

FOIA Marker

This is not a textual record. This FOIA Marker indicates that material has been removed during FOIA processing by Obama Presidential Library staff.

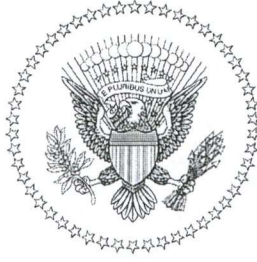
National Economic Council (NEC)

Edelman, Ross David - Subject Files

Stack:	Row:	Sect.:	Shelf:	Pos.:	FRC ID:	Location or Hollinger ID:	NARA Number:	OA Number:
M	9	4	5	3	7950	5728	6589	7396

Folder Title:

Binder - Lifeline Reform 08/17/2015 [Binder 2]



THE WHITE HOUSE
Washington

Lifeline Reform

Updated: August 17, 2015

Briefing book for:
R. David Edelman
Hannah Merves

Internet, Innovation & Privacy Policy Team

If found, call: (202) 456-4224

Table of Contents

- 1. Lifeline Background**
 - a. Lifeline Description**
 - b. Consumer Guide to Lifeline**

- 2. Low Income Broadband Pilots (2014-2015)**
 - a. Pilot Description**
 - b. Staff Report**

- 3. Further Notice of Proposed Rulemaking for Lifeline Reform (2015)**

Proposed rulemaking that would 1) establish minimum service levels; 2) reset the Lifeline eligibility rules; 3) seek comment on ensuring the effectiveness of administrative rules; 4) enhance consumer protection; and 5) improve administration and ensure efficiency and accountability in the program.

Much of this document focuses on how to apply Lifeline to help address the “homework gap”.

 - a. FNPRM Wheeler Statement**
 - b. FNPRM Clyburn Statement**
 - c. FNPRM Extension**
 - d. FNPRM Document**

- 4. Lifeline Reform Savings (2012-2013)**

Reported savings of over \$213 M in 2012 that will continue into the future.

- 5. Clyburn Commentary on Lifeline**

Includes statements from 2015 and 2013.

- 6. Wheeler Commentary on Lifeline**

Includes statements from 2015.

- 7. Press Pull on Lifeline & Broadband**

Articles from March 2015 onward specifically focused on Lifeline/Broadband.

- 8. [non-public] NEW Proposals for Lifeline Reform**
 - a. DigitALL Concept**
 - b. Lifeline structure outline 8415**

FCC's Description of Lifeline

Since 1985, the Lifeline program has provided a discount on phone service for qualifying low-income consumers to ensure that all Americans have the opportunities and security that phone service brings, including being able to connect to jobs, family and emergency services. In 2005, Lifeline discounts were made available to qualifying low-income consumers on pre-paid wireless service plans in addition to traditional landline service. Lifeline is part of the Universal Service Fund.

The Lifeline program is available to eligible low-income consumers in every state, territory, commonwealth, and on Tribal lands. Consumers with proper proof of eligibility may be qualified to enroll.

To participate in the program, consumers must either have an income that is at or below 135% of the federal Poverty Guidelines or participate in one of the following assistance programs:

- Medicaid;
- Supplemental Nutrition Assistance Program (Food Stamps or SNAP);
- Supplemental Security Income (SSI);
- Federal Public House Assistance (Section 8);
- Low-Income Home Energy Assistance Program (LIHEAP);
- Temporary Assistance to Needy Families (TANF);
- National School Lunch Program's Free Lunch Program;
- Bureau of Indian Affairs General Assistance;
- Tribally-Administered Temporary Assistance for Needy Families (TTANF);
- Food Distribution Program on Indian Reservations (FDPIR);
- Head Start (if income eligibility criteria are met); or
- State assistance programs (if applicable).

Federal rules prohibit eligible low-income consumers from receiving more than one Lifeline discount per household. An eligible consumer may receive a discount on either a wireline or wireless service, but not both. A consumer whose household currently is receiving more

than one Lifeline service must select a single Lifeline provider and contact the other provider to de-enroll from their program. Consumers violating this rule may also be subject to criminal and/or civil penalties.

The Lifeline program is administered by the Universal Service Administrative Company (USAC). USAC is responsible for data collection and maintenance, support calculation, and disbursement for the low-income program. USAC's website provides information regarding administrative aspects of the low-income program, as well as program requirements.

On January 31, 2012, the Commission adopted comprehensive reform and modernization of the Lifeline program. As a universal service program that fulfills Congress's mandate to ensure the availability of communications to all Americans, Lifeline for the nearly 30 years, has helped tens of millions of low-income Americans afford basic phone service. Access to telephone service is essential for finding a job, connecting with family, or getting help in an emergency.

Highlights of FCC's Lifeline reforms:

Changes to eliminate waste, fraud, and abuse, saving up to \$2 billion over 3 years

- Setting a savings target of \$200 million for 2012, and \$2 billion by the end of 2014.
- Creation of a National Lifeline Accountability Database to prevent multiple carriers from receiving support for the same subscriber. The database built on FCC efforts in 2011 that eliminated nearly 270,000 duplicate subscriptions in 12 states following review of over 3.6 million subscriber records, saving \$33 million. The database went live in January of 2014 and its now fully operational.
- Increase the use of eligibility databases from governmental data sources, enabling fully automated verification of consumers' initial and ongoing Lifeline eligibility. This would reduce the potential for fraud while cutting red tape for consumers and providers.
- Establishing a one-per-household rule applicable to all providers in the program, defining household as an "economic unit" so that separate low-income families living at the same address can get connected.
- Establishing clear goals and metrics to measure program performance and effectiveness.

- Phasing out support for services such as Toll Limitation – subsidies to carriers for blocking or restricting long-distance service—and ending Link Up – subsidies to carriers for initial connection charges. Link Up will continue in Tribal lands.
- Reducing burdens on carriers by establishing a uniform, interim flat rate of reimbursement, allowing carriers to obtain a subscriber’s signature electronically, and streamlining enrollment through uniform, nationwide eligibility criteria.

Modernizing Lifeline

- Adopting an express goal for the program of ensuring availability of broadband for all low-income Americans.
- Establish a Broadband Adoption Pilot Program to test and determine how Lifeline can best be used to increase broadband adoption among Lifeline-eligible consumers. Pilot projects funds will help reduce the monthly cost of broadband service, but applicants will be expected to help address other challenges to broadband adoption, including the cost of devices and digital literacy. In December of 2012, the Bureau selected 14 pilot projects, spanning 21 states and Puerto Rico. The pilots will end in November of 2014, and the Bureau expects to issue a report on the projects in 2015.
- Build on FCC efforts to close the broadband adoption gap and address digital literacy, including the Connect-to-Compete initiative, which enlists government, non-profit, and private sector leaders to address broadband adoption barriers through digital literacy training and low-cost broadband availability.
- Allow Lifeline support for bundled services plans combining voice and broadband or packages including optional calling features.

Source: <https://www.fcc.gov/lifeline>



Lifeline: Affordable Telephone Service for Income-Eligible Subscribers

Lifeline is a government benefit program that provides discounts on monthly telephone service for eligible low-income subscribers to help ensure they can connect to the nation's communications networks, find jobs, access health care services, connect with family and their children's schools, and call for help in an emergency. Lifeline is supported by the federal Universal Service Fund (USF) www.fcc.gov/encyclopedia/universal-service-fund.

What Benefits Are Available Under the Lifeline Program?

Lifeline provides discounts on monthly telephone service (wireline or wireless) for eligible subscribers. These discounts are currently set at \$9.25 per month. Federal rules prohibit eligible low-income subscribers from receiving more than ONE Lifeline service per household. That is, eligible low-income subscribers may receive a Lifeline discount on either a wireline or a wireless service, but may not receive a Lifeline discount on both services at the same time. Additionally, only ONE Lifeline service may be obtained per household. "Household" is defined as any individual or group of individuals who live together at the same address as one economic unit. An "economic unit" is defined as "all adult individuals contributing to and sharing in the income and expenses of a household." However, Lifeline support is available to eligible low-income subscribers living in group living facilities. Lifeline applicants may demonstrate when initially enrolling in the program that any other Lifeline recipients residing at their residential address are part of a separate household by completing the one-per-household worksheet.

Enhanced benefits are provided to low-income subscribers who live on a federally recognized Indian Tribe's reservation, pueblo, or colony; on a former reservation in Oklahoma; within an Indian allotment; within an Alaska Native region established by the Alaska Native Claims Settlement Act; or Hawaiian Homelands held in trust pursuant to the Hawaiian Homes Commission Act of 1920. See our consumer guide on Promoting Telephone Subscribership on Tribal Lands www.fcc.gov/guides/promoting-telephone-subscribership-tribal-lands-0) for more information.

How Do I Qualify for Lifeline Discounts?

The Lifeline program is available to eligible low-income subscribers in every state, territory, commonwealth, and on Tribal lands. You must be eligible to enroll. To participate in the program, subscribers must either have an income that is at or below 135% of the federal Poverty Guidelines <http://aspe.hhs.gov/poverty/index.cfm> or participate in one of the following assistance programs:

- Medicaid: www.medicaid.gov/Medicaid-CHIP-Program-Information/Medicaid-and-CHIP-Program-Information.html;
- Supplemental Nutrition Assistance Program (Food Stamps or SNAP): www.fns.usda.gov/snap/supplemental-nutrition-assistance-program-snap;
- Supplemental Security Income (SSI): www.ssa.gov/ssi;
- Federal Public Housing Assistance (Section 8): http://portal.hud.gov/hudportal/HUD?src=/topics/housing_choice_voucher_program_section_8;
- Low-Income Home Energy Assistance Program (LIHEAP): www.acf.hhs.gov/programs/ocs/programs/liheap;



- Temporary Assistance to Needy Families (TANF): www.acf.hhs.gov/programs/ofa/programs/tanf;
- National School Lunch Program's Free Lunch Program: www.fns.usda.gov/nslp/national-school-lunch-program;
- Bureau of Indian Affairs General Assistance: www.bia.gov/WhoWeAre/BIA/OIS/HumanServices/index.htm;
- Tribally-Administered Temporary Assistance for Needy Families (TTANF): www.acf.hhs.gov/programs/ofa/programs/tribal/tribal-tanf;
- Food Distribution Program on Indian Reservations (FDPIR): www.fns.usda.gov/fdd/programs/fdpir/default.htm;
- Head Start (if income eligibility criteria are met): www.acf.hhs.gov/programs/ohs; or
- State assistance programs (if applicable).

Who Pays for the Lifeline Program?

All telecommunications service providers and certain other providers of telecommunications must contribute to the federal USF based on a percentage of their end-user telecommunications revenues. These companies include wireline telephone companies, wireless telephone companies, and certain Voice over Internet Protocol (VoIP) providers.

Some subscribers may notice a "Universal Service" line item on their telephone bills. This line item appears when a company chooses to recover its USF contributions directly from its customers by billing them this charge. The FCC does not require this charge to be passed on to customers. Each company makes a business decision about whether and how to assess charges to recover its Universal Service costs.

Can I get more than one discounted service?

No. Federal rules prohibit eligible low-income subscribers from receiving more than **ONE** Lifeline discount per household. An eligible subscriber may receive a discount on either a wireline or wireless service, but not both. If you, or any person in your household, are currently receiving more than one monthly Lifeline service, you must select one provider to provide your Lifeline service and you must contact the other provider to de-enroll from their program. Subscribers found to be violating this rule may also be subject to criminal and/or civil penalties.

Key provisions of the Lifeline rules include the following:

- Lifeline is available only to eligible subscribers.
- Only one Lifeline benefit is permitted per household. Federal rules prohibit subscribers from receiving more than one Lifeline service. If a subscriber or his or her household currently has more than one Lifeline discounted service, they must select a single provider immediately or be subject to penalties.
- Only low-income subscribers with proof of eligibility are qualified to enroll.
- **Subscribers have an obligation to recertify their eligibility every year and should respond to their Lifeline Provider's attempts to recertify eligibility.** Subscribers must verify that they remain eligible to participate in the Lifeline program once each calendar year. Subscribers who fail to recertify their eligibility will be de-enrolled from the Lifeline Program and will not continue to receive the Lifeline benefit.



Subscribers will be required to make certain certifications at the time of signing up for Lifeline, and each year after that, including:

- The subscriber or a member of the subscriber's household participates in a qualifying federal program or meets the income qualifications for Lifeline;
- The subscriber's household receives only one Lifeline supported service;
- The subscriber provided proof of eligibility, if required to do so;
- The number of individuals in the subscriber's household, if applying for Lifeline based on income;
- The information contained in the Lifeline application is true and correct to the best of the subscriber's knowledge and that providing false or fraudulent information to receive Lifeline benefits is punishable by law;
- That the subscriber resides on Federally-recognized Tribal lands, if applying for Enhanced Lifeline support;
- The subscriber must acknowledge that he or she may be required to recertify continued eligibility for Lifeline, and the subscriber will lose his or her Lifeline benefit if he or she fails to recertify subscriber.

The subscriber will also be required to provide certain information to the phone company or a state agency (depending how subscribers in their state sign up for Lifeline), including:

- Name and address information – Subscribers who do not have a permanent residential address must provide a temporary address, which cannot be a P.O. Box. If a subscriber resides at a temporary address, the telephone service provider or state agency may require confirmation of the address;
- Date of birth and the last 4 digits of the subscriber's Social Security Number;
- Subscribers participating in the Lifeline program must notify the telephone service provider within 30 days if the subscriber moves;
- Subscribers participating in the Lifeline program must notify the telephone service provider within 30 days if the subscriber is no longer eligible for Lifeline.

Frequently Asked Questions about the Lifeline Program

Am I eligible? To see if you are eligible, use the Lifeline Eligibility Pre-Screening Tool on the Universal Service Administrative (USAC) website at www.lifelinesupport.org.

How do I enroll? Apply for Lifeline through a Lifeline Program provider in your state or designated state agency. To locate a Lifeline provider in your state go to www.lifelinesupport.org.

What documentation do I need to provide at enrollment? Program Eligibility Verification - Acceptable documentation includes: Current or prior year's statement of benefits from a qualifying program; notice letter of participation in qualifying program; program participation documents (or copy); or another official document of a qualifying program. Income Eligibility Verification - Acceptable documentation includes: The prior year's state, federal or Tribal tax return; current income statement from an employer or paycheck stub; Social Security statement of benefits; Veterans Administration statement of benefits; Retirement or pension statement of benefits; Unemployment or Workers' Compensation statement of benefits; Federal or Tribal notice letter of participation in General Assistance; or divorce decree, child support award, or other official document containing income information. The subscriber must present the same type of documentation covering 3 consecutive months within the previous 12 months, if the documentation does not cover a full year of income.

How is Household defined for purposes of the Lifeline Program? A household is defined as any individual or group of individuals who live together at the same address and share income and expenses. The Lifeline Eligibility Pre-Screening tool available at www.lifelinesupport.org can help you determine who is considered to be a member of your household.

What do I do if I am receiving more than one Lifeline service? Households with duplicate Lifeline services must select a single provider and de-enroll from other Lifeline programs. Subscribers violating the one per household rule may be subject to criminal and/or civil penalties.

Do I need to verify my eligibility? Yes. Once when you first enroll, and once every year that you have Lifeline supported service. Once you are enrolled in Lifeline, you must recertify your continued eligibility on an annual basis. If you become ineligible for the benefit, either because your income has increased, you no longer qualify for a federal benefit program, or someone else in your household gets a Lifeline service, you must contact your provider immediately to de-enroll from the program, otherwise you may be subject to penalties.

What if I have free Lifeline? If you receive Lifeline for free, you must use your service every 60 days in order to maintain the benefit.

Can I report Lifeline fraud? Yes. The FCC's Enforcement Bureau maintains a **dedicated Lifeline Fraud Tip Line –1-855-4LL-TIPS (or 1-855-455-8477)**, and an email address, Lifelinetips@fcc.gov – to facilitate reporting of possible fraud in the program. Callers are encouraged to provide as much detail as possible, including the name and contact information of the individuals involved and the companies they are using to receive Lifeline-supported phone service.

For More Information

To find more information about eligibility and how to apply for Lifeline benefits, visit the www.lifelinesupport.org, call USAC's toll-free number (1-888-641-8722), call the FCC's toll-free customer service number (1-888-CALL-FCC), or contact a Lifeline Program provider in your state.

For information about other telecommunications issues, visit the FCC's Consumer website (www.fcc.gov/consumers), or contact the FCC's Consumer Center by calling 1-888-CALL-FCC (1-888-225-5322) voice or 1-888-TELL-FCC (1-888-835-5322) TTY; faxing 1-866-418-0232; or writing to:

Federal Communications Commission
Consumer and Governmental Affairs Bureau
Consumer Inquiries and Complaints Division
445 12th Street, SW
Washington, D.C. 20554

###

For this or any other consumer publication in an accessible format (electronic ASCII text, Braille, large print or audio), please write or call us at the address or phone number below, or send an email to FCC504@fcc.gov.

This document is for consumer education purposes only and is not intended to affect any proceedings or cases involving this subject matter or related issues.

