In the Matter of

Federal-State Joint Board on Universal Service
Lifeline and Link Up Lifeline and Link Up
Reform and Modernization

WC Docket No. 11-42

National Consumer Law Center and United Church of Christ, OC, Inc.’s
Comments on the State of the Lifeline Marketplace

The National Consumer Law Center,¹ on behalf of its low-income clients and the United Church of Christ, OC, Inc.,² submit these comments in response to the Federal Communications Commission (FCC) Wireline Competition Bureau’s (WCB’s) request for comment on the State of the Lifeline Marketplace Report.³ NCLC, on behalf of its low-income clients, and UCC OC Inc., respectfully offer these comments on the state of the Lifeline marketplace; offer context to understand the Report’s findings; and urge the Commission to act expeditiously to 1) close hostile and harmful Lifeline proceedings and reevaluate the minimum service standards in light of the Report; 2) freeze or reverse the Lifeline voice support phase-down; and 3) commensurate

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¹ Since 1969, the nonprofit National Consumer Law Center® (NCLC) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people in the United States. NCLC’s expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitative practices, help financially stressed families build and retain wealth, and advance economic fairness.

² The United Church of Christ, Office of Communication, Inc. (UCC OC Inc.) is the media justice ministry of the United Church of Christ, a faith community rooted in justice that recognizes the unique power of the media to shape public understanding and thus society. Established in 1959, UCC OC Inc. established the right of all citizens to participate at the Federal Communications Commission as part of its efforts to ensure a television broadcaster in Jackson, MS served its African American viewers during the civil rights movement and continues to press for media justice and communications rights in the present day. The Cleveland-based United Church of Christ has almost 5,000 local congregations across the United States, formed in 1957 through union of the Congregational Christian Churches and the Evangelical and Reformed Church.

with the Lifeline Marketplace Report’s release, seek comment on changes needed to Lifeline to address the end of the Emergency Broadband Benefit.

I. Lifeline’s Promise to Make Universal Service Real and Recent Actions Harming the Program.

A. The Promise of Low-Income Universal Service and Recent Modernizations

The Commission recognizes our nation’s promise in the Communications Act of 1934, “Universal service has been a national objective at least since the enactment of the Communications Act of 1934, in which Congress stated its intention to ‘make available, so far as possible, to all the people of the United States. . . . a rapid, efficient, Nation-wide, and world-wide wire and radio communication service with adequate facilities at reasonable charges.’”4 In 1985, the Commission created the modern day Lifeline program to help ensure that cost was not a barrier for low-income consumers to access to landline phone service which was, at the time, “crucial to full participation in our society and economy which are increasingly dependent upon the rapid exchange of information. In many cases, particularly for the elderly, poor, and disabled, the telephone is truly a lifeline to the outside world.”5 In 1997, the Commission transformed the Lifeline program into a standalone universal service program “designed to make residential service more affordable for low-income consumers.”6 In 2005, the Commission expanded the Lifeline program to include wireless service to provide communications services to low-income victims of Hurricane Katrina, which caused large-scale displacement and economic damage.7

More recent years brought attention to update and reform the program. In 2012, the Commission’s Lifeline modernization and reform order took major strides in the establishment of uniform Lifeline eligibility criteria, reaffirmed its 2011 decision limiting enrollment to one

5 MTS and WATS Market Structure; and Establishment of a Joint Board; Amendment, Report and Order, 50 Fed Reg. 941 (Jan. 8, 1985).
Lifeline benefit per household and established a Lifeline broadband pilot program. In 2016, the Commission once again modernized the Lifeline Program by: including broadband as a supported service; establishing a streamlined Lifeline Broadband Provider designation (LBP) to encourage broadband providers to participate in the Lifeline program; creating a National Eligibility Verifier to improve and centralize Lifeline eligibility determinations; implementing minimum services standards which ramped up broadband service standards but also phased out support for voice service; and introducing measures to innovate Lifeline to address the homework gap with wi-fi and hotspot devices. If these reforms had been implemented with enthusiasm and care, they would have made significant strides to bring Lifeline into the modern era and laid the groundwork for a program that could have been more easily expanded to meet the COVID-19 emergency.

B. Retreat from the Promise of Low-Income Universal Service

Unfortunately, the 2016 Lifeline modernization reforms that were designed to transition Lifeline into a broadband subsidy program were not realized due to the relentless attack on the Lifeline program beginning with the immediate reversal on the Commission’s approval of the initial nine broadband providers approved through the Lifeline Broadband Provider (LBP) process in February 2017. This sent a chilling message to broadband providers and the larger public interest communities and local agencies that focused on securing affordable broadband for low-income consumers.

