storage of public benefits recipients' personal information from numerous state and national programs would likely require robust and costly technological solutions and equally robust and costly ongoing technical support for the continuous transfer of data and to ensure compliance with privacy and other applicable laws to protect the data.

The implementation of a single interface for accessing various state and federal databases would be a substantial improvement over the status quo for state agencies and ETCs. Currently, where a state maintains one or more databases that can be accessed for the purpose of determining Lifeline eligibility, state agencies and ETCs work together, in some cases database by database, to develop and implement a method of access and the terms thereof, a complex, drawn-out process that can take many months and impose substantial cost and burden on the state and ETCs. When a new ETC is designated, the state must educate the ETC around existing data resources, work with the ETC on legal agreements and technology development required for access, and provide ongoing technical support for each ETC. For its part, the ETC must gain an understanding of each state's database capabilities, negotiate required agreements, develop and implement technological solutions and work with the state on an ongoing basis to ensure reliable functionality. This state-by-state, ETC-by-ETC access approach is incredibly inefficient and expensive and in dire need of centralization to the benefit of the custodian of the data and the ETC.

A single electronic interface that is readily accessible by all ETCs is far preferable to a non-electronic means of checking eligibility by a third-party administrator. In a competitive

market for Lifeline subscribers, ETCs should not be required to rely on and jockey for the resources of a single third-party for this essential function. As a result of competition, Lifeline-eligible consumers enjoy the choice of an array of service options and can become more discerning consumers of telecommunications service. The application process, including eligibility verification, is the initial touchpoint between a potential subscriber and an ETC. ETCs should be permitted to design and execute this critical aspect of the customer experience. The eligibility verification process is often accompanied by questions from the applicant and may require a high level of engagement by the ETC to assist the applicant through the process. An ETC can distinguish its service by implementing an efficient and customer-friendly eligibility verification process to the benefit of Lifeline-eligible consumers. Conversely, in the hands of a neutral third-party administrator, the eligibility verification process could have the effect of discouraging Lifeline-eligible consumers who require a high degree of assistance.

If this essential element of the application process were removed from the control of ETCs, an applicant likely may have a difficult time obtaining information about the status and timing of their application review, information that is presently within the knowledge and control of the ETC. Along the same lines, in the absence of ETC-specific forecasting information required for planning purposes, processing times could lag to the detriment of applicants and ETCs. ETCs would compete for the finite resources of the third-party administrator without the flexibility to deploy additional resources as required. Moreover, ETCs would be required to negotiate with the third-party as a group, losing the flexibility to adjust processes to meet their specific business needs. Over time, it would be reasonable to expect that the cost of a non-electronic eligibility verification process would be higher than the implementation of an electronic database interface.

If the Commission were to adopt a non-electronic eligibility verification process, Sprint would object to USAC serving as the third-party administrator for eligibility verification purposes for one or more ETCs. Placing USAC in the role as an administrator for some ETCs and not others would compromise USAC's role as a neutral administrator of the federal Universal Service Fund and give rise to a conflict of interest. Presumably, an ETC would compensate USAC for performing the eligibility verification function. At the same time, USAC is charged with disbursing funds to ETCs based on subscriber line counts and conducting random, periodic audits of ETCs at its discretion. This arrangement would seem unworkable. The Order specifically provides that ETCs are free to contract with other third-party administrators for the purpose of conducting eligibility verification or other functions.² There is simply no reason USAC should be called upon by ETCs in this capacity.

Sprint applauds the development of the National Lifeline Accountability Database ("duplicates database") for the purpose of preventing and detecting duplicate Lifeline subscriber accounts. The duplicates database will provide a simple, effective and not otherwise available means of ensuring that a Lifeline-eligible household receives only one benefit. As set forth above, Sprint supports a central database query system for verifying Lifeline eligibility. In Sprint's view, this query system should be constructed separate from the duplicates databases. In response to the Commission's request for comments concerning additional functionality for the duplicates database, Sprint recommends that the database construction be sufficiently flexible to incorporate any new USF-supported benefits programs that may be developed in the future, such as a Lifeline-supported broadband program.

² *Id.* ¶ 110.