Last Reviewed 4/1/14



FCC Low-Income Broadband Pilot Program

In 2012, the Commission launched a pilot program to collect data on what policies might overcome the key broadband adoption barriers --- cost, relevance and digital literacy --- for low-income consumers and how the Lifeline program could be best be structured to provide support for broadband. On the one hand, the 14 pilot projects shared a set of common elements that reflect the current model of the Lifeline program — e.g., all relied on existing ETCs to provide service, and the ETCs had to confirm that individuals participating in the pilot were eligible and qualified to receive Lifeline benefits — but on the other hand, each project tested different subsidy amounts, conditions to receiving service, and different outreach and marketing strategies. The result was a highly diverse set of 14 funded pilot projects that implemented different strategies and provided a range of services across varying geographies. The Wireline Competition Bureau has prepared a [STAFF REPORT](#) to assist the Commission in considering reforms to the Lifeline Program. The Staff Report summarizes each of the 14 pilot projects and the data collected during the course of the projects.

As part of the Low-Income Broadband Pilot Program, participating providers were required to collect and submit anonymized data to enable both the Commission and outside parties to conduct independent studies and provide observations about the pilot program. The data collected during each project in calendar years 2013 and 2014 is provided below, along with final reports filed by pilot participants that include their own analysis and lessons learned from the projects. To facilitate use by outside parties, the Bureau also is providing instructions on how to read the data sets: [Guide to Datasets](#)

1. **Frontier (OH, WV)**
2. **Gila River (AZ – Tribal)**
3. **Hopi Telecommunications (AZ – Tribal)**
4. **Nexus (OH, MI, IA, NV, CA, LA, MS, NJ)**
5. **National Telecommunications Cooperative Association (NTCA) (IA, NM)**
6. **Partnership for Connected Illinois (PCI) (IL)**
7. **PR Wireless (Puerto Rico)**
8. **Puerto Rico Telephone Company (PRT) (Puerto Rico)**
9. **T-Mobile Puerto Rico LLC (T-Mobile) (Puerto Rico)**

10. **TracFone Smartphone Project (FL, MD, TX, WA, WI, MA)**

11. **Troy Cablevision (Troy Cable) (AL)**

12. **Vermont Telephone (VT)**

13. **Virgin Mobile (MA, OH)**

14. **XChange Telecom (XChange) (Brooklyn, NY)**

Updated: May 22, 2015

Source: <https://www.fcc.gov/encyclopedia/low-income-broadband-pilot-program>

**WIRELINE COMPETITION BUREAU
LOW-INCOME BROADBAND PILOT PROGRAM
STAFF REPORT**

WC DOCKET NO. 11-42

MAY 22, 2015

EXECUTIVE SUMMARY

The Commission launched the Low-Income Broadband Pilot Program to study the key broadband adoption barriers – identified by the Commission in the 2010 National Broadband Plan as cost, digital literacy, and relevance – and how the Lifeline program, which has traditionally been focused on bridging the affordability gap for wireline and mobile wireless voice services, could best be structured to serve its statutory mission in the 21st century. On the one hand, the 14 pilot projects shared a set of common elements that reflect the current model of the Lifeline program — e.g., all relied on existing ETCs to provide service, and the ETCs had to confirm that individuals participating in the pilot were eligible and qualified to receive Lifeline benefits — but on the other hand, each project tested different subsidy amounts, conditions to receiving service, and different outreach and marketing strategies. The result was a highly diverse set of projects that employed different methods, implemented different strategies, and provided different services across different geographies.

Participating providers were required to collect and submit a large amount of anonymized data so that the Commission and others could use such information for their own studies and observations. The data collected during each project is being released with this Report to further enrich the public's understanding of low-income broadband use. This information is also available at <https://www.fcc.gov/encyclopedia/low-income-broadband-pilot-program>. The data provides an important perspective on how various policy tools can impact broadband adoption by low-income consumers.

This Report highlights several important patterns in the data relevant to any consideration of Lifeline support for broadband:

- First, many of the pilot projects provide information about Lifeline-eligible consumers' preferences for service and their willingness to pay for services or hardware. Within the fixed service projects, in particular, patterns suggest consumers were willing to pay for speeds within the mid-range of options, though there was little interest in the highest speed tiers. For mobile service projects, when consumers were given the option between hotspot plans versus smartphone plans, the majority selected smartphone service plans.
- Second, several of the pilot projects tested varying subsidy amounts or discounts offered to consumers for both the service and a device. Patterns within the data indicate that cost to consumers does have an effect on adoption and which plans they choose. In several of the projects, when given the choice among service plans, new adopters were willing to pay for broadband service, but tended to choose more modest and affordable speeds and data allowances.
- Third, requiring ETCs to offer or provide digital literacy training does not appear to be an efficient or effective model for converting non-adopters to adopters. Participating consumers generally had little interest in training provided by the ETCs. This raises the question of whether other organizations specializing in digital literacy training may be more successful at such training.

Additionally, it is important to note that, by design, the pilot projects only studied broadband adoption among the subset of low-income consumers who were not current subscribers to any broadband service.

The Bureau encourages outside parties to use this Report, which summarizes each project, and the related data, to evaluate this important issue.

TABLE OF CONTENTS

Heading	Paragraph #
I. INTRODUCTION.....	1
II. BACKGROUND.....	3
III. SELECTION OF 14 PILOT PROJECTS.....	7
IV. DESCRIPTION OF THE SELECTED PILOT PROGRAM PROJECTS.....	14
A. Mobile - Randomized Controlled Experiments.....	14
B. Fixed – Randomized Controlled Experiments.....	24
C. Fixed – Quasi-Experimental.....	31
D. Mobile – Non-Experimental.....	41
E. Fixed – Non-Experimental.....	49
V. CONCLUSION.....	51

I. INTRODUCTION

1. The Wireline Competition Bureau (Bureau) staff has prepared this Staff Report (Report) to summarize data from the Commission’s Low-Income Broadband Pilot Projects (Pilot Projects or Pilot Program).¹ The Report discusses data collected in each of the 14 Pilot Projects. Together the Pilot Projects studied the effects of varying subsidy amounts, hardware costs, access to digital literacy, technology offered (e.g., wireline, wireless), and service characteristics (e.g., smartphone, aircard).

2. In order to prepare this Report, the staff spoke with the Pilot Project participant-providers for each of the Pilot Projects. The staff also reviewed quarterly and final reports submitted by the Pilot Project participants, as well as survey results and data submitted by the Pilot Project participants at various stages in the funding process to the Universal Service Administrative Company (USAC), the entity that performs the day-to-day administration of the program under Commission oversight.² To protect consumer privacy, the Pilot Project participants did not share with the Commission or USAC any personally identifiable information about the consumers who participated in the pilots.³

II. BACKGROUND

3. In February 2010, the Commission published the results of its first Broadband Consumer Survey, which focused on non-adopters and the issues they faced in adopting broadband.⁴ The survey results demonstrated how some demographic groups, such as low-income households, were less likely to

¹ See *Lifeline and Link Up Reform and Modernization et al.*, Report and Order and Further Notice of Proposed Rulemaking, WC Docket Nos. 11-42 et al., CC Docket No. 96-45, 27 FCC Rcd 6656, 6800-01, para. 336 (2012) (*Lifeline Reform Order*) (determining to make Pilot Project data public for the benefit of all interested parties, including third parties that may use such information for their own studies and observations).

² See generally PR Wireless, Inc. Final Report, WC Docket No. 11-42 (Feb. 12, 2015) (PR Wireless Report); Frontier Communications Final Report, WC Docket No. 11-42 (Jan. 26, 2015) (Frontier Report); Troy Cablevision, Inc. Final Report WC Docket No. 11-42 (Feb. 2, 2015) (Troy Cablevision Report); Virgin Mobile USA, LP Final Report, WC Docket No. 11-42 (March 24, 2015) (Virgin Mobile Report); Nexus Communications, Inc. Final Report, WC Docket No. 11-42 (May 18, 2015) (Nexus Report); XChange Telecom Final Report, WC Docket No. 11-42 (March 3, 2015); TracFone Wireless, Inc. Final Report, WC Docket No. 11-42, (May. 18, 2015) (TracFone Final Report); Partnership for Connected Illinois Final Report, WC Docket No. 11-42 (March 4, 2015); T-Mobile Puerto Rico, LLC, WC Docket No. 11-42 (May 18, 2014) (T-Mobile Final Report).

³ See *Lifeline Reform Order*, 27 FCC Rcd at 68001-01, para. 336.

⁴ John Horrigan, *Broadband Adoption and Use in America* (OBI, Working Paper No. 1, 2010) (Horrigan, *Broadband Adoption and Use in America*) at 11, <http://www.fcc.gov/national-broadband-plan>. At the time, this survey was distinct given its focus on non-adopters of broadband at home. *Id.*

subscribe to broadband at home. Building off these survey results, the 2010 National Broadband Plan recognized that although increasing numbers of consumers had broadband at home, some segments of the population — particularly low-income households — did not subscribe to broadband at levels similar to that of the population at large.⁵ The National Broadband Plan identified three major barriers to adoption — cost, digital literacy and relevance — that kept non-adopters from subscribing to broadband service.⁶ To help in overcoming cost barriers for low-income consumers, the National Broadband Plan recommended that the Commission implement a low-income pilot program to generate high-quality data about how best to design efficient and effective long-term broadband support mechanisms for low-income consumers.⁷

4. In its 2012 *Lifeline Reform Order*, the Commission established an express goal for Lifeline to ensure the availability of broadband service for low-income Americans.⁸ As a first step in achieving this goal, the Commission directed the Bureau to launch a low-income broadband pilot program.⁹ In directing the Bureau to launch the Pilot Program, the Commission authorized up to \$25 million to be disbursed directly to eligible telecommunications carriers (ETCs) for up to 12 months of subsidized broadband service, delivered either as a standalone service or as part of a bundle of voice and broadband services.¹⁰ The Commission directed the Bureau to “solicit applications from ETCs to participate in the Pilot Program and to select a relatively small number of projects to test the impact on broadband adoption with variations in the monthly discount (phased down over time or constant) over a 12-month period.”¹¹ Carriers that sought to participate in the Pilot Program had to be designated as an ETC in the areas for which they proposed to offer service at the time they submitted their proposed projects for Bureau review.¹² To encourage ETCs to partner with third-party organizations whose mission is to increase broadband adoption, the Commission directed the Bureau to give preference in the selection process to ETCs that partnered with non-ETCs to design and implement broadband pilot proposals that included components involving digital literacy and equipment.¹³

⁵ FEDERAL COMMUNICATIONS COMMISSION, OMNIBUS BROADBAND INITIATIVE, CONNECTING AMERICA: THE NATIONAL BROADBAND PLAN at 167-68 (2010) (NATIONAL BROADBAND PLAN), <http://www.broadband.gov/plan>.

⁶ *Id.* at 168-69.

⁷ *Id.* at 172-73. In 2010, the Commission also hosted a roundtable discussion to solicit input on how to design a pilot program to test the effectiveness of supporting broadband services directed to low-income households. See *Wireline Competition Bureau Announces June 23, 2010 Roundtable Discussion to Explore Broadband Pilot Programs for Low-Income Consumers*, WC Docket No. 03-190, Public Notice, 25 FCC Rcd 7272 (2010), <http://www.fcc.gov/events/roundtable-discussion-explore-broadband-pilot-programs>).

⁸ See *Lifeline Reform Order*, 27 FCC Rcd at 6673-74, paras. 33-34.

⁹ See *id.* at 6794-96, paras. 323-27.

¹⁰ See *id.* at 6795, paras. 324-25. The Commission determined that support would only be provided for broadband services, and not for the administrative or equipment costs of the ETCs and their partners. See *id.* at 680 4-05, paras. 345-49.

¹¹ *Id.* at 6795, para. 325.

¹² See *Lifeline Reform Order*, 27 FCC Rcd at 6800, para. 334. To afford Tribes an increased opportunity to participate in the Pilot Program, the Commission permitted a Tribally-owned or controlled entity to submit a Pilot Program proposal for the geographic area defined by the boundaries of the Tribal land and associated with the Tribe as long as the Tribally-owned entity had an application for designation pending at the time it submitted its proposal. *Id.* at 6800, para. 335.

¹³ *Id.* at 6806, para. 352.

5. In the *Broadband Pilot Public Notice*, the Bureau set forth the application criteria and procedures and set a deadline for application submission.¹⁴ Consistent with the framework established in the *Lifeline Reform Order*, the Bureau notified applicants that the Bureau would strongly favor pilot projects designed as field experiments that would test the impact on how variations on broadband service offerings impact adoption.¹⁵ To be eligible for funding, ETCs seeking to participate in the Pilot Program also had to commit to robust gathering, analysis, and sharing of data.¹⁶ Pilot Project participants were required to collect subscriber data regarding demographics and service usage throughout the course of the Pilot Project and submit such data to USAC. To ensure the Commission received standardized data across all of the projects, the Bureau included the Low-Income Broadband Pilot Program Reporting Form as an Appendix to the *Broadband Pilot Public Notice*, which comprised a uniform set of questions that subscribers participating in the Pilot Projects and the ETCs would need to complete and submit to USAC for collection.¹⁷ The Bureau made clear that all subscriber data collected within each of the projects must be submitted to USAC in anonymized form, and that the data would ultimately be made publicly available in anonymized form.¹⁸ The Bureau also strongly encouraged ETCs submitting applications to commit to the submission of a final report to share additional information with the Commission about lessons learned from the project.¹⁹

6. In December 2012, the Bureau issued an order announcing the selection of 14 Pilot Projects, authorizing up to \$13.8 million in support for the projects which spanned 21 states and Puerto Rico.²⁰ The *Broadband Pilot Order* explained that the Pilot Program ran for an 18-month trial period, which began February 1, 2013. The 18 months began with three months for ETCs to implement necessary back-office functions, followed by up to 12 months of subsidized service, and concluding with three months allotted for finalizing the data collection and for analysis.²¹ All participating subscribers had to be enrolled in the Pilot Projects within nine months of the commencement of the trial period, or no later than November 1, 2013.²² Each participating subscriber had the opportunity to receive a maximum of 12 months of subsidized broadband service.²³ As a condition to participation in the Pilot Projects, each

¹⁴ See generally *Wireline Competition Bureau Announces Application Procedures and Deadline for Applications to Participate in the Broadband Adoption Lifeline Pilot Program*, WC Docket No. 11-42, Public Notice, 27 FCC Rcd 4840 (Wireline Comp. Bur. April 30, 2012) (*Broadband Pilot Public Notice*).

¹⁵ The Bureau explained that “ETCs should submit a detailed description of the experimental design and other experimental protocols used suitable for a replication study, what variations on broadband service offerings [would] be tested (e.g., discount amount, duration of discount, speeds, usage limits, digital literacy training or any other factors impacting broadband adoption) and how the project(s) [would] randomize variations on broadband service offerings (e.g., geographic randomization).” *Id.* at 4841.

¹⁶ See *Lifeline Reform Order*, 27 FCC Rcd at 6800-01, para. 336; see also *Broadband Pilot Public Notice*, 27 FCC Rcd at 4841.

¹⁷ *Broadband Pilot Public Notice*, 27 FCC Rcd at Appendix. The Bureau explained that ETCs may collect the subscriber data themselves and submit to USAC, or may request that USAC collect through an electronic, online survey. *Id.* at 4843.

¹⁸ See *Broadband Pilot Public Notice*, 27 FCC Rcd at 4843. All participating ETCs were required to obtain subscribers’ consent to the collection and sharing of the information contained in the Low-Income Broadband Pilot Program Reporting Form. See *Lifeline Reform Order*, 27 FCC Rcd at 6800-01, para. 336.

¹⁹ See *Broadband Pilot Public Notice*, 27 FCC Rcd at 4843.

²⁰ See *Lifeline and Link Reform and Modernization*, WC Docket No. 11-42, Order, 27 FCC Rcd 15842, 15842, para. 1 (Wireline Comp. Bur. 2012) (*Broadband Pilot Order*). The Bureau received a total of 24 applications but narrowed its selection to the 14 projects detailed within this Report. *Id.* at 15847, para. 14.

²¹ *Id.* at 15849, para. 18.

²² *Id.*

²³ *Id.*

subscriber had to certify that he/she did not have, at the time of enrollment or within the last 60 days prior to enrollment, the same type of Internet service the ETC was offering in their project.²⁴ For example, if subscribers were already subscribing to a smartphone service plan prior to enrollment in the Pilot Project, they were precluded from receiving subsidized service for a smartphone service plan but were not otherwise precluded from receiving wireline or wireless high-speed Internet service under the Pilot Project.²⁵ Each participating subscriber also had to certify that he or she was eligible and otherwise would qualify to receive Lifeline benefits.²⁶

III. SELECTION OF 14 PILOT PROJECTS

7. Based on review of the 24 applications received in response to the *Broadband Pilot Public Notice*, the Bureau selected the following pilot projects summarized in Table 1 to participate in the Pilot Program.²⁷

Table 1: Low-Income Broadband Pilot Projects

Project	States	Key Questions	Service & Device	Methodology
TracFone	FL, MA, MD, TX, WA, WI	Effect of monthly price and hardware cost on adoption	Mobile, Smartphone	Geographically randomized controlled trial
Nexus	CA, IA, LA, MI, MS, NJ, NV, OH	Effect of monthly price and digital literacy training on adoption and data plan choice	Mobile, Smartphone or MiFi	Randomized controlled trial
Virgin Mobile	OH, MA	Effect of monthly price and hardware cost on adoption and retention	Mobile, MiFi	Geographically randomized controlled trial
Frontier	OH, WV	Effect on adoption and retention of a digital literacy incentive	Fixed	Geographically randomized controlled trial
Vermont Telephone	VT	Effect of price on adoption and retention	Fixed	Comparison group quasi-experiment
Xchange	NY	Effect of monthly price on adoption	Fixed	Comparison group quasi-experiment
Partnership for a Connected Illinois	IL	Effect of digital literacy offering on adoption and retention	Fixed	Comparison group quasi-experiment
Troy Cable	AL	Effect of monthly price on adoption and retention	Fixed	Comparison group quasi-experiment

²⁴ *Lifeline Reform Order*, 27 FCC Rcd at 6803, para. 344 (concluding that “using the Pilot Program to subsidize broadband services purchased by consumers who have already adopted such services will not provide [the Commission] with sufficient and useful data about which such subsidies increase adoption”); *Broadband Pilot Order*, 27 FCC Rcd at 15848, para. 15.