Next, the Commission then adopted a decision that would have been breathtaking in its harm to Tribal Lifeline programs, if it had not been overturned in the courts, and

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9 Civil rights and consumer advocates did not support the voice phase down and strongly encouraged the Commission to test its minimum service standards against marketplace data by adopting a marketplace report sooner than June 2021. See e.g., Joint Petition to Pause Implementation of December 2019 Lifeline Minimum Service Standards Pending Forthcoming Marketplace Study, WC Docket No. 11-42 et al. (filed June 27, 2019); Joint Public Interest Comments in Support of NALA Petition of Waiver of Lifeline Mobile Broadband Minimum Standard and Voice Support Phase-Down, WC Docket No. 11-42 et al. (filed Sept. 14, 2020).
simultaneously unleashed a new host of threats for all low-income consumers relying on the program. The rulemaking proposed eliminating the companies that serve the vast majority of program participants—wireless resellers that purchase network capacity from other entities and resell the service to Lifeline consumers. It also would have: eliminated no-cost Lifeline products by imposing mandatory co-payments from Lifeline customers thereby harming unbanked consumers and those without a regular post office address to receive bills; imposed a hard cap on the Lifeline program that would have caused program service disruptions and create consumer and provider confusion; and removed of the hotspot and tethering provisions adopted to help close the homework gap. The FCC also invited comment on individual lifetime caps on the amount of Lifeline support a consumer could receive which would have threatened Lifeline service for the elderly, been incredibly cumbersome to administer and extremely invasive to consumer privacy and personal dignity.

In 2019 the FCC issued two more proposals and an order threatening the program. In May, the Commission threatened all Universal Service programs by contemplating an overall cap for the four programs covered by the Universal Services Fund, meaning that subsidies to help low-income households would be forced to compete with funds for rural health care providers, schools and libraries and high-cost areas in a zero-sum game.\(^\text{13}\) This would have jeopardized the stability of the Lifeline program (as well as the other USF programs) and created uncertainty and confusion for eligible consumers and providers. In November 2019,\(^\text{14}\) the FCC formally ended the streamlined national entry point for companies to participate in the program and adopted a number of changes, including rules for enrollment representatives, changes to recertification, and to ETC obligations under the program. It also set forth more proposals to limit the reach of Lifeline broadband assistance, including proposals to invasively monitor each Lifeline household’s broadband usage and to prohibit providers from offering free handsets.

Moreover, starting in 2019, public interest and industry advocates repeatedly sought FCC action because the minimum service standards adopted in 2016 had both anticipated and unanticipated impacts on low-income consumers. Specifically, the FCC’s decision that financial

support for voice service could be phased out completely did not appear to be borne out by the facts, and the Commission’s rule that adopted regular increases in the minimum broadband usage allowance produced unexpected dramatic increases even as the support amount remained steady.\textsuperscript{15} For this reasons, advocates suggested that the Commission pause both voice support phase-outs and also minimum service increases until the Commission could accurately evaluate the state of the Lifeline marketplace to determine how these changes would impact the low-income community and availability of products and competition. From 2016-2020, the Commission’s actions and inaction signaled a profound lack of support for the success of the Lifeline program and an effort to diminish the reach and capability of the Lifeline program to address the affordability barriers to broadband and voice service. The Commission should immediately retract these harmful proposals.

\textbf{II. The State of the Lifeline Marketplace Report}

The forthcoming State of the Lifeline Marketplace Report provides an important opportunity to take a realistic look at the products offered via Lifeline and the households served by the program. It is important that the report put the current status of the program within the context of the previous four years of damaging proposals. The forthcoming State of the Lifeline Marketplace should analyze the annual Lifeline enrollment for each state since the 2016 Lifeline Modernization order went into effect. It should track the changes after each December 1st increase in the Lifeline minimum standards and evaluate how offerings changed and whether subscribership increased or decreased and attempt to identify factors which lead to these outcomes. The report should further analyze, for each state, what types of Lifeline service consumers were choosing (voice, bundled or broadband). Did service options differ by state depending on the subscription to Tribal Lifeline or if the state had its own state Lifeline program? What is the penetration rate per the eligible population in each state? Are companies that participate in Lifeline marketing their products uniformly or selectively by state?