III. THE PROVISION OF LIFELINE SUPPORTED SERVICE TO END-USERS SHOULD BE LIMITED TO ETCs

Sprint supports the proposal set forth in the FNPRM to allow ETCs to receive Lifeline support from the Fund only when they provide Lifeline service directly to subscribers.³ In recent years, substantial time, effort and resources have been expended by federal and state regulatory agencies, carriers, and other interested parties to bring about broad-based reform to the Low-Income Program with the goal of reducing waste, fraud and abuse. A central focus of the reform effort has been the role of ETCs in preventing misuse of USF funds. Reform measures include new procedures for ETC designation, exacting processes surrounding consumer eligibility determinations and enrollment, and ongoing obligations to ensure customers remain properly enrolled. Permitting ETCs to resell Lifeline service to providers who are not subject to the high standards imposed on ETCs completely undermines these efforts and opens a clear path for an end-run around the new requirements for ensuring consumers are properly enrolled in the Lifeline program. At the very least, if a wholesale customer is permitted the benefit of serving Lifeline customers, the obligations of the ETC should flow to the reseller. In other words, if the reseller serves Lifeline customers, the reseller should be required to obtain ETC designation for the purpose of providing Lifeline service and undertake all Lifeline-related obligations associated with serving Lifeline-eligible consumers.⁴

³ *Id.* ¶ 451.

⁴ However, the converse is not true. An ETC that purchases network capacity from another carrier remains responsible for complying with applicable Lifeline rules; these responsibilities do not flow to the underlying network service provider.

IV. THE LIFELINE SUPPORT AMOUNT SHOULD BE A FLAT-RATE OF \$10

In the competitive market to serve Lifeline-eligible consumers, Lifeline support should be structured in such a way as to enable the consumer easily to compare the value of the service options available and choose the one that best serves his or her needs. Thus, Sprint supports a flat-rate support structure. A flat-rate structure, by providing a fixed and certain support amount, also enables ETCs that offer plans designed for Lifeline customers to maximize the value offered in those plans and related services.

As for support amount, for the reasons set forth below, Sprint supports the adoption of the current maximum federal support amount of \$10 as the flat rate. Sprint opposes the adoption of the proposed \$9.25 flat-rate, representing the average federal support amount disbursed in September 2011 to non-tribal Lifeline subscribers.⁵ The adoption of a flat-rate support amount below \$10 would have the effect of decreasing support to households that currently receive the maximum federal support amount based on the tiered support structure and would likely have a negative impact on voice service penetration rates in low-income households, as discussed below.

Reliance on the average amount for purposes of setting a flat rate results in a monthly decrease in federal support as of much as 75 cents for a substantial number of American households. Based on data contained in the *2011 Monitoring Report*, on average, Lifeline-eligible consumers in 28 states and territories would experience a decrease in their Lifeline benefit.⁶ Customers of competitive ETCs in 35 states and territories would experience a decrease

⁵ *Lifeline Reform Order*, ¶ 53.

⁶ *2011 Monitoring Report*, Table 2.3 (relying on December 2010 data).

in their benefit on average.⁷ That decrease could render voice service unaffordable, and thus unavailable, for countless households.

The effect of the decrease in federal support is exacerbated by a decrease in state support in response to the discontinuation of a tiered support structure that provides for a matching amount based on state support. For instance, the Florida Public Service Commission has lowered the amount of Lifeline credit provided to Florida Lifeline customers from \$13.50 per month to \$12.75 per month to reflect the anticipated 75-cent decrease in the maximum federal support amount.⁸ South Carolina is maintaining the state contribution rate on an interim basis until a hearing is held on the subject, recognizing that “eliminating the \$3.50 in State Support would result in an immediate \$4.25 price increase for those consumers who qualify for Lifeline Service.”⁹

A decrease in the federal Lifeline support amount may not be objectionable, and in fact warranted, if it could be shown that Lifeline support were not effective in “ensuring the availability of voice service for low-income Americans,” the first goal performance goal articulated in the *Lifeline Reform Order*.¹⁰ In fact, ample proof over nearly three decades demonstrates that the Lifeline program has been remarkably successful in increasing the telephone penetration rate in low-income households.¹¹ The statistics support the notion that

⁷ *Id.*

⁸ Florida Public Service Commission, Memorandum dated Mar. 23, 2012, Docket No. 120052-TP, *Florida Link Up and Lifeline Program Modernization*, adopted Mar. 26, 2012.

⁹ Public Service Commission of South Carolina, Commission Directive dated Mar. 28, 2012, Docket No. 2012-115-C.

¹⁰ *Lifeline Reform Order* ¶ 27.

¹¹ *Id.* ¶¶ 15-16 and Chart 1.

availability and affordability of voice service are inextricably linked.¹² The record contains clear evidence that, since the introduction of Lifeline support in 1997, the percentage of low-income households with voice service has increased and the gap in the penetration rate between low-income households and all households has also decreased – until 2011.¹³

Between 2010 and 2011, the gap in the penetration rate between low-income households and all household *increased* from 4.2% to 4.4% as the overall penetration rate for both low-income households and all households *declined*.¹⁴ In other words, the overall percentage of households with voice service declined last year, and low-income households fared worse than households in other income brackets.