²⁵ *Broadband Pilot Order*, 27 FCC at 15848, para. 15.

²⁶ See *Lifeline Reform Order*, 27 FCC Rcd at 6796, para. 343.

²⁷ An expanded description of each selected project is included in Section IV. The ETCs that submitted the selected applications were required to implement their projects pursuant to the terms and conditions contained within each of their applications, and any supplemental information that was filed in response to staff inquiry.

Gila River	AZ	Effect of monthly price on adoption	Fixed	Individual randomized controlled experiment
Hopi	AZ	Effect of monthly price on adoption	Fixed	Individual randomized controlled experiment
PR Wireless	PR	Consumer preferences for devices	Mobile, Smartphone or MiFi	Nonexperimental
T-Mobile Puerto Rico	PR	Consumer preferences for devices	Mobile, Smartphone or MiFi	Comparison group quasi-experimental/Nonexperimental (No variation in offerings, variation in advertising)
Puerto Rico Telephone Co.	PR	Consumer preferences for speeds	Fixed/Mobile, Tablet	Nonexperimental
NTCA	IA, NM	Consumer preferences for speeds	Fixed	Nonexperimental (comparison of non-similar areas)

Table 1 briefly explains what key question(s) each project was designed to answer, what mode of service was studied, what methodological design was employed, and the location of the pilot project.

8. The Bureau selected projects that would provide the most useful data regarding the impact of subsidy amounts on adoption or those that might reveal other useful information such as consumers' preferences for certain types of devices or services. Within the 14 Pilot Projects, the subsidy amount ranged from \$5 per month to as much as \$39.95 per month. The Pilot Projects also tested a range of monthly end-user charges, such as \$40, \$35, \$20 or \$10, with some projects testing lower charges and others testing higher charges. All of the projects included some end-user charge at service inception, periodically throughout the project, or both.

9. *Methodology of the Low-Income Broadband Pilots.* The Bureau explicitly sought to fund projects designed as field experiments when requesting applications for participation in the pilot program. The Bureau did this "[t]o ensure that the Pilot Program gathers high-quality data that will help identify effective approaches to increasing broadband adoption and retention."²⁸ A field experiment uses randomization and variation of policy variables so that a causal link may be established between a policy and an outcome of interest.²⁹ Within the Pilot Projects, the Bureau aimed to gather information about how monthly or one-time discounts, digital literacy training, or specific product offerings could influence low-income broadband adoption.

10. Having the right methodological design for the Pilot Projects was helpful for the Bureau in learning about *causal* impacts of the program. In a 2012 report, the Government Accounting Office (GAO) stated that, in order "[t]o isolate the program's unique impacts . . . an impact study must be carefully designed to rule out plausible alternative explanations for the results."³⁰ The GAO explained

²⁸ *Broadband Pilot Order*, 27 FCC at 15844-45, para. 7.

²⁹ See, e.g., COUNCIL OF ECONOMIC ADVISORS, 2014 ECONOMIC REPORT OF THE PRESIDENT, CHAPTER 17, at 272-274 (March 2014) <https://www.whitehouse.gov/administration/eop/cea/economic-report-of-the-President/2014>; Steven D. Levitt and John A. List, *Field Experiments in Economics: The Past, the Present and the Future*, *European Economic Review*, Vol. 53, Issue 1, at 1-18 (Jan. 2009) <http://www.sciencedirect.com/science/article/pii/S0014292108001153>; Glenn W. Harrison and John A. List, *Field Experiments*, *Journal of Economic Literature*, Vol. 42, No. 4 at 1009-1055 (Dec. 2004) http://www.jstor.org/stable/3594915?seq=1#page_scan_tab_contents.

³⁰ U.S. GOVERNMENT ACCOUNTABILITY OFFICE, REPORT TO CONGRESSIONAL REQUESTERS, GAO 12-208G, DESIGNING EVALUATIONS: 2012 REVISIONS at 39 (2012) (*2012 GAO Report*).

that a number of methodologies are available for evaluation, including “experimental, quasi-experimental, and non-experimental designs”³¹ and that “field experiments . . . take place in much less contrived, more naturalistic settings” than laboratory experiments.³² With this understanding, the Bureau in the *Broadband Pilot Public Notice* specifically encouraged applications for projects designed as field experiments.³³ Unlike a simple survey (a “stated preference” approach), the pilot participants made actual offers to Lifeline eligible households and observed those household’s behavior (a “revealed preference” approach).

11. The 14 selected projects each implemented one of three methodological designs. Using the GAO’s terminology concerning evaluations, these are as follows:

- *Randomized Controlled Experiment* – Compares outcomes for a randomly assigned treatment group and a nonparticipating control group. Multiple treatment groups may also be compared. Randomization may be conducted on the individual level or some other aggregate level, such as a geographic area. Such designs provide the opportunity for highly credible estimates of the causal impact of a policy.
- *Comparison Group Quasi-Experiment* – Compare outcomes for program participants and a comparison group while seeking to control for key characteristics, such as through matching. Such designs provide an opportunity to estimate the impact of policies, subject to how well possible confounding variables are able to be controlled for.
- *Non-experimental* – Does not compare outcomes across groups and therefore cannot be used to draw causal inferences. Such designs may be used to observe behavior, such as how a household behaves when given a choice over multiple options.

12. Several of the Pilot Projects with large customer bases randomly assigned potential subscribers to different offers (such as different price points and hardware discounts) and thus generated data suitable for parsing the independent effects of such factors on low-income adoption.³⁴ Some of the smaller projects did not use random assignment but offered variations in comparable areas.³⁵ This non-random approach also had the potential to yield significant information on the most effective approaches to increasing adoption by low-income consumers. Finally, a set of non-experimental projects, while unable to provide data on how differing policies might affect behavior, provided important data in the real-world setting (as opposed to surveys) on what types of plans or devices consumers will choose when given the option.³⁶ Several projects closely monitored their marketing strategies and number of offers given to eligible consumers and tracked responses.³⁷ Table 2 reports the total number of unique subscribers included in each project’s pilot data filings with USAC.³⁸

³¹ *Id.* at 39.

³² *Id.* at 41.

³³ See *Broadband Pilot Public Notice*, 27 FCC Rcd at 4841-42.

³⁴ See, e.g., TracFone Pilot Project; Virgin Mobile Pilot Project; Frontier Pilot Project.

³⁵ See, e.g., Troy Cablevision Pilot Project; Vermont Telephone Pilot Project.

³⁶ See, e.g., T-Mobile Pilot Project; NTCA Pilot Project.

³⁷ See, e.g., TracFone Final Report; Virgin Mobile Final Report, Troy Cablevision Final Report.

³⁸ For consistency, all data reported in the tables are based on submissions to USAC and not data reported in other places by the pilot participants. Furthermore, the subscriber total in this document are based on the number of subscribers listed in pilot ETC’s “Block E” data submission to USAC. If other data blocks submitted to USAC differed from Block E, the Block E data was used. The datasets released for each pilot contain all data submitted so interested users can explore any such differences. A description of each data block submitted to USAC is available at http://usac.org/_res/documents/li/pdf/broadband-pilot/13.02.25_FCC_KickOff_Presentation.pdf.

Table 2: Low-Income Broadband Pilot Subscribers, by Project

Project	Total Pilot Subscribers
TracFone	667
Nexus	274
Virgin Mobile	901
Frontier	118
Vermont Telephone	77
Xchange	214
Partnership for a Connected Illinois	150
Troy Cable	127
Gila River	84
Hopi	111
PR Wireless	2,475
T-Mobile Puerto Rico	3,033
Puerto Rico Telephone Co.	354
NTCA	49

Table reports the total number of unique subscribers included in each project's pilot data filings with USAC. Totals include all subscribers who received service for any period of time during the pilot, whether they received a discount or not.

13. In addition to providing a wealth of quantitative information, many of the pilots also provided qualitative information about ways in which a broadband discount program could be incorporated into Lifeline. Together, the 14 pilot projects provided a highly diverse set of scenarios for studying factors influencing broadband adoption among low-income households and for understanding the preferences of Lifeline-eligible consumers.

IV. DESCRIPTION OF THE SELECTED PILOT PROGRAM PROJECTS

A. Mobile - Randomized Controlled Experiments

1. Nexus (OH, MI, IA, NV, CA, LA, MS, NJ)

14. *Overview and Description of Offerings.* The Nexus Pilot Project, which operated in 8 states, studied the effect of varying subsidy amounts and digital literacy offerings on adoption of mobile offerings. Table 3a shows the characteristics of each treatment offered. Nexus conducted a large, randomized controlled experiment by offering each group of potential subscribers one of the six treatments. Treatments varied by the level of the subsidy and whether an offer of digital literacy training accompanied the solicitation. Groups were randomly offered plans based on the last two digits of their existing Nexus account number, and Nexus directly contacted households with a specific offer. Consumers, having been made an offer, then could choose to either purchase a smartphone or aircard plan (device priced at \$49.99) with a monthly data allowance of 200 megabyte (MB), 500 MB, 1gigabyte (GB) or 2GB. While the discount amount was the same within each treatment, customers would have to pay more for larger plans. This design allowed for cleanly estimating the causal effect of the discount level on consumer choice.³⁹ Table 3a sets forth the treatments.

³⁹ See Application of Nexus Communications, Inc., WC Docket 11-42 (filed July 2, 2012) (Nexus Application); see also Supplement to Nexus Application, WC Docket 11-42 (filed August 22, 2012); Second Supplement to Nexus Application, WC Docket 11-42 (filed September 24, 2012).

Table 3a: Nexus Treatments

Treatment Description	Monthly Subsidy Amount	Equipment Discount	Digital Literacy Offered	Total Subscribers
Control Group - With DL	\$0.00	\$0.00	Yes	0
Control Group - Without DL	\$0.00	\$0.00	No	34
Test Group I - With DL	\$15.00	\$0.00	Yes	1
Test Group I - Without DL	\$15.00	\$0.00	No	55
Test Group II - With DL	\$20.00	\$0.00	Yes	4
Test Group II - Without DL	\$20.00	\$0.00	No	180

15. *Implementation and Results.* Nexus relied primarily on direct marketing texts to existing Lifeline subscribers. However, in Ohio only it also marketed the service to new subscribers located in low-income neighborhoods by conducting in-person direct action outreach, which brought training capabilities directly into the neighborhoods. For new customers subscribing through this outreach, Nexus offered all customers on a given day only one of the treatments containing a digital literacy offer to provide variation in the treatments. Each day Nexus varied the offer available as part of the direct outreach.

16. When subscribing, customers chose to apply a fixed discount amount to one of several plans that varied by device type or data allowance. The plans available are shown in Table 3b as are the number of customers choosing each plan. The table shows the unsubsidized service and equipment costs to which the discount for a given treatment would be applied. For example, a new subscriber in “Test Group 1” (see Table 3a) would be able to apply a \$15 monthly discount to any of these plans. If the subscriber chose the 200MB Smartphone plan, then the monthly end-user charge would be \$9.99 (= \$24.99 - \$15). As shown in the table, a large fraction (82 percent) of customers chose smartphone plans while the remaining 18 percent chose the data-only device. Furthermore, customers tended to choose smaller and less expensive data allowances.

Table 3b: Nexus Plans

Plan Description	Unsubsidized Monthly Cost	Unsubsidized Equipment Cost	Subscribers
200MB Data Allowance – Aircard	\$24.99	\$49.99	36
200MB Data Allowance – Smartphone	\$24.99	\$49.99	96
500MB Data Allowance – Aircard	\$29.99	\$49.99	8
500MB Data Allowance – Smartphone	\$29.99	\$49.99	95
1GB Data Allowance – Aircard	\$39.99	\$49.99	1
1GB Data Allowance – Smartphone	\$39.99	\$49.99	20
2GB Data Allowance – Aircard	\$49.99	\$49.99	2
2GB Data Allowance – Smartphone	\$49.99	\$49.99	16

2. TracFone Smartphone Project (FL, MD, TX, WA, WI, MA)

17. *Overview and Description of Offerings.* TracFone’s Pilot Project studied the effects of varying subsidy amounts and discounted hardware through mobile smartphone service plans—all of which included unlimited voice/text and 2GB of data. The price per month for the service plans offered to TracFone’s existing Lifeline customers differed depending on the amount of the discount applicable to the monthly service and the price charged for the smartphone. In this way, TracFone’s pilot addresses the effect of both recurring monthly discounts and one-time upfront discounts on hardware.

18. *Implementation and Results.* TracFone divided five states (FL, MD, TX, WA, WI) each into five regions and then randomly assigned each region in a state to one of five treatments. The treatments varied in the monthly recurring cost and one-time upfront cost to the consumer. Table 4a shows the

characteristics of each treatment.⁴⁰ TracFone received the largest enrollment in the lowest cost plan (free phone, \$10 monthly end-user charge).

19. TracFone also non-experimentally offered digital literacy training and discounted service in Boston to 300 existing customers. This treatment required subscribers to complete digital literacy training provided by Open Air Boston in order to receive a free Android data handset and discounted service. TracFone reported that only 12 approved customers completed the digital literacy course within the [60] day period required, though many more received at least one month of subsidy.⁴¹ The treatment in Boston is shown at the bottom of Table 4a but is not considered part of the experimental design and is not useful for making inferences about the effect of digital literacy on adoption.

Table 4a: TracFone Treatments

Treatment Description	Monthly Subsidy Amount	Equipment Discount	Digital Literacy Offered	Total Subscribers
Free Phone \$10 Service	\$25.00	\$29.99	No	250
Free Phone \$20 Service	\$15.00	\$29.99	No	193
Standard Phone, \$10 Service	\$25.00	\$0.00	No	77
Standard Phone, \$20 Service	\$15.00	\$0.00	No	46
Control Group - Discounted Phone, Paid Service	\$0.00	\$0.00	No	16
Free Phone, \$10 Service w/ Digital Literacy (Boston)	\$25.00	\$120.00	Yes	85

20. TracFone offered a single plan to pilot participants that provided unlimited talk and text and 2GB of monthly data. Table 4b shows the details of this plan.

Table 4b: TracFone Plans

Plan Description	Unsubsidized Monthly Cost	Unsubsidized Equipment Cost	Subscribers
Unlimited voice, Text, 2GB Data	\$35.00	\$29.99	667

3. Virgin Mobile (MA, OH)

21. *Overview and Description of Offerings.* The Virgin Mobile Pilot Project studied the effects of a subsidy and discounted equipment through mobile broadband service offerings using MiFi devices. Virgin Mobile randomly assigned offers based on Zip Code and offered one of four pricing options to a large sample. Each plan included up to 1 GB of mobile data. Those low-income consumers in Ohio were also offered digital literacy training, though this was not experimentally varied. Table 5a shows the four main treatment groups, separating each main group by whether digital literacy was offered. While customers receiving the \$20 monthly subsidy paid nothing each month, these customers did have to pay a one-time upfront activation fee of \$20. The \$50 devices offered in the pilot were discounted by \$40 for some treatments and undiscounted for others.

⁴⁰ Note that while TracFone's data submission reports an equipment discount of \$29.99, its final report explains that it actually offered better phones but with a larger discount so that the end user charge for the phone remained at \$29.99 for the standard phone and \$0 for the free phone. See TracFone Final Report.

⁴¹ See TracFone Final Report; see also TracFone Wireless, Inc.'s Application to Participate in the Broadband Adoption Lifeline Pilot Program for Smartphones, WC Docket 11-42 (filed July 2, 2012) (TracFone Smartphone Application); see also Supplement to TracFone Smartphone Application, WC Docket 11-42 (filed August 27, 2012); Second Supplement to TracFone Smartphone Application, WC Docket 11-42 (filed September 24, 2012); Third Supplement to TracFone Smartphone Application, WC Docket 11-42 (filed September 27, 2012).