\textsuperscript{15}E.g., Joint Petition to Pause Implementation of December 2019 Lifeline Minimum Service Standards Pending Forthcoming Marketplace Study, CTIA, National Consumer Law Center, on behalf of its low-income clients, National Hispanic Media Coalition, OCA – Asian Pacific American Advocates, United Church of Christ, OC, Inc., WC Dockets 11-42, 09-197, 10-90 (filed June 27, 2019).
Public safety is one of the rationales for the Universal Service Programs, and most 911 calls are made with mobile phones. Since Lifeline subsidized both voice and broadband service, the State of the Lifeline Marketplace Report should also examine the reliance on mobile service for emergency alerts as well as the adequacy of the voice minutes for meeting other consumer calling needs, and particularly the needs of low-income beneficiaries. For example, government benefits interactive voice response systems can have hours long call times, particularly during the COVID-19 pandemic with the closing of intake offices.16

Non-low-income households enjoy both mobile broadband connectivity and home broadband service, 17 but Lifeline households are currently limited to a one-per-household benefit. The State of the Lifeline Marketplace should examine if the one-per-household benefit is translating into a one-person-on-broadband at a time benefit or if more connectivity is possible.

The State of the Lifeline Marketplace Report should examine how well the current Lifeline program is able to meet the needs of the different Lifeline market segments. Low-income consumers and households are not monolithic regarding communication needs. For instance, for the marginally housed and non-banked households, products like the prepaid wireless products can provide continuous connectivity. For households with students, a robust home broadband service with good upload speeds and low latency facilitates online learning, and these same capabilities also facilitate video telehealth appointments and working from home. Households with children and those with jobs outside of the home likely need both mobility and home broadband—to remain in touch with children and employers while outside the home and to maintain a strong connection for K-12, adult education, college and other daily needs. Finally, some low-income consumers will prefer to rely mostly on voice service and require sufficient minutes to account for long hold-times, phone telehealth appointments, and the like. How do existing philanthropic programs that offer lower-cost broadband products meet the existing need and where do they fall short? What is the quality of those products compared with the FCC’s minimum standards?

16 E.g., Heather Kelly, “Press 1 for frustration: Customers run into record phone waits as companies grapple with worker safety: People are on hold for hours because of call volumes and agent shortages,” (April 15, 2020), available at https://www.washingtonpost.com/technology/2020/04/14/customer-service-coronavirus/.

17 E.g., Monica Anderson, “Mobile Technology and Home Broadband 2019,” at 4-5 (June 13, 2019) (95% of households with incomes at $75,000 or more and 92% have home broadband, versus 26% of households making less than $30,000 who only have smartphones), available at https://www.pewresearch.org/internet/2019/06/13/mobile-technology-and-home-broadband-2019/.
The Lifeline program is intended to help low-income consumer afford essential communications connectivity. The State of the Lifeline marketplace should also report on the ability of Lifeline to ensure that consumers have access to continuous service by measuring duration of connectivity and churn, and the role of the Commission’s rules in alleviating or exacerbating churn.

Another measure of success is program affordability. Households should not be forced to sacrifice another basic necessity, such as rent or food or healthcare, in order to pay for broadband and voice service. While existing data may not permit an analysis of Lifeline’s effectiveness at addressing affordability, this affordability analysis should be incorporated into future analyses of the effectiveness of the Lifeline program. The first Lifeline report should set the state for regular, and more frequent, reports on affordability and adoption in broadband evolving communication services.\(^{18}\)

**III. The Phase Down of Voice Support Should be Ended.**

The Commission should expeditiously reinstate full Lifeline support for voice-only services because it is critical as both a matter of law and policy. During the current COVID-19 crisis and during the economic recovery, voice-only services will meet a critical communication need for low-income consumers, particularly those without broadband access.

No-cost voice-only service is extremely important for low-income consumers. Losing no-cost voice-only service leaves consumers without access to 911, and thus, no access to reach first responders, or adequate communications with loved ones, clergy, insurance companies and other civic institutions after an emergency. For example, terrible devastation and loss of life occurred in Puerto Rico after hurricanes Maria and Irma passed through because of the lack of access to communication.\(^{19}\) Despite the importance of voice-only services, the Lifeline Modernization Order adopted a declining subsidy for these services: the support amounts began to phase out in December 2019.\(^{20}\) When the FCC sought comment on reinstating full financial support for

\(^{18}\) For example, as 5G wireless service begins to deploy, the Commission should evaluate whether low-income people have access to that service and evaluate when that service will meet the statutory criteria in Section 254. 47 U.S.C. §254(c).