Evidence on penetration rates for 2011 does not support a decrease in the maximum \$10 federal support amount at this time. Based on the Commission’s own measure for assessing progress toward the goal of increasing availability of voice service – the gap in penetration rates between low-income households and all households – ground was lost in 2011 with the gap widening from a difference of 4.2% to 4.4%.¹⁵ This backslide may support a slight increase in the federal support amount during this period of sustained economic hardship, as evidence suggests that increased support has the effect of narrowing the penetration gap. Significantly, as the federal support amount has increased from \$3.50 in 1997 to \$10.00 currently, the penetration gap has steadily decreased over time, with the obvious exception of the most recent data for

¹² *Id.* ¶ 28 (“[W]e find that voice service is only available to low-income consumers to the extent it is available.”)

¹³ *Id.* ¶¶ 15-16 and Chart 1.

¹⁴ 2011 *Monitoring Report*, table 3.2 (penetration rate for all households declined from 96.1% to 95.9% while the rate for low-income households declined from 91.9% to 91.5%).

¹⁵ *Lifeline Reform Order*, Chart 1.

2011.¹⁶ The record also contains evidence that a higher monthly subsidy results in greater growth in phone subscribership.¹⁷

Based on the evidence in the record, at this time, Sprint supports adopting the current maximum federal support amount of \$10 as the flat-rate support amount for 2012. Sprint would support a slight increase in that amount should the 2011 data on penetration rates portend a trend of decreasing penetration levels and a widening gap between low-income households and all other households. Sprint opposes a decrease in the federal support amount until the voice service penetration level of low-income households nearly approximates the level of all households.

V. WIC PARTICIPANTS AND HOMELESS VETERANS SHOULD BE INCLUDED IN THE LIFELINE PROGRAM

Sprint supports expanding Lifeline eligibility criteria to include participants in the Women, Infants and Children (“WIC”) Program and homeless veterans. Adding WIC participants and homeless veterans to the eligibility criteria undoubtedly would advance the goal of ensuring universal availability of phone service to low-income consumers.

It is difficult to conceive of a population more in need of staying connected with social services, health care providers and family than pregnant women and women with infants and young children. Sprint’s Assurance Wireless Lifeline brand currently partners with organizations that provide health care and other support services to pregnant women and new mothers, and would welcome the opportunity to partner with WIC clinics to conduct outreach and provide Lifeline service to this population.

¹⁶ See *Federal Communications Commission, Industry Analysis and Technology Division, Universal Service Monitoring Report* at text accompanying table 3.2 (2011) (2011 *Monitoring Report*) (“low-income” is defined as households making \$9,999 or less), available at http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db1229/DOC-311775A1.pdf.

¹⁷ *Lifeline Reform Order*, ¶ 15.

As the FNPRM points out, some number of WIC participants may qualify under other Lifeline-qualifying programs.¹⁸ However, many Lifeline participants could qualify under multiple programs, a fact that should not result in the reduction of eligible programs. Instead, expanding the eligibility criteria to include WIC should be with the goal of including low-income women and children who may not otherwise qualify for Lifeline and educating an additional segment of the low-income population about the availability of Lifeline service. Where an infant or child provided the basis for eligibility, under the new rules, the Lifeline benefit could clearly attach to the household instead of the “head of household,” as under the old rules.

Sprint would oppose additional verification requirements for WIC participants. WIC benefits are not necessarily any more “temporary” than other qualifying programs. WIC-qualifying participants should be subject to the same annual certification requirements as other Lifeline participants. Moreover, imposing additional administrative burdens to maintain phone service on an already overtaxed population would be unjustified and unreasonable, as any mother of an infant or young children would attest.

Sprint also supports the inclusion in the Lifeline program of veterans who are homeless or at risk of becoming homeless. In the past under the prior rules, Assurance Wireless attempted to provide service to veterans in Veterans Administration hospitals and other temporary residential situations. Under the revised rules, the group nature of a veteran’s residence no longer poses a barrier to Lifeline enrollment. In a situation in which a veteran is not enrolled in a Lifeline qualifying program and lacks an income, accommodation must be made. Self-certification and certification from a VA official should suffice. Alternatively, where a veteran is

¹⁸ *Lifeline Reform Order*, ¶ 484.

not in contact with the VA, self-certification of lack of income and proof of service should suffice. Sprint would oppose additional verification requirements for homeless or at risk veterans whose unfortunate circumstances make it most difficult to handle additional administrative burdens and who are most in need of phone service as a means to improving those circumstances.

Respectfully submitted,

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April 2, 2012

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments of Sprint Nextel Corporation was filed electronically or via US Mail on this 2nd day of April, 2012 to the parties listed below.

/s/ Norina T. Moy

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