Table 5a: Virgin Mobile Treatments

Treatment Description	Monthly Subsidy Amount	Equipment Discount	Digital Literacy Offered	Total Subscribers
Group 1; No Discount on Device or Service; with Digital Literacy	\$0.00	\$0.00	Yes	24
Group 1; No Discount on Device or Service; without Digital Literacy	\$0.00	\$0.00	No	31
Group 2; Discount on Device and Service; with Digital Literacy	\$20.00	\$40.00	Yes	286
Group 2; Discount on Device and Service; without Digital Literacy	\$20.00	\$40.00	No	178
Group 3; Discount on Service, but not Device; with Digital Literacy	\$20.00	\$0.00	Yes	97
Group 3; Discount on Service, but not Device; without Digital Literacy	\$20.00	\$0.00	No	77
Group 4; Discount on Device, but not Service; with Digital Literacy	\$0.00	\$40.00	Yes	126
Group 4; Discount on Device, but not Service; without Digital Literacy	\$0.00	\$40.00	No	82

22. *Implementation and Results.* Virgin Mobile marketed each of the four offers to approximately 26,000 existing customers in Massachusetts and approximately 38,000 existing customers in Ohio. Each customer received only one offer. Thus, a total of approximately 104,000 Massachusetts customers and 150,000 Ohio customers received an offer for service from Virgin Mobile. All marketing was in the form of a two-sided trifold mailer that contained a description of the program, offer and the necessary qualifications; promoted the benefits of broadband generally; displayed an image of the broadband device; and referred Ohio customers to a technology training program offered at no charge by a partner organization, Connected Nation. Most customers received one mailer, although some received a follow up mailer.⁴²

23. Virgin Mobile noted that participation in all of the offers was considerably less than expected. The offer with a \$30 upfront cost (\$10 for the phone and \$20 activation fee) but no monthly recurring charges attracted the most customers. The offer with a \$50 upfront cost for the phone and \$20 monthly recurring charge attracted the fewest customers. In terms of usage, only a handful of participants exceeded 1 GB of data in any given month. The vast majority of participants used well below 1 GB of data. Customers who enrolled from Groups 1 or 4 with a monthly recurring charge could choose to pay and receive service (or not) in any given month, meaning they could opt to manually replenish their service. Groups 2 or 3 had no monthly charge and were automatically replenished for the duration of the pilot.⁴³

Table 5b: Virgin Mobile Plans

Plan Description	Unsubsidized Monthly Cost	Unsubsidized Equipment Cost	Subscribers
1GB Data Limit/Month, One Time (Manual Replenish)	\$20.00	\$50.00	263
1GB Data Limit/Month, Recurring Fee (auto)	\$20.00	\$50.00	638

⁴² See generally Virgin Mobile Final Report.

⁴³ See Virgin Mobile Final Report. Virgin Mobile USA, L.P. Application to Participate in the Broadband Adoption Lifeline Pilot Program, WC Docket 11-42 (filed July 2, 2012) (Virgin Mobile Application); see also Supplement to Virgin Mobile Application, WC Docket 11-42 (filed August 31, 2012); Second Supplement to Virgin Mobile Application, WC Docket 11-42 (filed September 7, 2012); Third Supplement to Virgin Mobile Application, WC Docket 11-42 (filed September 24, 2012).

B. Fixed - Randomized Controlled Experiments

1. Frontier (OH, WV)

24. *Overview and Description of Offerings.* Using fixed broadband service, Frontier, in partnership with Connect Ohio (a subsidiary of Connected Nation) and Future Missions, launched a pilot project throughout the entire Ohio service territory of Frontier North, Inc. and in the area surrounding Parkersburg, West Virginia. Frontier studied the impact of a financial incentive to take digital literacy training on broadband adoption. It also allowed for observing the new adopters' broadband choices, their willingness to take digital literacy training, and their interest in purchasing computers at a discounted price.

25. As detailed in Table 6a, this project used a test group and a control group. Frontier gave treatment group consumers a choice between (1) not taking digital literacy training but still receiving a \$20 monthly discount, (2) taking digital literacy training and receiving a \$30 monthly discount while also waiving a one-time \$34.99 charge, or (3) taking digital literacy training and having a \$20 monthly discount while also receiving a free computer.⁴⁴ The control group was offered a \$20 monthly discount with no other requirements (though digital literacy training was available to this group). This design therefore generated data on the effect of such a "digital literacy incentive" on adoption, how much of a factor "lack of an adequate computer" is as an adoption barrier, and how much some consumers will forego in discounts to not take a digital literacy class. Within Ohio, Frontier randomized the treatment and control offerings by Zip Code while only the control was offered in West Virginia. Regardless of whether a customer was in the treatment or control group, consumers could choose from a menu of maximum download speeds: 1 megabit per second (Mbps); 6 Mbps; 12 Mbps; and 24 Mbps. This provides data on which services low-income, recent non-adopters are willing and able to purchase at a discount.

Table 6a: Frontier Treatments

Treatment Description	Monthly Subsidy Amount	Equipment Discount	Digital Literacy Offered	Total Subscribers
Treatment: Offered Choice of Extra Discount or Free Computer for Taking Digital Literacy Training	\$20.00 if training not taken/\$30 if training taken and discount selected	\$199 if free computer chosen	Yes	92
Control: No Extra Discount for Taking Digital Literacy Training	\$20.00	\$0.00	Yes	26

26. *Implementation and Results.* The solicitation period began May 1, 2013 and ended October 31, 2013. The solicitation was directed to existing and potential customers that did not subscribe at the time to Frontier's broadband services. Table 6b shows which plans customers chose and how many customers took digital literacy training to obtain either the free computer or the additional \$10 monthly discount and \$34.99 fee waiver. In Table 6b, the treatment and control groups are further separated based on the consumers' decisions given the offer made to them. The first three sets of rows show for the treatment group what decisions consumers made. Each treatment group member was given the choice to either not take digital literacy training and simply receive a \$20 monthly subsidy, take the training and receive an activation fee waiver of \$34.99 and an additional \$10 subsidy on top of the \$20 subsidy, or take the training and receive a free computer in addition to the \$20 monthly subsidy. The results show that many of the treatment group subscribers opted not to take digital literacy for an additional discount or free computer. The last two sets of rows show the control group, finding that without the incentive few subscribers chose to take digital literacy training. Among the four speed plans, the 6 Mbps plan was the most popular in all groups.

⁴⁴ In this way, Frontier tied an attempt to overcome non-price barriers with an attempt to address the price barrier.

Table 6b: Frontier Plans

Plan Description	Unsubsidized Monthly Cost	Unsubsidized Equipment Cost	Subscribers
Treatment: 1Mb & Declined Digital Literacy	\$31.99	\$0.00	3
Treatment: 6Mb & Declined Digital Literacy	\$34.99	\$0.00	30
Treatment: 12Mb & Declined Digital Literacy	\$44.99	\$0.00	0
Treatment: 24Mb & Declined Digital Literacy	\$54.99	\$0.00	0
Treatment: 1Mb & Took Digital Literacy; Waive Non-Recurring/+\$10 per mo.	\$31.99	\$0.00	1
Treatment: 6Mb & Took Digital Literacy; Waive Non-Recurring/+\$10 per mo.	\$34.99	\$0.00	43
Treatment: 12Mb & Took Digital Literacy; Waive Non-Recurring/+\$10 per mo.	\$44.99	\$0.00	0
Treatment: 24Mb & Took Digital Literacy; Waive Non-Recurring/+\$10 per mo.	\$54.99	\$0.00	0
Treatment: 1Mb & Took Digital Literacy, Free Computer	\$31.99	\$199.00	0
Treatment: 6Mb & Took Digital Literacy, Free Computer	\$34.99	\$199.00	15
Treatment: 12Mb & Took Digital Literacy, Free Computer	\$44.99	\$199.00	0
Treatment: 24Mb & Took Digital Literacy, Free Computer	\$54.99	\$199.00	0
Control: 1Mb & Declined Digital Literacy	\$31.99	\$0.00	0
Control: 6Mb & Declined Digital Literacy	\$34.99	\$0.00	24
Control: 12Mb & Declined Digital Literacy	\$44.99	\$0.00	1
Control: 24Mb & Declined Digital Literacy	\$54.99	\$0.00	0
Control: 1Mb & Took Digital Literacy, No Incentive	\$31.99	\$0.00	0
Control: 6Mb & Took Digital Literacy, No Incentive	\$34.99	\$0.00	1
Control: 12Mb & Took Digital Literacy, No Incentive	\$44.99	\$0.00	0
Control: 24Mb & Took Digital Literacy, No Incentive	\$54.99	\$0.00	0

2. Gila River (AZ – Tribal)

27. *Overview and Description of Offerings.* The Gila River Pilot Project tested the effect on adoption of discounted prices and access to discounted equipment. Gila River randomly assigned subscribers into five groups which varied by price points, speed, and access to equipment. Households were then presented with a single offer based on their randomly assigned group. As detailed in Table 7, the discount amounts for the broadband plans ranged from \$23.24 to \$38.24 which created variation in the prices paid by the end user. Two groups were also offered a free desktop computer. Consumers were not able to choose their speed but rather were offered a speed at a certain price and consumers decided whether to purchase the service. Since the end-user charge and the speed changed together across treatments, the independent effects of either cannot be estimated (though the cost per Mbps varies independently). Table 7 also shows how many subscribers signed up for each service, and for convenience end-user charges for each treatment is included in the leftmost column.⁴⁵

⁴⁵ See Gila River Telecommunications, Inc. Application to Participate in the Broadband Adoption Lifeline Pilot Program, WC Docket 11-42 (filed June 29, 2012) (Gila River Application).

Table 7: Gila River Treatments

Treatment Description ⁹	Monthly Subsidy Amount	Equipment Discount	Digital Literacy Offered	Total Subscribers
\$53.19 user cost: 1.5 - 4.8 Mbps/1Mbps	\$0.00	\$0.00	Yes	0
\$14.95 user cost: up to 5 Mbps/1Mbps	\$38.24	\$0.00	Yes	18
\$19.95 user cost: up to 10 Mbps/1Mbps	\$33.24	\$0.00	Yes	16
\$24.95 user cost: up to 15 Mbps/1Mbps - Desktop	\$28.24	\$200.00	Yes	28
\$29.95 user cost: up to 20 Mbps/1Mbps - Desktop	\$23.24	\$200.00	Yes	22

28. *Implementation and Results.* In its Pilot Project, Gila River marketed the broadband offerings to low income consumers by first reaching out to existing Lifeline voice subscribers by invitation to an initial free barbeque information meeting. In that gathering, Gila River held a random drawing to determine which of the 5 groups/offers each subscriber would be included. Telephone numbers were called, not names, to depersonalize how a subscriber was assigned into one of the 5 groups (each offer was defined as its own group). For those subscribers that did not enroll after the information meeting, Gila River continued to contact them to determine interest in the broadband pilot. Once a telephone number was assigned to a group, Gila River did not permit changes from one offer to another. As a final effort to enroll subscribers, Gila River placed print advertisement in the local Gila River Indian Newspaper monthly for the enrollment period.⁴⁶

3. Hopi Telecommunications (AZ – Tribal)

29. *Overview and Description of Offerings.* The Hopi Telecommunications Project studied the effects of subsidy amounts and access to discounted equipment by making different offers to a control group and three treatment groups. The groups were chosen by random assignment of households. The control group was offered the choice of two speed plans at full price. The treatment groups were each given one of the following offers: a flat subsidy of \$39.95 for a 1.5 Mbps plan and a financed refurbished computer, a flat subsidy of \$39.95 for a 3 Mbps plan and a financed refurbished computer, or a flat subsidy of \$39.95 and a choice of either speed but no discounted computer.⁴⁷

Table 8a: Hopi Treatments

Treatment Description	Monthly Subsidy Amount	Equipment Discount	Digital Literacy Offered	Total Subscribers
No Discount, choice of 1.5 or 3 Mbps service, low-cost computer financed	\$0.00	\$0.00/financing avail.	Yes	14
Discount on 1.5Mbps service, low-cost refurbished computer financed	\$39.95	\$0.00/financing avail.	Yes	31
Discount on 3 Mbps service, low-cost refurbished computer financed	\$39.95	\$0.00/financing avail.	Yes	36
Discount on either 1.5 or 3 Mbps service, No access to computer	\$39.95	\$0.00	Yes	30

30. *Implementation and Results.* In implementing the pilot, Hopi Telecommunications sent mailers to all existing Lifeline subscribers that were not subscribing to broadband service. Hopi

⁴⁶ See *id.* at 7-8.

⁴⁷ See Hopi Telecommunications, Inc. Application for the FCC's Broadband Adoption Lifeline Pilot Program, WC Docket 11-42 (filed July 9, 2012) (Hopi Application); see also Supplement to Hopi Application, WC Docket 11-42 (filed August 27, 2012); Second Supplement to Hopi Application, WC Docket 11-42 (filed October 2, 2012).

Telecommunications notified such subscribers of a 2 day sign-up event in which each household would be randomly assigned into one of the groups/offers. Table 8b shows the unsubsidized price of each plan and the number of customers who chose each plan.

Table 8b: Hopi Plans

Plan Description	Unsubsidized Monthly Cost	Unsubsidized Equipment Cost	Subscribers
1.5Mbps speed	\$59.95	\$211.00	52
3Mbps Speed	\$69.95	\$211.00	59

C. Fixed – Quasi-Experimental

1. Partnership for Connected Illinois (PCI) (IL)

31. *Overview and Description of Offerings.* The Partnership for a Connected Illinois Project (PCI)⁴⁸, in partnership with Connected Living, Inc., Citizens Utility Board, studied the effects of access to digital literacy and consumers' choice among plans offering varying speeds using fixed broadband among the member ETCs within their study areas. All participating subscribers were able to receive a one-time \$60 credit toward installation fees, a free modem, or necessary connection device (subsidized by the ETC), and a \$30 monthly discount on broadband services and the option to purchase a refurbished desktop computer from Computer Banc at discount.⁴⁹ That is, there was no variation in subsidy amounts across subscribers. Rather, the PCI project focused solely on the effect of offering digital literacy training.

32. Within each ETC study area, PCI identified a treatment group area and a control group area for this project. The treatment groups tended to be an area around the main town in the ETC's territory while the control group was the rest of the area in the ETC's territory. Subscribers in the treatment group had the option to participate in no-cost digital literacy training, whereas subscribers in the control group were not offered digital literacy training. PCI tracked usage and retention of service during the pilot project to determine if such training helped subscribers overcome adoption hurdles.⁵⁰ Table 9 shows the offers for each treatment and control group.

Table 9: PCI Treatments

Treatment Description	Monthly Subsidy Amount	Equipment Discount	Digital Literacy Offered	Total Subscribers
Treatment Group	\$30.00	Varies by ETC	Yes	89
Control Group	\$30.00	Varies by ETC	No	61

33. *Implementation and Results.* PCI developed marketing materials advertising the program benefits, with pricing tailored to each ETC's rates.⁵¹ Flyers were placed in community areas and

⁴⁸ The Partnership for a Connected Illinois Project is comprised of Adams Telephone Cooperative, Cass Telephone Company, Harrisonville Telephone Company, Madison Telephone Company, Mid-Century Telephone Cooperative, Shawnee Telephone Company, and Wabash Telephone Cooperative.

⁴⁹ The following ETCs participating in the PCI project: Adams Telephone Cooperative; Cass Telephone Company; Harrisonville Telephone Company; Madison Telephone Company; Mid-Century Telephone Cooperative; Shawnee Telephone Company; and Wabash Telephone Cooperative. See Partnership for a Connected Illinois Project Broadband Adoption Lifeline Pilot Program, WC Docket 11-42 (filed July 2, 2012) (Partnership for a Connected Illinois Project); see also Supplement to Partnership for a Connected Illinois Project, WC Docket 11-42 (filed August 28, 2012); Second Supplement, WC Docket 11-42 (filed September 26, 2012).

⁵⁰ See generally PCI Final Report.

⁵¹ For specific pricing options and ETC-specific equipment discounts offered by pilot ETCs, refer to the data set released for the PCI project.

postcards were mailed to every household in ETC area Zip Codes. Throughout the project, each ETC marketed via newspaper advertisements, editorials, billing inserts, school district competitions and via television, depending on the marketing budget for each ETC. Because multiple ILECs participated in the PCI pilot, each applied the same \$30 discount to different menus of broadband offerings.

34. Based on survey data provided by the PCI pilot, 73 percent of the subscribers had never had broadband access in their home prior to enrolling in the pilot and noted that the main reason for not having broadband was due to cost. This project also studied the choices subscribers made in determining speeds because they were permitted to choose from speed packages offered by each participating ETC. Of the subscribers able to choose multiple speed tiers, 79 percent chose the slowest speed package, which also came with the smallest monthly fee. In regards to retention, 66 percent of the participants remained connected to broadband service once the subsidy ended.⁵²

2. Troy Cablevision (Troy Cable) (AL)

35. *Overview and Description of Offerings.* Troy Cablevision, in partnership with the Alabama Department of Economic and Community Affairs, tested the effects of subsidy amounts on adoption by offering a \$14 subsidy off a wireline broadband plan within two counties and offered a \$24 discount off the same wireline broadband plan in two separate counties.⁵³ Table 10a shows these two test groups.

Table 10a: Troy Cable Treatments

Treatment Description	Monthly Subsidy Amount	Equipment Discount	Digital Literacy Offered	Total Subscribers
Test Group I	\$24.00	\$0.00	Yes	102
Test Group II	\$14.00	\$0.00	Yes	25

36. *Implementation and Results.* During the summer of 2013, Troy Cable distributed signup packets to all local school systems within the four-county footprint covered by the pilot: Pike, Dale, Coffee, and Crenshaw counties. Each packet contained a flyer describing the pilot, as well as application and survey forms to be completed. With the approval of each school superintendent, Troy Cable delivered all copies to the Boards of Education for distribution. The following is a list of packets sent within each county: Pike County: 5,260; Dale County: 3,780; Coffee County: 2,250; and Crenshaw County: 1,630. Additionally, Troy Cable sent 825 mailers to non-profit organizations and 6,500 existing Troy Cable customers.⁵⁴ Table 10b shows the price of the 4 Mbps/1 Mbps service to which a subscriber's subsidy amount was applied.