\(^{20}\) Lifeline and Link Up Reform and Modernization et al., *Third Report and Order, Further Report and Order, and Order on Reconsideration*, 31 FCC Rcd 3962, 3986, ¶ 64 (2016).
voice-only service in only rural areas, the record demonstrated strong support for full subsidies for voice services in all areas of the U.S.\(^1\) And the most recent Universal Service Administrative Company data shows that, as of November 2020, nearly 8 percent of Lifeline customers still subscribe to plans that qualify for Lifeline by virtue of meeting the minimum service standards for voice service and 45% subscribed to bundled voice and broadband service where both service met minimum service standards.\(^2\)

COVID-19 has increased low-income consumer reliance on voice service, particularly where a household does not have broadband service. The Lifeline service is aptly named as the phone becomes a connection to the outside world during the shelter-in-place orders for those who are not online. The Commission must, at a minimum, reverse course on the phase down of voice support. More appropriate for the moment at hand, the Commission should go further and adjust the minimum service standards and reimbursement amounts for voice to provide unlimited minutes particularly for the remainder of 2021 take a fresh look at the communication needs of low-income households during this “new normal” where physical distancing remains critical to public health and personal safety.

\section*{IV. Commensurate with Releasing the Marketplace Report, the Commission Should Seek Comment on Short-Term Changes to Lifeline to Address the End of the EBB Program.}

Once the Commission completes the Lifeline Marketplace Report, it should immediately seek comment on the implications of the report’s findings and also on any short-term changes for the program that might be needed given that the length of the new Emergency Broadband Benefit program is uncertain.

Before this public health crisis, too many low-income households lacked access to essential broadband service at home due to cost as the primary barrier to broadband adoption.\(^3\)

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Even a year out, the country is not back to normal, and it is very likely that pre-pandemic “normal” will never return. The world has moved, and will remain, fundamentally online in many respects no matter the length of time our nation is dealing with the COVID-19 pandemic. For example, even as many schools open or partially re-open, many families choose to keep their children at home for virtual learning.24 Schools that re-open often adopt hybrid models to increasing spacing or to permit participation by health-compromised students and teachers. Even as parts of the country emerge from the pandemic, many schools are finding that remote learning will continue to serve some populations better than in-person education.25 And with the emergency of COVID-19 variants and uneven vaccination, it is likely public health-related closures may be with us for some time.26 Similarly in the workplace, employers are, in most cases, completely reevaluating the need for employees to travel to work and changes in public transit are impacting how essential and in-person workers will function.27 The rapid migration of daily functions online (e.g., telemedicine, applying for benefits) is likely to become a long-term change in how all people in the U.S. perform basic tasks. For example, in-person commerce has been dramatically impacted and the degree some items can be purchased in person over the long term, particularly at affordable prices, is now being debated.28 The future health care delivery

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will change and many will continue to receive telemedicine alongside in-person care. As services and our economy move permanently online, the inability of some of our communities to purchase broadband will further exacerbate disparities.

Congress recognized the on-going need by adopting the Emergency Broadband Benefit in December. The EBB is different from, but builds on, existing Lifeline infrastructure. Because the EBB is a temporary program which will end when funds are exhausted or 6 months after the end of the public health emergency, the robust broadband and device subsidy will end. The uncertainty regarding funding makes it very hard for consumers and providers to budget and plan on a set number of months this emergency program will exist. Congress may appropriate additional funds for this program, but even if that occurs, a gap may occur between the current and future funding, or, the additional appropriation will likely be fully spent down. The Commission, however, has full control over the Lifeline program and is able to more nimbly respond to changing needs as it did during the crisis after Hurricane Katrina.

Therefore, once the Commission releases the Lifeline Marketplace Report, it should also seek comment on whether and how the Lifeline program should be adjusted in the short term to accommodate the end of the EBB program. By the date of the report’s release, the operation of the EBB will be underway, and the public and the Commission will better be able to assess what will be needed at that time.

Conclusion

The FCC should ensure that the Lifeline Marketplace report collects and analyzes essential information about the existing program and put that data in the context of the attacks on the program in the prior four years. Moreover, the Commission should immediately take action to eliminate the harmful proposals put forward by the last administration, reconsider the


minimum service standards in light of the report, and end the phase-down of voice support. Once the report is released, the Commission should seek comment on the Report and on any short-term changes that will be needed to adjust Lifeline to accommodate the end of the EBB program.

Respectfully submitted,

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