Table 10b: Troy Cable Plans

Plan Description	Unsubsidized Monthly Cost	Unsubsidized Equipment Cost	Subscribers
4Mb/1Mb	\$33.99	\$5.00	127

3. Vermont Telephone (VT)

37. *Overview and Description of Offerings.* Vermont Telephone, in partnership with Connected Nation, operated a pilot project that tested the effect of subsidy on wireline broadband adoption by offering different prices to customers in selected wire centers, while customers served by other wire centers were only offered service at un-discounted prices. Vermont Telephone sought to randomize

⁵² See PCI Final Report at 7.

⁵³ See Troy Cablevision, Inc. Application for Low Income Broadband Pilot Program, WC Docket 11-42 (filed July 2, 2012) (Troy Cablevision Application); see also Supplement to Troy Cablevision Application, WC Docket 11-42 (filed August 10, 2012); Second Supplement to Troy Cablevision Application, WC Docket 11-42 (filed August 30, 2012).

⁵⁴ See Troy Cable Final Report.

which wire centers were given each offer.⁵⁵ The treatment group offer was either (a) to maintain a uniform \$9.95 end-user charge for the full 12 months if the customer subscribed to a long-distance plan or (b) to be charged a \$9.95 end-user charge for the first three months, followed by a \$14.95 end-user charge for the remaining 9 months. To achieve this end-user charge structure in the treatment groups, the subsidy varied over the year. The undiscounted wire centers paid \$29.95/month with long-distance and \$34.95/month without long distance.⁵⁶ Table 11a shows the characteristics of each experimental group.

Table 11a: Vermont Telephone Company Treatments

Treatment Description	Monthly Subsidy Amount	Equipment Discount	Digital Literacy Offered	Total Subscribers
Treatment Group	\$5 months 1-6 & \$20 months 7-12 if bundled with long distance; \$0 months 1-3 & \$20 months 4-12 if no long distance	\$350.00	Yes	73
Control Group	\$0.00	\$350.00	Yes	4

38. *Implementation and Results.* In implementing the pilot, Vermont Telephone sent mailers and bill inserts to existing voice and video subscribers that were not subscribing to the company's Internet service and also to households that may qualify for Lifeline service but do not currently use it. Table 11b shows which plans pilot subscribers purchased.

Table 11b: Vermont PR Plans

Plan Description	Unsubsidized Monthly Cost	Unsubsidized Equipment cost	Subscribers
BB w/LD (Long Distance)	\$14.95 months 1-6; \$29.95 months 7-12	\$350.00	0
BB w/LD and TV	\$14.95 months 1-6; \$29.95 months 7-12	\$350.00	0
BB w/LD - Device	\$14.95 months 1-6; \$29.95 months 7-12	\$350.00	31
BB w/LD - TV & Device	\$14.95 months 1-6; \$29.95 months 7-12	\$350.00	0
BB Only	\$9.95 months 1-3; \$34.95 months 4-12	\$350.00	4
BB w/ TV	\$9.95 months 1-3; \$34.95 months 4-12	\$350.00	0
BB w/ Device	\$9.95 months 1-3; \$34.95 months 4-12	\$350.00	42
BB w/TV and Device	\$9.95 months 1-3; \$34.95 months 4-12	\$350.00	0

4. XChange Telecom (XChange) (Brooklyn, NY)

39. *Overview and Description of Offerings.* XChange, in partnership with City University of New York Computer Sciences Department and School of Public Affairs, Baruch College, and City University of New York, operated a pilot project that tested different subsidy amounts: \$10, \$15 and \$20. By varying the subsidy offered to buildings and neighborhoods, XChange's Pilot Project allowed for

⁵⁵ Vermont Telephone sought to randomize the wire centers, though due to the limited number of wire centers it is debatable whether the experiment should be considered truly experimental or quasi-experimental.

⁵⁶ See Vermont Telephone Company, Inc. Application to Participate in Broadband Adoption Lifeline Pilot Program, WC Docket 11-42 (filed July 2, 2012) (Vermont Telephone Application) *see also* Supplement to Vermont Telephone Application (filed September 5, 2012).

estimating the effect of the subsidy amount on adoption.⁵⁷ For the group with the largest subsidy (Discount Group III), XChange also varied whether it offered digital literacy training. Table 12a sets forth the treatments XChange used.

Table 12a: Xchange Telecom Treatments

Treatment Description	Monthly Subsidy Amount	Equipment Discount	Digital Literacy Offered	Total Subscribers
Control Group, No Discount	\$0.00	\$34.00	No	0
Discount Group I	\$10.00	\$34.00	No	13
Discount Group II	\$15.00	\$34.00	No	19
Discount Group III - without Digital Literacy	\$20.00	\$34.00	No	182
Discount Group III - with Digital Literacy	\$20.00	\$34.00	Yes	0

40. *Implementation and Results.* In implementing the pilot, XChange sent nearly 9,000 mailers to their existing subscriber base. XChange also expanded its marketing by sending direct mailings and postcards, and making phone calls to households in selected Zip Codes within King County (Brooklyn). Consumers could complete applications and surveys either online, via fax or over the phone. Subscriber could choose from a menu of plans and apply their discount to this plan. These plans varied by the type of voice service (if any) the broadband was bundled with. XChange also offered a filtering service with each plan for an additional \$10 per month. Table 12b provides an overview of unsubsidized plan prices and enrollment data.⁵⁸

Table 12b: Xchange Telecom Plans

Plan Description	Unsubsidized Monthly Cost	Unsubsidized Equipment cost	Subscribers
Non-Bundled - Without Filtering	\$24.99	\$34.00	0
Bundled Plan A (Local) - Without Filtering	\$24.99	\$34.00	20
Bundled Plan B (Metro) - Without Filtering	\$24.99	\$34.00	13
Bundled Plan C (USA) - Without Filtering	\$24.99	\$34.00	181
Non-Bundled - With Filtering	\$34.99	\$34.00	0
Bundled Plan A (Local) - With Filtering	\$34.99	\$34.00	0
Bundled Plan B (Metro) - With Filtering	\$34.99	\$34.00	0
Bundled Plan C (USA) - With Filtering	\$34.99	\$34.00	0

D. Mobile - Non-Experimental

1. T-Mobile Puerto Rico LLC (T-Mobile) (Puerto Rico)

41. *Overview and Description of Offerings.* This project studied the effects of outreach methods and varying usage limits with mobile broadband service offerings. T-Mobile offered a flat-rate subsidy of \$20 off broadband plans with the choice of either 5 GB or 2 GB of data and free hotspot or smartphone device.⁵⁹

42. *Implementation and Results.* Rather than varying the subsidy amount or digital literacy offering, T-Mobile's project sought to test certain advertising and outreach methods to determine which

⁵⁷ See XChange Telecom Corp. Application to Participate in the Broadband Adoption Lifeline Pilot Program, WC Docket 11-42 (filed July 2, 2012) (XChange Application); see also Supplement to XChange Application, WC Docket 11-42 (filed August 17, 2012).

⁵⁸ See XChange Final Report.

⁵⁹ See T-Mobile Puerto Rico, LLC Application to Participate in the Broadband Adoption Lifeline Pilot Program, WC Docket 11-42 (filed July 2, 2012) (T-Mobile Application); see also Supplement to T-Mobile Application, WC Docket 11-42 (filed August 15, 2012).

type of outreach most effectively impacted enrollment.⁶⁰ T-Mobile divided its marketing approach into three months (May 2014 – July 2014). In the month of May, it implemented a direct mail strategy and advertising in retail store fronts. In the month of June, it launched a television, print and “out of home campaign.” Television advertising was the main driver for enrollment in this pilot, followed by the print strategies, which led to the highest enrollment of all of the pilot programs. For the month of July, T-Mobile implemented an SMS strategy along with advertising in retail store fronts. T-Mobile notes that most of the July sales were customers that came to the stores in June but due to excess demand were given appointments for July.⁶¹ Table 13a shows the various treatments, in this case advertising methods, T-Mobile used and the number of subscribers T-Mobile credits as being attracted by each method.

Table 13a: T-Mobile Puerto Rico Treatments

Treatment Description	Monthly Subsidy Amount	Equipment Discount	Digital Literacy Offered	Total Subscribers
Mass Media (TV, Print, OOH)	\$20.00	Hotspot - \$70.50 / Tablet \$265.01	Yes	2830
Targeted Outreach (DM Letter, SMS)	\$20.00	Hotspot - \$70.50 / Tablet \$265.01	Yes	179
Retail and Lifeline Location Outreach	\$20.00	Hotspot - \$70.50 / Tablet \$265.01	Yes	2
Educational Institutions	\$20.00	Hotspot - \$70.50 / Tablet \$265.01	Yes	22

43. T-Mobile’s pilot conducted in Puerto Rico also allowed customers to choose from a variety of options and apply the \$20 monthly discount. Customers could choose from data-only plans to be used with a MiFi device, bundled smartphone plans with some amount of voice, text, and/or data, and data plans that the customer could choose to add-on to an existing voice-only account, which T-Mobile referred to as “SOC.” For each of the plans, T-Mobile offered the device at no cost to the customer. For T-Mobile’s pilot customers, as shown in Table 13b the overwhelming majority chose the \$11.49 per month (after the discount) plan which offered 2GB and 300 minutes of voice (local + unlimited incoming) with no text.⁶²

⁶⁰ Since T-Mobile did not vary the subsidy, this project was non-experimental. However, since the pilot varied advertising over time the pilot may be considered quasi-experimental, having compared across time periods.

⁶¹ See T-Mobile Final Report.

⁶² This explains the low percentage choosing the smartphone option with voice, text, and data since most subscribers already have voice service.

Table 13b: T-Mobile PR Plans

Plan Description	Unsubsidized Monthly Cost	Unsubsidized Equipment Cost	Subscribers
Broadband Only, 2GB	\$39.99	Hotspot \$70.50 / Tablet \$365.00	51
Broadband Only, 5GB	\$49.99	Hotspot \$70.50 / Tablet \$365.01	11
Smartphone Bundle, Unlimited Voice/Text 2GB	\$64.99	option 1 - \$130.90 / option 2 - \$327.99 / option 3 - \$518.99	3
Smart Phone, Unlimited Voice/Text, 5GB	\$74.99	option 1 - \$130.90 / option 2 - \$327.99 / option 3 - \$518.100	0
Smartphone Bundle, 300 Minutes, no Text, 2GB	\$44.99	option 1 - \$130.90 / option 2 - \$327.99 / option 3 - \$518.101	2928
2GB Smartphone Data SOC	\$25.00	option 1 - \$130.90 / option 2 - \$327.99 / option 3 - \$518.102	5
5GB Smartphone Data SOC	\$35.00	option 1 - \$130.90 / option 2 - \$327.99 / option 3 - \$518.103	35

2. PR Wireless (Puerto Rico)

44. *Overview and Description of Offerings.* PR Wireless, in partnership with Connected Nation, operated a pilot project that offered service at a discounted rate. PR Wireless offered eligible consumers a flat subsidy of \$25 off two different wireless broadband plans, each with the same end-user charge and usage limits, but with access to different equipment (hotspot modem (mi-fi) and smartphone) that the subscriber paid for at a discount. PR Wireless referred to this as the treatment group. All plans sold to customers included up to 5 GB of monthly data.⁶³ PR Wireless also reports a small number of subscribers in a control group, though it is unclear where this offering was made. PR Wireless's final report says nothing of control or treatment groups it had originally proposed. For this reason, and based on PR Wireless's description of its pilot activities, it appears this was a non-experimental design.

Table 14a: Puerto Rico Wireless Treatments

Treatment Description	Monthly Subsidy Amount	Equipment Discount	Digital Literacy Offered	Total Subscribers
Control Group - Current Lifeline Subscribers	\$0.00	\$113.00	No	7
Treatment Group - Current Lifeline Subscribers	\$25.00	\$113.00	Yes	2468

45. *Implementation and Results.* During the pilot, PR Wireless had an average of 2,002 subscribers, 75 percent of which subscribed to the smartphone plan consisting of voice and data services, and 25 percent subscribed to its MiFi hotspot plan.⁶⁴ Table 14b sets forth enrollment by plans offered in the pilot.

⁶³ See PR Wireless Application to Participate in the Broadband Adoption Lifeline Pilot Program, WC Docket 11-42 (filed July 2, 2012) (PR Wireless Application); see also Supplement to PR Wireless Application, WC Docket 11-42 (filed August 3, 2012); Second Supplement to PR Wireless Application, WC Docket 11-42 (filed September 25, 2012); see also PR Wireless Final Report.

⁶⁴ See PR Wireless Final Report.

Table 14b: PR Wireless Plans

Plan Description	Unsubsidized Monthly Cost	Unsubsidized Equipment cost	Subscribers
USB Modem Plan	\$45.00	\$163.00	18
HotSpot Plan	\$45.00	\$168.00	293
Tablet Plan	\$45.00	\$401.00	0
Laptop Bundle	\$45.00	\$401.00	0
Smartphone 4G LTE	\$60.00	\$196.00	2164

3. Puerto Rico Telephone Company (PRT) (Puerto Rico)

46. *Overview and Description of Offerings.* This project examined consumers' choice of wireline or wireless broadband, speeds for wireline broadband, and usage limits for wireless broadband. PRT offered subscribers the option to choose among four different project offerings with differing end-user prices. One option gave consumers the choice of wireline broadband bundled with wireline voice service at speeds of either 2 Mbps download, 1 Mbps upload or 4 Mbps download, 1 Mbps upload. PRT offered consumers a \$5 subsidy off the wireline broadband plans. The other three offerings gave consumers the option of purchasing a wireless broadband plan with different usage limits of either 2 GB or 3 GB, which were either stand-alone broadband or bundled with wireline voice service. PRT also offered consumers the option of a \$5 subsidy off the bundled wireless plan, or \$18.50 off the stand-alone broadband plans.⁶⁵ Table 15a shows the subsidy provided and the number of subscribers.

Table 15a: Puerto Rico Telephone Treatments

Treatment Description	Monthly Subsidy Amount	Equipment Discount	Digital Literacy Offered	Total Subscribers
No Treatment Variation	\$5.00 (fixed)/\$5 if bundled or \$18.50 if standalone (wireless)	\$0.00	Yes	354

47. *Implementation and Results.* For marketing and outreach, PRT utilized a broad range of mediums, including television, newspaper advertisements, advertisements within retail stores, bill inserts to existing subscribers who do not subscribe to Internet service, and SMS.

48. The PRT pilot project provided the only opportunity of all the projects to observe consumers' direct choice between fixed and mobile connections. Table 15b shows the percentage of new adopters choosing each mode of service from PRT. Since pilot households did not have broadband prior to enrolling in the pilot, this comparison suggests many newly adopting households value a fixed connection (in this case DSL) over a mobile connection. Over 70 percent of households in the PRT pilot project paid at least \$37.49 per month for a DSL connection and voice instead of choosing 2G or 3G mobile options (without voice) at lower end-user charges.

⁶⁵ See Puerto Rico Telephone Company, Inc. Application to Participate in the Broadband Adoption Lifeline Pilot Program, WC Docket 11-42 (filed July 2, 2012) (PRT Application); see also Supplement to PRT Application, WC Docket 11-42 (filed August 16, 2012); Second Supplement to PRT Application, WC Docket 11-42 (filed August 30, 2012).

Table 15b: Puerto Rico Telephone Plans

Plan Description	Unsubsidized Monthly Cost	Unsubsidized Equipment cost	Subscribers
DSL w/Voice, Tablet (WiFi), 2Mb/1Mb	\$42.49	\$180.00	170
DSL w/Voice, Tablet (WiFi), 4Mb/1Mb	\$49.50	\$180.00	95
Mobile Broadband w/voice, Tablet (SIM), 2GB Data Limit	\$34.99	\$200.00	0
Mobile Broadband w/voice, Tablet (SIM), 3GB Data Limit	\$42.00	\$200.00	0
Mobile BB, Tablet (SIM) - Postpaid, 2G Data Limit	\$31.24	\$150.00	70
Mobile BB, Tablet (SIM) - Postpaid, 3G Data Limit	\$41.24	\$150.00	9
Mobile BB, Tablet (SIM) - Prepaid, 2G Data Limit	\$24.99	\$150.00	9
Mobile BB, Tablet (SIM) - Prepaid, 3GB Data Limit	\$34.99	\$150.00	1

E. Fixed - Non-Experimental

1. National Telecommunications Cooperative Association (NTCA) (IA, NM)

49. *Overview and Description of Offerings.* The NTCA Pilot Project studied customer choices in adopting broadband, in some cases when providing a decreasing subsidy amount. The NTCA project included Alpine Communications (IA) and Leaco Rural Telephone (NM), in partnership with Connected Nation.⁶⁶ The pilot offered a range of wireline broadband plans in one state with a flat subsidy amount of \$25 per month for all 12 months. In the other state, the pilot offered a range of wireline broadband plans with a sliding scale subsidy that was initially \$40 per month for the first quarter and was reduced each quarter thereafter in increments of \$10 (leaving a subsidy of \$10 per month for the final quarter). In each case, customers were able to choose from several speed plans, subject to what technologies the provider had available at the customer's location.⁶⁷ Table 16a describes each treatment.

Table 16a: NTCA Treatments

Treatment Description	Monthly Subsidy Amount	Equipment Discount	Digital Literacy Offered	Total Subscribers
Flat Discount	\$25.00	\$49.99	Yes	47
Sliding Discount	\$40/\$30/\$20/\$10	\$49.95	Yes	2

50. *Implementation and Results.* Each of the ETCs within the NTCA pilot project utilized a number of different strategies and venues for publicizing the pilot program within their service territories. These included: direct mailings, flyers delivered to sites such as libraries, banks, elderly meal provider sites, letters sent to existing Lifeline subscribers, school districts, etc.⁶⁸ The results are detailed in Table 16b. Since availability of technology varies within each provider's region, customers' choices of service were sometimes restricted.

⁶⁶ While ostensibly the NTCA project compared two different subsidy schemes in two different areas, it would be difficult to classify this pilot as quasi-experimental given the vastly different geographic areas involved.

⁶⁷ See Amendment to Application of Rural Carriers, WC Docket 11-42 (filed August 21, 2012) (NTCA Application); see also Supplement to NTCA Application, WC Docket 11-42 (filed September 24, 2012). While ostensibly the NTCA project compared two different subsidy schemes in two different areas, it would be difficult to classify this pilot as quasi-experimental given the vastly different geographic areas involved, thus it is best treated as non-experimental.

⁶⁸ NTCA Application at 17.

Table 16b: NTCA Plans

Plan Description	Unsubsidized Monthly Cost	Unsubsidized Equipment cost	Subscribers
Alpine: 3Mb/512Kb; DSL; Bundled	\$39.95	\$49.95	2
Alpine: 3Mb/512Kb; DSL; Standalone	\$54.95	\$49.95	0
Alpine: 6Mb/512Kb; DSL; Bundled	\$49.95	\$49.95	0
Alpine: 6Mb/512Kb; DSL; Standalone	\$64.95	\$49.95	0
Alpine: 6Mb/500Kb; FTTH; Bundled	\$39.95	\$0.00	0
Alpine: 6Mb/500Kb; FTTH; Standalone	\$54.95	\$0.00	0
Alpine: 12Mb/1MB; FTTH; Bundled	\$49.95	\$0.00	0
Alpine: 12Mb/1MB; FTTH; Standalone	\$64.95	\$0.00	0
Leaco: 768KBS/512KB; DSL	\$28.99	\$49.99	14
Leaco: 1.5MB/768KB; DSL	\$39.99	\$49.99	8
Leaco: 3MB/1MB; DSL	\$49.99	\$49.99	18
Leaco: 5MB/1MB; DSL	\$59.99	\$49.99	3
Leaco: 1.5MB/768KB; FTTH	\$29.99	\$49.99	1
Leaco: 3MB/1MB; FTTH	\$49.99	\$49.99	0
Leaco: 5MB/1.5MB; FTTH	\$59.99	\$49.99	2
Leaco: 12MB/3MB; FTTH	\$119.99	\$49.99	0
Leaco: 16MB/5MB; FTTH	\$129.99	\$49.99	0
Leaco: 1.5 MB/256Kb; 3G Aircard	\$39.99	\$129.99	0
Leaco: 768Kb/512Kb; Unlicensed Wireless	\$29.99	\$49.99	1
Leaco: 1.5MB/768KB; Unlicensed Wireless	\$39.99	\$49.99	0
Leaco: 3.0MB/1MB; Unlicensed Wireless	\$49.99	\$49.99	0

V. CONCLUSION

51. The Commission, in launching the Pilot Program, recognized that the major barriers to adoption—cost, relevance and digital literacy—are intertwined. There is widespread consensus that an individual's willingness to pay for broadband is directly related to the perceived relevance of the broadband and how "digitally literate" the individual is in using the service. In selecting the pilot projects, Commission staff struck a balance between allowing ETCs enough flexibility in the design of the pilots and ensuring the structure of each project would result in data that would be statistically and economically relevant. Moreover, given the condition that participation was limited to consumers that had not subscribed to broadband within the last 60 days, Commission staff also recognized that there was a substantial risk of depressed enrollment in each of the projects relative to the initial ETC projections. As a result of this limitation, ETCs had to market the limited-time project offerings to consumers that either could not afford broadband service or, until that time, did not understand the relevance of broadband.

52. As shown from the data summarized above, the Low-Income Broadband Pilots provide an important perspective on how various policy tools can impact broadband adoption by low-income consumers. The Bureau anticipates this report and the underlying data will prove valuable to both the Commission and outside parties.

**STATEMENT OF
CHAIRMAN TOM WHEELER**

Re: *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, *Telecommunications Carriers Eligible for Universal Service Support*, WC Docket No. 09-197, *Connect America Fund*, WC Docket No. 10-90.

One of this agency's most fundamental responsibilities is to ensure that all Americans have access to vital communications services. We also have a duty to manage public resources in an effective, efficient manner that advances the public interest. Today's Lifeline item advances both objectives: exploring new ways to expand access to broadband, while strengthening protections against waste, fraud, and abuse.

The Lifeline program was established by the Reagan Administration's FCC in 1985 to help low-income Americans afford access to vital communications. Over a span of three decades, the program has helped tens of millions of Americans afford basic phone service. But as communications technologies and markets evolve, the Lifeline program also has to evolve to remain relevant.

This is what the Bush Administration did in the 2000s when the FCC took steps to open the program to mobile wireless service, including non-facilities-based mobile providers. Unfortunately, however, they took those steps without instituting the kinds of controls necessary to protect against waste, fraud, and abuse. As a result of these decisions, the program almost tripled in size from 2008 (about \$784 million) to 2012 (almost \$2.2 billion). The year before I arrived, Chairman Genachowski took action to begin to correct those earlier missteps. These reforms helped annual Lifeline spending drop from almost \$2.2 billion to \$1.7 billion, a 23 percent decrease.

But it's not just fixing the program's management that is necessary. There are basic design flaws that must be fixed, such as how today those who provide the Lifeline service certify the eligibility of those who sign up for the program. If ever there was a fox guarding the hen house, it would be this requirement.

Therefore, beginning with this NPRM we are taking the Lifeline program down to the studs. The program's rules need a hard look and an overhaul. This NPRM solicits the advice we need to do just that.

We all agree that we have entered the broadband era – except Lifeline has not. The transformation from a voice-based service to a broadband-based service is key to Lifeline's future. Broadband access is essential to find a job: more than 80 percent of Fortune 500 job openings are online. Americans need broadband to keep a job, as companies increasingly require basic digital literacy skills. Our kids rely on broadband to do their homework – whether it's completing an online assignment or researching a topic for their class. Broadband helps us save money – a 2012 study estimated that broadband helps a typical U.S. consumer save \$8,800 a year by providing access to bargains on goods and services.

But nearly 30 percent of Americans still don't have broadband at home, and low-income consumers disproportionately lack access. While more than 95 percent of households with incomes over \$150,000 have broadband, only 48 percent of those making less than \$25,000 have service at home.

Consider Nicole Tanis of Washington Heights in Upper Manhattan. This 60-year-old regularly takes a 40-minute subway ride to a public library on 34th Street because the wait time to use the Internet is shorter there than in the libraries in her neighborhood. She makes the trip to do small freelance data entry jobs on the library's computers, while looking for other part-time positions online.

Today's Lifeline NPRM also puts us on the path to finish the job of modernizing our major universal service programs. We've already adopted historic reforms to the Universal Service Fund to create the Connect America Fund, which just this week invested \$283 million to leverage Frontier's deployment of broadband to 1.3 million Americans. We've also updated E-rate to support high-speed wired and wireless connectivity in our schools and libraries. We're hoping rate-of-return carriers will help us reform their support mechanisms by the end of the year, as well. It's Lifeline's turn to be updated for the Internet age.

The FCC has a statutory mandate to ensure "consumers in all regions of the country, including low-income consumers . . . should have access to . . . advanced telecommunications services." Lifeline has proven that a small subsidy for phone service can make a huge impact in people's lives. Lifeline support for broadband would likely have an even greater impact.

Getting Lifeline reform right won't be easy. I look forward to working with my colleagues to resolve the difficult questions before us.

**STATEMENT OF
COMMISSIONER MIGNON L. CLYBURN**

Re: *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, *Telecommunications Carriers Eligible for Universal Service Support*, WC Docket No. 09-197, *Connect America Fund*, WC Docket No. 10-90.

Technology is, in a word, remarkable. We marvel over how it is breaking down longstanding barriers, providing unprecedented access to jobs, world-class education, healthcare and innovative services. It literally is transforming lives. But the sad reality is that millions of our citizens are foreclosed from opportunities, trapped in digital darkness, and stranded on the wrong side of the affordability divide.

For the past 30 years, the FCC has possessed the tools needed to build a bridge for these struggling Americans ... a path that could aid in transporting consumers out of poverty and isolation to connectivity and independence. But, in recent years, despite having the ability to retrofit that bridge for the digital age, we were idle – allowing our fundamental tools to rust in the FCC’s woodshed.

Today, however, we begin a process that could rid us of these antiquated constructs and launch a 21st century program that will provide households that have fallen on hard times, more hope, more options and more opportunities.

When I made it known that reforming the Lifeline Program was a priority for me, I was literally asked if I were off my rocker. Does she not know how politically sensitive a topic this is, I was asked by another? The answers are no and yes.

The safe course would be one of inaction. But the oath that I took requires that I try to use all the tools in my regulatory arsenal to close chronic divides and stay true to those words in the statute. We must not wait, remain idle, or play it safe when it comes to this program, for we know that broadband is the greatest technology equalizer of our time, but it can only be so if everyone has access. If we fail or never try, the promises that broadband brings will be reserved only for the privileged.

Decision-makers cannot wait. We can ill afford to tuck our heads in the sand, throw our hands up in frustration or walk away from the challenge before us, particularly when we have a chance and means to craft good policy, institute sound management and deploy targeted efforts that may be the key to turning the tide in persistent poverty areas.

The FCC cannot wait. We displayed our capacity to be unwavering in our commitment to universal service with the other programs, and we must keep in mind that Congress’s dictate to the Commission, is simple and clear – services should be “affordable” and all consumers including “low-income consumers and those in rural, insular, and high cost areas should have access to ... advanced telecommunications and information services.”

I was proud to support reforms to our high cost universal service program. It put this country on a path to ubiquitous broadband availability. But deployment is only one part of the Congressional directive to ensure that both “rural” areas and “low-income consumers” have reasonably comparable service. The Commission should treat our universal service obligation for “low-income consumers” as the statute treats them: with equal weight.

The time is now to shed that 20th century Lifeline voice-only product and adopt a 21st century model, because a voice-only program is inconsistent with the statute’s directive to ensure that low-income consumers have access to “advanced” telecommunications and information services.

But first, we must design a future-proof program that enables low-income consumers to have access to broadband services comparable to everyone else. Second-class or inferior service is unacceptable and should not be eligible for universal service support.

Second, this program must be free of its current stigmas. Consumers should be treated with dignity. They no longer should be forced to turn over financially sensitive information to an unknown person, in front of a group of strangers, in a parking lot or tent. Seniors, veterans, the disabled, children, and others, deserve much better. We also must demand more than the *de minimis* service offerings by some.

Third, we need competitive options. We should encourage broader participation, by thinking outside the box, reducing unnecessary administrative burdens and rethinking the process for participation in the program.

Fourth, but just as important as the first, we need enhanced oversight to further eliminate all incentives for waste, fraud and abuse. A neutral third-party – not the carrier – should determine consumer eligibility and we also must plug any other loophole in the current Lifeline program.

Finally, we should reduce administrative burdens by leveraging efficiencies from other benefit programs, and seek comment on working with existing state programs to determine eligibility.

I will be among the first to admit that there have been issues with Lifeline in the past, but I will also be the first to proclaim that this agency has been denied the credit it deserves for the results of the tremendous bipartisan Lifeline reforms of 2012. We have saved the fund over \$2.75 billion, put the program on a sounder footing, eliminated duplicates and, according to reports since our reform, Lifeline has better efficiency indices when it comes to waste and fraud prevention, than most of our other universal service or Telecommunications Relay Service programs. While the statistics continue to confirm this, I realize that no report, no matter how credible, nor any words from me, will change current perceptions or rhetoric. But that will not deter me from remaining committed to endorse all necessary steps, to make the Lifeline Program a best practice benefits program.

The proposals in this notice, including eliminating carriers from determining customer eligibility and other steps to tighten up the program, are the first steps in ensuring program credibility. While establishing a budget or cap has been the call of many, the very best way in my opinion to discipline program expenditures is to focus on leveraging this program to reduce poverty in this nation, so that the number of eligible households decline, which means that Lifeline expenditures decline.

We should focus on making Lifeline part of a pathway out of poverty and make the program so successful and so enabling that recipients no longer need it or any other federal benefit program because they no longer qualify. I challenge us to be as bold and as visionary as those high tech companies we marvel over. If we are not careful and embrace an artificial budget, set it at an arbitrary amount, I fear we risk foreclosing eligible low-income households from connectivity when they need it most, and will ensure that too many of our citizens remain stuck in digital badlands and cycles of poverty for another block of years.

My staff and I have personally invested significant time over the last several weeks in attempts to reach a bipartisan compromise. In the spirit of compromise, despite my concerns, I not only offered to seek comment on a budget of \$1.6 billion, I offered to support proposing a budget if we could seek comment on what the appropriate budget should be. Even this was not enough and I find that this unwillingness to compromise, which where I come from is the settling of mutual differences, unfortunate.

But I am anxious to move forward in crafting a 21st century blueprint for Lifeline. A rebooted program could be the best investment this government makes because the network effects and reverberating benefits to society will be tremendous. One area I have been passionate about is health care and what technology can do to improve outcomes. The potential for Lifeline to be a catalyst here has been too often overlooked. In a recent telemedicine trial, for example, healthcare costs were reduced by 27 percent, acute and long-term care costs were reduced by 32 percent and hospitalizations were reduced by 45 percent. Just imagine the possibilities if everyone could afford broadband and make use of these technologies.

I look forward to moving from today's blueprint to adopting a foundation and building a new program as we move to Order. The time is now to build the bridge to empowerment, independence and connectivity. Let's sunset Lifeline and replace it with **iBridge Now!**

**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
)	
Telecommunications Carriers Eligible for Universal Service Support)	WC Docket No. 09-197
)	
Connect America Fund)	WC Docket No. 10-90
)	

ORDER

Adopted: August 5, 2015

Released: August 5, 2015

Extended Comment Filing Deadline: August 31, 2015

Extended Reply Comment Filing Deadline: September 30, 2015

By the Chief, Wireline Competition Bureau:

1. On June 18, 2015, the Federal Communications Commission adopted a Second Further Notice of Proposed Rulemaking (Second FNPRM) in which the Commission sought comment and reply comment on proposals to modernize the Lifeline program.¹ The Second FNPRM set the deadline for filing comments at 30 days after its publication in the Federal Register and reply comments at 60 days after its publication in the Federal Register.² On July 17, 2015, the Second FNPRM was published in the Federal Register and the Wireline Competition Bureau released a Public Notice that announced the deadline for filing comments as August 17, 2015, and the deadline for filing reply comments as September 15, 2015.³

2. On July 31, the California Public Utilities Commission (California PUC) filed a motion to extend the established comment and reply comment deadlines by 30 days.⁴ The California PUC argues a 30-day extension is in the public interest because it will need more time to fully evaluate and respond to several sections in the Second FNPRM that reference California's state Lifeline program and discuss the potential interplay between federal and state support programs.⁵

3. Also on July 31, the United States Telecom Association, CTIA – The Wireless Association, and ITTA – The Voice of Mid-Size Communications Companies (ITTA) filed a joint request

¹ See *Lifeline and Link Up Reform and Modernization, et al.*, WC Docket No. 11-42, et al., Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, FCC 15-71 (rel. June 22, 2015) (*Lifeline Reform and Modernization Second FNPRM*).

² *Id.*

³ *Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund*, 80 Fed. Reg. 42670 (July 17, 2015); *Lifeline and Link Up Reform and Modernization, et al.*, WC Docket No. 11-42, et al., Public Notice, DA 15-828 (July 17, 2015).

⁴ Motion of the California Public Utilities Commission for Extension of Time to Respond to Second Further Notice of Proposed Rulemaking, WC Docket Nos. 11-42, 09-197, 10-90 (filed July 31, 2015).

⁵ See *id.* at 2-5.

to extend the established comment and reply comment deadlines by 30 days.⁶ The joint petitioners argue that a 30-day extension is in the public interest as it allows them to develop meaningful, substantive responses in this “unusually complex” proceeding.⁷ As a result, the joint petitioners state that a more robust record will be developed if a 30-day extension is granted.⁸

4. On August 3, the National Association of State Utility Consumer Advocates (NASUCA) also filed a motion to extend the comment and reply comment deadlines by 30 days.⁹ NASUCA argues that an extension would serve the public interest because the Second FNPRM includes “questions covering nearly every conceivable aspect of designing a Lifeline program for broadband,” and it is “critical that the Commission receives comments that are thoroughly considered, taking the full complexity of the issues into account.”¹⁰

5. The Commission does not routinely grant extensions of time.¹¹ However, given the breadth and complexity of the Second FNPRM, we find that granting a 14-day extension to the comment filing deadline and a 15-day extension to the reply comment filing deadline will facilitate more thorough and deliberate consideration of the issues raised in this proceeding.¹² Though we recognize that the petitioners requested 30-day extensions of both the comment and reply comment deadlines, we are committed to resolving the issues raised in the Second FNPRM in a timely manner. We therefore conclude that the limited extensions we grant today will allow for more thoughtful consideration of the issues raised in the Second FNPRM, while at the same time not unduly delaying the resolution of these issues.

6. Accordingly, IT IS ORDERED that, pursuant to Section 4(i) and 4(j) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i) and 154(j), and Sections 0.91, 0.291, 1.46, and 1.415 of the Commission’s Rules, 47 C.F.R. §§ 0.91, 0.291, 1.46, and 1.415, the motion of the California Public Utilities Commission, the joint request of United States Telecom Association, CTIA – The Wireless Association, and ITTA – The Voice of Mid-Size Communications Companies, and the motion of the National Association of State Utility Consumer Advocates ARE GRANTED to the extent indicated herein and the deadlines to file comments in this proceeding are extended to August 31, 2015, and reply comments to September 30, 2015.

FEDERAL COMMUNICATIONS COMMISSION

Matthew S. DelNero
Chief
Wireline Competition Bureau

⁶ Joint Request for Extension of the United States Telecom Association, CTIA – The Wireless Association, and ITTA, WC Docket Nos. 11-42, 09-197, and 10-90 (filed July 31, 2015).

⁷ *Id.* at 2-3.

⁸ *Id.* at 3-4.

⁹ Motion of the National Association of State Utility Consumer Advocates for Extension of Time, WC Docket Nos. 11-42, 09-197, and 10-90 (filed Aug. 3, 2015).

¹⁰ *Id.* at 2.

¹¹ 47 C.F.R. § 1.46(a).

¹² The deadline for filing reply comments will be extended by 15 days to preserve the 30-day time span between comment and reply comment deadlines, as established in the Second FNPRM. *See Lifeline Reform and Modernization Second FNPRM* at 1.

only first 15 pages
↳ Dec 15
100+ pages

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
)	
Telecommunications Carriers Eligible for Universal Service Support)	WC Docket No. 09-197
)	
Connect America Fund)	WC Docket No. 10-90
)	

SECOND FURTHER NOTICE OF PROPOSED RULEMAKING, ORDER ON RECONSIDERATION, SECOND REPORT AND ORDER, AND MEMORANDUM OPINION AND ORDER

Adopted: June 18, 2015

Released: June 22, 2015

Comment Date: (30 days after date of publication in the Federal Register)

Reply Comment Date: (60 days after date of publication in the Federal Register)

By the Commission: Chairman Wheeler and Commissioners Clyburn and Rosenworcel issuing separate statements; Commissioners Pai and O’Rielly dissenting and issuing separate statements.

TABLE OF CONTENTS

	Paragraph #
I. INTRODUCTION.....	1
II. SECOND FURTHER NOTICE OF PROPOSED RULEMAKING	14
A. The Establishment of Minimum Service Standards.....	15
1. Minimum Service Standards for Voice	16
2. Minimum Service Standards for Broadband	17
3. Service Levels	34
a. Standard for Setting Minimum Service Levels.....	35
b. Ensuring “Reasonably Comparable” Service for Voice and Broadband.....	37
c. Updating Standards and Compliance.....	48
d. Support Level.....	52
e. Managing Program Finances	55
f. Transition.....	59
g. Legal Authority to Support Lifeline Broadband Service	61
B. Third-Party Eligibility Determination.....	63
1. National Lifeline Eligibility Verifier.....	64
2. Coordinated Enrollment with Other Federal and State Programs	92
3. Transferring Lifeline Benefits Directly to the Consumer.....	104
4. Streamline Eligibility for Lifeline Support.....	111
5. Standards for Eligibility Documentation.....	118
C. Increasing Competition For Lifeline Consumers.....	121

1. Streamlining the ETC Designation Process	122
2. Creating a New Lifeline Approval Process	132
D. Modernizing and Enhancing the Program	142
1. TracFone Petition for Rulemaking Regarding Texting	143
2. Subscriber De-enrollment Procedures	147
3. Wireless Emergency Alerts	154
E. Efficient Administration of the Program	156
1. Program Evaluation	157
2. Tribal Lands Support	158
3. E-Sign	172
4. The National Lifeline Accountability Database: Applications and Processes	178
5. Assumption of ETC Designations, Assignment of Lifeline Subscriber Base and Exiting the Market	185
6. Shortening the Non-Usage Period	198
7. Increasing Public Access to Lifeline Program Disbursements and Subscriber Counts	200
8. Universal Consumer Certification, Recertification, and Household Worksheet Forms	203
9. Execution Date for Certification and Recertification	207
10. Officer Training Certification	210
11. First-year ETC Audits	216
III. ORDER ON RECONSIDERATION	224
A. Retention of Eligibility Documentation	224
IV. SECOND REPORT AND ORDER	238
A. Establishing a Uniform Snapshot Date Going Forward	238
B. Resale of Retail Lifeline Supported Services	244
C. Defining the “Former Reservations in Oklahoma”	257
D. Conserving Audit Resources	268
V. MEMORANDUM OPINION AND ORDER	271
VI. PROCEDURAL MATTERS	286
A. Final Regulatory Flexibility Analysis	286
B. Paperwork Reduction Act Analysis	287
C. Congressional Review Act	288
D. Initial Regulatory Flexibility Analysis	289
E. Initial Paperwork Reduction Act Analysis	290
F. Ex Parte Presentations	291
G. Comment Filing Procedures	292
VII. ORDERING CLAUSES	298
APPENDIX A – Proposed Rules	
APPENDIX B – Final Rules	
APPENDIX C – Initial Regulatory Flexibility Analysis	
APPENDIX D – Final Regulatory Flexibility Analysis	
APPENDIX E – Oklahoma Tribal Map	

I. INTRODUCTION

1. For nearly 30 years, the Lifeline program has ensured that qualifying low-income Americans have the opportunities and security that voice service brings, including being able to find jobs, access health care, and connect with family.¹ As the Commission explained at the program’s inception,

¹ The Lifeline program was originally established in 1985 to ensure that low-income consumers had access to affordable, landline telephone service in the wake of the divestiture of AT&T. *See MTS and WATS Market Structure, and Amendment of Parts 67 & 69 of the Commission’s Rules and Establishment of a Joint Board, Report and Order*, 50 Fed. Reg. 939 (Jan. 8, 1985) (*MTS and WATS Market Structure Report and Order*).

“[i]n many cases, particularly for the elderly, poor, and disabled, the telephone [has] truly [been] a lifeline to the outside world.”² Thus, “[a]ccess to telephone service has [been] crucial to full participation in our society and economy which are increasingly dependent upon the rapid exchange of information.”³ In 1996, Congress recognized the importance and success of the program and enshrined its mission into the Telecommunications Act of 1996 (1996 Act).⁴ Over time, the Lifeline program has evolved from a wireline-only program, to one that supports both wireless and wireline voice communications.⁵ Consistent with our statutory mandate to provide consumers in all regions of the nation, including low-income consumers, with access to telecommunications and information services,⁶ the program must continue to evolve to reflect the realities of the 21st Century communications marketplace in a way that ensures both the beneficiaries of the program, as well as those who pay into the universal service fund (USF or Fund), are receiving good value for the dollars invested. The purpose of the Lifeline program is to provide a hand up, not a hand out, to those low-income consumers who truly need assistance connecting to and remaining connected to telecommunications and information services. The program’s real success will be evident by the stories of Lifeline beneficiaries who move off of Lifeline because they have used the program as a stepping stone to improve their economic stability.

2. Over the past few years, the Lifeline program has become more efficient and effective through the combined efforts of the Commission and the states. The Lifeline program is heavily dependent on effective oversight at both the Federal and the state level and the Commission has partnered successfully with the states through the Federal-State Joint Board on Universal Service (Joint Board) to ensure that low-income Americans have affordable access to voice telephony service in every state and territory.⁷ In addition to working with the Commission on universal service policy initiatives on the Joint Board, many states administer their own low-income programs designed to ensure that their residents have affordable access to telephone service and connections.⁸ These activities provide the states the opportunity and flexibility to develop new and innovative ways to make the Lifeline program more effective and efficient, and ultimately bring recommendations to the Commission for the implementation of improvements on a national scale. As we continue to modernize the Lifeline program, we deeply value the input of the states as we, among other reforms, seek to streamline the Lifeline administrative process and enhance the program.

3. The Commission’s *Lifeline Reform Order* substantially strengthened protections against waste, fraud, and abuse; improved program administration and accountability; improved enrollment and

² *Id.* at 941, para. 9.

³ *Id.*

⁴ See 47 U.S.C. § 254(b)(1)(3).

⁵ Changes to the Lifeline program were based upon Congress’s direction in the statute and recommendations provided by the Federal-State Joint Board on Universal Service (Joint Board). See *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 8952, paras. 326-28 (1997) (*Universal Service First Report and Order*). The Joint Board is comprised of Federal Communications Commission (FCC) commissioners, state utility commissioners, and a consumer advocate representative. See 47 U.S.C. §§ 254(a)(1), 410(c).

⁶ See 47 U.S.C. § 254 (b)(1),(3). See also 47 U.S.C. § 151.

⁷ See, e.g., *Federal-State Joint Board on Universal Service et al.*, CC Docket. No. 96-45 et al., Recommended Decision, 25 FCC Rcd 15598 (Jt. Bd. 2010) (*2010 Joint Board Recommended Decision*).

⁸ See e.g., California Lifeline Program, <https://www.californialifeline.com/en> (last visited June 18, 2015) (providing discounted home phone and cell phone services to eligible households); Florida Public Service Commission, Lifeline Assistance, <http://www.psc.state.fl.us/utilities/telecomm/lifeline/> (last visited June 18, 2015) (ensuring that all residents of Florida have access to telephone service and connections in their homes).

consumer disclosures; and took some preliminary steps to modernize the program for the 21st Century.⁹ These reforms provided a much needed boost of confidence in the Lifeline program among the public and interested parties, increased accountability, and set the Lifeline program on an improved path to more effectively and efficiently provide vital services to the Nation's low-income consumers. In particular, the reforms have resulted in approximately \$2.75 billion in savings from 2012 to 2014 against what would have been spent in the absence of reform.¹⁰ Moreover, in the time since the reforms were adopted, the size of the Lifeline program has declined steadily. In 2012, the Universal Service Administrative Company (USAC), the Administrator of the Fund, disbursed approximately \$2.2 billion in Lifeline support payments compared to approximately \$1.6 billion in Lifeline support payments in 2014.¹¹ These reforms have been transformational in minimizing the opportunity for Lifeline funds to be used by anyone other than eligible low-income consumers. We are pleased that the Commission's previous reforms have taken hold and sustained the integrity of the Fund. However, the Commission's work is not complete. In light of the realities of the 21st Century communications marketplace, we must overhaul the Lifeline program to ensure that it advances the statutory directive for universal service.¹² At the same time, we must ensure that adequate controls are in place as we implement any further changes to the Lifeline program to guard against waste, fraud, and abuse. We therefore, among other things, seek to revise our documentation retention requirements and establish minimum service standards for any provider that receives a Lifeline subsidy. We also seek to focus our efforts on targeting funding to those low-income consumers who really need it while at the same time shifting the burden of determining consumer eligibility for Lifeline support from the provider. We further seek to leverage efficiencies from other existing federal programs and expand our outreach efforts. By rebuilding the existing Lifeline framework, we hope to more efficiently and effectively address the needs of low-income consumers. We ultimately seek to equip low-income consumers with the necessary tools and support system to realize the benefits of broadband independent of Lifeline support.

4. Today, broadband is essential to participate in society.¹³ Disconnected consumers, which are disproportionately low-income consumers, are at an increasing disadvantage as institutions and

⁹ See *Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-42 et al., Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656 (2012) (*Lifeline Reform Order* or *Lifeline FNPRM*).

¹⁰ See *id.* at 6658-60, paras. 1-4 (indicating that the reforms adopted in the *Lifeline Reform Order* could save the Fund up to an estimated \$2 billion over the next three years).

¹¹ See USAC 2014 Annual Report, at 9, <http://www.usac.org/res/documents/about/pdf/annual-reports/usac-annual-report-2014.pdf> (last visited June 18, 2015) (USAC 2014 Annual Report). See also USAC 2015 Third Quarter Appendices Filing – LI05 Annual Low Income Support by State and Company – January 2012 through March 2015, <http://www.usac.org/about/tools/fcc/filings/default.aspx> (last visited June 18, 2015) (USAC 2015 3Q Filing).

¹² See 47 U.S.C. § 254 (b)(1),(3). Recently, the U.S. Government Accountability Office (GAO) recommended that the Commission evaluate the Lifeline program to determine whether it is effectively ensuring the availability of voice service while reducing the burdens on contributors to the USF Fund. See GAO, *Telecommunications: FCC Should Evaluate the Efficiency and Effectiveness of the Lifeline Program*, GAO-15-335, at 35 (Mar. 2015) (GAO March 2015 Report). GAO also focused on a few reforms the Commission had previously identified, but had not yet fully implemented. See *id.* at 11-13. The report also identified some challenges faced by both providers and subscribers. See *id.* at 22-30. We note that the Commission has been and continues to evaluate the Lifeline program using measurements described in the *Lifeline Reform Order* and peer reviewed third-party studies on the effectiveness of the program. This Second FNPRM and Report and Order addresses the reforms which have not yet been fully realized, the challenges faced by subscribers and eligible telecommunications carriers (ETCs), and how broadband should be incorporated in the Lifeline program.

¹³ Throughout this document, we use the term “broadband” generally to mean access to the Internet that is not via a dial-up connection. See *Protecting and Promoting the Open Internet*, GN Docket No. 14-28, Report and Order on Remand, Declaratory Ruling, and Order, FCC 15-24, 80 Fed. Reg. 19738, 19791-92, para. 356 (2015) (*Open Internet Order*) (finding that broadband Internet access service, as offered by both fixed and mobile providers, is an offering of both high-speed access to the Internet and other applications and functions). Where we mean the term

schools, and even government agencies, require Internet access for full participation in key facets of society. Notwithstanding overall gains in the adoption of basic levels of broadband service, a disproportionate number of individuals who remain offline have lower than average incomes. Computer ownership and Internet use strongly correlate with a household's income; the higher the household income, the more likely it is for the household to subscribe to broadband service.¹⁴ In 2013, there were approximately 116 million U.S. households.¹⁵ Ninety-five percent of U.S. households with incomes of \$150,000 or more reported connecting to the Internet, while only about 48 percent of the households making less than \$25,000 and 69 percent of households with incomes between \$25,000 and \$49,999 subscribe to home Internet access.¹⁶

5. Broadband is necessary for even basic communications in the 21st Century, and offers improved access to and quality of education and health services, improved connectedness of government with society, and the ability to create jobs and prosperity.¹⁷ Broadband access thus is necessary for even basic participation in our society and economy:

- Schools utilize online learning both inside and outside of their classrooms to supplement learning and provide additional lessons.¹⁸ Without broadband at home, many students

“broadband” to refer to an Internet connection of a particular speed, we are more specific. The Commission has set a goal for the Nation that everyone should have access to a fixed broadband connection of 25 Mbps/3 Mbps or greater. See *Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, as Amended by the Broadband Data Improvement Act*, GN Docket No. 14-126, 2015 Broadband Progress Report and Notice of Inquiry on Immediate Action to Accelerate Deployment, 30 FCC Rcd 1375, 1393-94, para. 26 (2015) (*2015 Broadband Progress Report*). Nothing in this document or in our use of the term “broadband” in a variety of contexts should be interpreted to have any implication for that goal.

¹⁴ See Thom File and Camille Ryan, *Computer and Internet Use in the United States: 2013*, American Community Survey Reports, U.S. Department of Commerce, Economics and Statistics Administration, U.S. Census Bureau, at 3-4 (Nov. 2014), <http://www.census.gov/history/pdf/2013computeruse.pdf> (November 2014 Census Report) (last visited June 18, 2015). See also Economics and Statistics Administration and National Telecommunications and Information Administration (NTIA), *Exploring the Digital Nation: Computer and Internet Use at Home* (Nov. 2011), http://www.ntia.doc.gov/files/ntia/publications/exploring_the_digital_nation_computer_and_internet_use_at_home_11092011.pdf (NTIA Report) (last visited June 18, 2015).

¹⁵ See November 2014 Census Report at 3, Table 1.

¹⁶ See *id.* at 3-4, Figure 2. See also NTIA Report at 11-12, Table 6 (showing that 93 percent of households with incomes of \$100,000 or more subscribe to broadband service; whereas, only 43 percent of households that have less than \$25,000 subscribe to a broadband service).

¹⁷ See Letter from The Leadership Conference on Civil and Human Rights, to Chairman Wheeler, Chairman, FCC, WC Docket No. 11-42, at 2 (filed June 10, 2015) (The Leadership Conference June 10, 2015 Letter).

¹⁸ See, e.g., Helen Brunner, *Equal Internet Access is a K-12 Must-Have* (Jan. 29, 2103), <http://www.edweek.org/ew/articles/2013/01/30/19brunner.h32.html#> (last visited June 18, 2015) (Equal Internet Access). The Commission previously explored the merits and challenges of off-premises connectivity services for mobile learning devices as part of its Learning On-The-Go (LOTG) Pilot Program (also known as E-rate Deployed Ubiquitously (EDU2011) under the E-rate program (more formally known as the Schools and Libraries program)). See *Schools and Libraries Universal Service Support Mechanism, A National Broadband Plan For Our Future*, CC Docket No. 02-6, GN Docket No. 09-51, Sixth Report and Order, 25 FCC Rcd 18762 (2010) (*E-rate Sixth Report and Order*). As part of the LOTG Pilot Program final reports, project participants described various benefits of wireless broadband access at home. See, e.g., City School District of New Rochelle, NY, EDU2011 Pilot Project Final Report, WC Docket No. 10-222 (Oct. 22, 2013) (where, among other things, the school district utilized eBooks and various online simulated classrooms to engage students); Riverside Unified School District EDU2011 Pilot Project Final Report, WC Docket No. 10-222 (Oct. 22, 2013) (the school district utilized Khan Academy for Math in order to meet students' individual needs).

and teachers face a “homework gap” that makes learning in the 21st Century even more difficult.¹⁹

- The job market increasingly requires Internet access. Over 80 percent of Fortune 500 companies, including companies like Target, require that job applicants apply through the companies’ online portals.²⁰ Online banking has become a standard practice, with most banks offering mobile applications to manage accounts and make deposits.²¹
- Government services are migrating to online administration both at the federal and local levels.²²
- Telemedicine connects those in remote areas with health care professionals in real time.²³

6. In the absence of home Internet access, smartphones are increasingly used to access online services. Sixty-four percent of American adults own a smartphone, up from 35 percent in the spring of 2011.²⁴ Out of these smartphone owners:

- 30 percent of smartphone owners report that they have used their smartphone to access online educational content.²⁵
- 57 percent of smartphone owners report using their smartphone to do online banking.²⁶
- 62 percent of smartphone owners report using their smartphone to access health care information online.²⁷

¹⁹ See Jessica Rosenworcel, How to Close the ‘Homework Gap’ (Dec. 5, 2014), <http://www.miamiherald.com/opinion/op-ed/article4300806.html> (last visited June 18, 2015) (How to Close the Homework Gap).

²⁰ See FCC Chairman Announces Jobs-Focused Digital Literacy Partnership Between Connect2Compete and the 2,800 American Job Centers (July 23, 2012), <http://blog.broadband.gov/?entryId=1718810> (last visited June 18, 2015). Additionally, nearly half of all Internet Essentials subscribers surveyed stated that their job or employer expects that they have Internet access. See, e.g., John Horrigan, *The Essentials of Connectivity: Comcast’s Internet Essentials Program and a Playbook for Expanding Broadband Adoption and Use in America*, at 6 (Mar. 2014) (Internet Essentials Report).

²¹ See, e.g., Internet Essentials Report at 18 (financial institutions were perceived by Internet Essentials subscribers as being the second most likely institution that would expect a person to have a home broadband connection).

²² For example, the federal government has established Benefits.gov as a portal where Americans can find information on the benefits they are eligible for. See Benefits.gov, <http://www.benefits.gov/> (last visited June 18, 2015).

²³ See, e.g., American Telemedicine Association, *What is Telemedicine?*, <http://www.americantelemed.org/about-telemedicine/what-is-telemedicine> (last visited June 18, 2015) (defining telemedicine as the use of medical information exchanged from one site to another via electronic communications to improve a patient’s clinical health status. Telemedicine includes a growing variety of applications and services using two-way video, email, smart phones, wireless tools, and other forms of telecommunications technology).

²⁴ See Aaron Smith, Pew Research Center, *U.S. Smartphone Use in 2015*, at 2 (Apr. 1, 2015), http://www.pewinternet.org/files/2015/03/PI_Smartphones_0401151.pdf (last visited June 18, 2015) (Pew 2015 Smartphone Use Report).

²⁵ *Id.* at 5.

²⁶ *Id.*

²⁷ *Id.*

- 43 percent of smartphone owners use their smartphone to look up information about a job, and 18 percent use their smartphone to apply for a job.²⁸

7. As these facts show, the combined realities risk leaving substantial segments of the population, particularly low-income consumers, behind as it has become clear that broadband access is critical if low-income consumers are to fully participate in our society. Approximately 13 percent of Americans with an annual household income of less than \$30,000 per year are smartphone-dependent.²⁹ These smartphone-dependent users rely on their smartphones as their access point to online services, but are less likely to own some other type of computing device or have home broadband access.³⁰ As Commissioner Rosenworcel notes, “[w]hile low-income families are adopting smartphones with Internet access at high rates, a phone is not how you want to research and type a paper, apply for jobs, or further your education.”³¹ Additionally, smartphone owners tend to experience numerous challenges, such as having to suspend or cancel service due to financial constraints, poor signal quality, and inadequate content display on the smartphone.³² Thus, the need for continual reform is evident given the extraordinary needs for educational, business, health, and social services among low-income consumers.³³ Taking action to close the broadband adoption gap also responds to Congress’s direction that “[c]onsumers in all regions of the Nation, including low-income consumers . . . should have access to . . . advanced telecommunications and information services.”³⁴ Moreover, technology is constantly evolving, so to be most effective, the Lifeline program must evolve to meet the current and future needs of low-income consumers.

8. Three years ago, the Commission took important steps to reform the Lifeline program.³⁵ The reforms, adopted in the *Lifeline Reform Order*, focused on changes to eliminate waste, fraud, and abuse in the Lifeline program by, among other things: setting a savings target; creating a National Lifeline Accountability Database (NLAD) to prevent multiple carriers from receiving support for the same household; and confirming a one-per-household rule applicable to all consumers and Lifeline providers in the program.³⁶ It also took preliminary steps to modernize the Lifeline program by, among other things: adopting express goals for the program; establishing a Broadband Adoption Pilot Program; and allowing Lifeline support for bundled service plans combining voice and broadband or packages including optional calling features.³⁷ Now, 30 years after the Lifeline program was founded, it is past time for a fundamental, comprehensive restructuring of the program.

9. In this Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order (Second FNPRM and Report and Order), we seek to rebuild the current framework of the Lifeline program and continue our efforts to modernize the Lifeline program so that all consumers can utilize advanced networks. We are joined in

²⁸ *Id.* NTIA also found that nearly 77 percent of job seekers use “smartphone apps to give them an advantage in job-seeking.” NTIA, *Exploring the Digital Nation: Embracing the Mobile Internet*, at 2 (Oct. 2014), http://www.ntia.doc.gov/files/ntia/publications/exploring_the_digital_nation_embracing_the_mobile_internet_1016_2014.pdf (last visited June 18, 2015).

²⁹ Pew 2015 Smartphone Use Report at 3.

³⁰ *Id.* at 3.

³¹ See *How to Close the Homework Gap*.

³² Pew 2015 Smartphone Use Report at 15.

³³ See *infra* paras. 18-29.

³⁴ 47 U.S.C. § 254(b)(3).

³⁵ See *Lifeline Reform Order*, 27 FCC Rcd 6656.

³⁶ *Id.* at 6690-91, paras. 77-78.

³⁷ *Id.*

this effort by the many stakeholders who have suggested that further programmatic changes are necessary.³⁸ We also take steps to promote accountability and transparency for both low-income consumers and the public at-large, and modernize the program. Our efforts in this Second FNPRM and Report and Order are consistent with the Commission's ongoing commitment to monitor, re-examine, reform, and modernize all components of the Fund to increase accountability and efficiency, while supporting broadband deployment and adoption across the Nation.³⁹

10. In the Second FNPRM, we propose and seek public input on new and additional solutions for the Lifeline program, including reforms that would bring the program closer to its core purpose and promote the availability of modern services for low-income families. The Second FNPRM is organized into five sections and, within those sections, we address various issues:

- In Section A, we propose to modernize the Lifeline program to extract the most value for consumers and the USF. First, we seek comment on establishing minimum service levels for both broadband and voice service under the Lifeline program to ensure low-income consumers receive “reasonably comparable” service per Congress’s directive in section 254(b)⁴⁰ and propose to retain the current subsidy to do so. Second, we seek comment on whether to set a budget for the program. Third, we seek comment on a transition period to implement these reforms. Fourth, we seek comment on the legal authority to support the inclusion of broadband into the Lifeline program.
- In Section B, we propose various ways to further reduce any incentive for waste, fraud, and abuse by having a third-party determine whether a consumer is eligible for Lifeline, and, in doing so, also streamline the eligibility process. First, we seek comment on establishing a national verifier to make eligibility determinations and perform other functions related to the Lifeline program. Second, we seek comment on leveraging efficiencies from other federal benefit programs and state agencies that determine eligibility, and work with such programs and agencies to educate consumers and potentially enroll them in the Lifeline program. Third, we seek comment on whether a third-party entity can directly transfer Lifeline benefits to individual consumers. Fourth, we seek comment on changing the programs through which consumers qualify for Lifeline to ensure that those consumers most in need can receive support. Fifth, we seek comment on putting in place standards for eligibility documentation and state eligibility databases.
- In Section C, we propose ways to increase competition and innovation in the Lifeline marketplace. First, we seek comment on ways to promote competition among Lifeline providers by streamlining the eligible telecommunications carrier (ETC) designation process. Second, we seek comment on whether to permit Lifeline providers to opt-out of providing Lifeline supported service in certain circumstances. Third, we seek comment on other ways to increase participation in the Lifeline program. Fourth, we seek comment on ways to encourage states to increase state Lifeline contributions. Fifth, we

³⁸ Generally, we have included the relevant commenters and reply commenters throughout the footnotes to the text of this item. See also WC Docket Nos. 11-42, 03-109, and 12-23, and CC Docket No. 96-45.

³⁹ See, e.g., *Lifeline Reform Order*, 27 FCC Rcd 6656; *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17676 (*USF/ICC Transformation Order*); *Rural Health Care Support Mechanism*, WC Docket No. 02-60, Report and Order, 27 FCC Rcd 16678 (2012) (*Healthcare Connect Fund Order*). See also *MTS and WATS Market Structure Report and Order*, 50 Fed. Reg. at 941, para. 9 (stating that “[o]ur [Commission] responsibilities under the Communications Act require us to take steps, consistent with our authority under the Act and the other Commission goals in this proceeding, to prevent degradation of universal service and the division of our society into information ‘haves’ and ‘have nots.’”).

⁴⁰ 47 U.S.C. § 254(b).

seek comment on how to best utilize licensed and unlicensed spectrum bands to provide broadband service to low-income consumers. Sixth, as an alternative to streamlining the Commission's current ETC designation process, we seek comment on creating a new designation process for participation in Lifeline.

- In Section D, we propose measures to enhance Lifeline service and update the Lifeline rules to enhance consumer protections and reflect the manner in which consumers currently use Lifeline service. First, we seek comment on amending our rules to treat the sending of text messages as usage of Lifeline service and, thus, grant in part a petition filed by TracFone Wireless, Inc. (TracFone).⁴¹ Second, we propose to adopt procedures to allow subscribers to de-enroll from Lifeline upon request. Third, we seek comment on ways to increase Lifeline provider participation in Wireless Emergency Alerts (WEA).
- In Section E, we propose a number of ways to increase the efficient administration of the Lifeline program by, among other things, seeking comment on: changing Tribal enhanced support; enhancing the requirements for electronic signatures; using subscriber data in the NLAD to calculate Lifeline provider support; and rules to minimize disruption to Lifeline subscribers upon the transfer of control of Lifeline providers.

11. In the Order on Reconsideration, we

- Grant in part a petition for reconsideration filed by TracFone⁴² of the Commission's *Lifeline Reform Order* and require Lifeline providers to retain documentation demonstrating subscriber eligibility.

12. In the Second Report and Order, we take further steps to adopt rules and procedures in response to proposals on which the Commission sought comment in the *Lifeline FNPRM*, and other outstanding issues regarding administration of the program to root out waste, fraud, and abuse. We also take further actions to put in place measures that increase accountability, efficiency, and transparency in the program. Specifically, we:

- Establish a uniform "snapshot" date each month for Lifeline providers to calculate their number of subscribers for the purpose of reimbursement;
- Eliminate the requirement that incumbent local exchange carriers (LECs) must resell retail Lifeline-discounted service, and limit reimbursement for Lifeline service to Lifeline providers directly serving Lifeline customers;
- Interpret "former reservations in Oklahoma," as provided in the Commission's rules, as the geographic boundaries reflected in the Historical Map of Oklahoma 1870-1890 (Oklahoma Historical Map);
- Waive, on our own motion, the Commission's requirement to conduct desk audits on first-year ETCs for two Lifeline providers in order to maximize the use of audit program resources.

13. Lastly, in the Memorandum Opinion and Order, we

⁴¹ See TracFone Wireless, Inc. Petition for Rulemaking and for Interim Relief, WC Docket No. 11-42 (filed Oct. 1, 2014) (TracFone Texting Petition).

⁴² See Petition for Reconsideration and Clarification by TracFone Wireless, Inc., WC Docket No. 11-42 et al. (filed Apr. 2, 2012) (TracFone Petition for Reconsideration); Supplement to Petition for Reconsideration and Emergency Petition to Require Retention of Program-Based Eligibility Documentation, WC Docket No. 11-42 et al. (filed May 30, 2012) (TracFone Supplement).

- Deny an Application for Review by Nexus Communications, Inc. (Nexus) and request by Nexus for confidential treatment of two of its FCC Form 555 filings⁴³ and affirm the Bureau's decision that making this information publicly available would serve the public interest by furthering transparency in the Lifeline program.⁴⁴

II. SECOND FURTHER NOTICE OF PROPOSED RULEMAKING

14. In this Second FNRPM, we propose to modernize and restructure the Lifeline program. First, we propose to establish minimum service levels for voice and broadband Lifeline service to ensure value for our USF dollars and more robust services for low-income Americans consistent with our obligations in section 254.⁴⁵ Second, we seek to reset the Lifeline eligibility rules. Third, to encourage increased competition and innovation in the Lifeline market, we seek comment on ensuring the effectiveness of our administrative rules while also ensuring that they are not unnecessarily burdensome. Fourth, we examine ways to enhance consumer protection. Finally, we seek comment on other ways to improve administration and ensure efficiency and accountability in the program.

A. The Establishment of Minimum Service Standards

15. The *Lifeline Reform Order* established clear goals to enable the Commission to determine whether Lifeline is being used for its intended purpose. Specifically the Commission committed itself to: (1) ensuring the availability of voice service for low-income Americans; (2) ensuring the availability of broadband service for low-income Americans; and (3) minimizing the contribution burden on consumers and businesses.⁴⁶ In an effort to further these goals and extract the most value possible from the Lifeline subsidy, we propose to establish minimum service levels for all Lifeline service offerings to ensure the availability of robust services for low-income consumers. The service standards we propose to adopt may require low-income consumers to contribute personal funds for such robust service. We seek comment on these proposals.

1. Minimum Service Standards for Voice

16. While consumers increasingly are migrating to data, voice communications remain essential to daily living and may literally provide a lifeline to 911 and health care providers. Despite years of participation by multiple providers offering voice service in competition with one another, we do not see meaningful improvements in the available offerings. It has been over three years since the *Lifeline Reform Order*, and the standard Lifeline market offering for prepaid wireless service has remained largely unchanged at 250 minutes at no cost to the recipient.⁴⁷ Unlike competitive offerings for

⁴³ See Nexus Communications, Inc. Application for Review, WC Docket No. 11-42 (filed May 13, 2013) (Nexus AFR); Nexus Request for Confidential Treatment of FCC Form 555, WC Docket No. 11-42 (filed Jan. 31, 2014) and Nexus Request for Confidential Treatment of FCC Form 555, WC Docket No. 11-42 (filed Feb. 3, 2015); (collectively, Nexus 2014 and 2015 Confidentiality Request).

⁴⁴ See *Request for Confidential Treatment of Nexus Communications, Inc. Filing of FCC Form 555*, WC Docket No. 11-42, Order, 28 FCC Rcd 5535 (Wireline Comp. Bur. 2013) (*Nexus Confidentiality Order*).

⁴⁵ See 47 U.S.C. § 254.

⁴⁶ See *Lifeline Reform Order*, 27 FCC Rcd at 6671, para. 25. Universal service funds are a finite resource that is ultimately paid for by consumers and businesses across the country, and must be spent efficiently. See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Fifth Order on Reconsideration, 27 FCC Rcd 14549, 14557, para. 22, n.42 (2012) (*Fifth Order on Reconsideration*). See also 47 U.S.C. §§ 254(b)(1), (b)(4)-(5), (d), (e); *Alenco Communications, Inc. v. FCC*, 201 F.3d 608, 620-21 (5th Cir. 2000).

⁴⁷ See, e.g., Total Call Mobile, *Free Mobile Phone Service Through Lifeline*, <https://www.totalcallmobile.com/lifeline.aspx> (last visited June 18, 2015); Budget Mobile Lifeline, *Lifeline Plans*, <http://www.budgetmobile.com/plans/> (last visited June 18, 2015); Assurance Wireless, *Program Description*, <http://www.assurancewireless.com/public/MorePrograms.aspx> (last visited June 18, 2015); Bluejay Wireless, *Our Plans*, <http://www.bluejaywireless.com/our-plans/> (last visited June 18, 2015). Some Lifeline providers are offering

non-Lifeline customers, minutes and service plans for Lifeline customers have largely been stagnant. The fact that service levels have not increased over time may also suggest that the current program is not structured to drive sufficient competition. We therefore believe it is necessary to establish minimum voice standards to ensure maximum value for each dollar of universal service and that consumers receive reasonable comparable service, and we seek comment on this analysis.

2. Minimum Service Standards for Broadband

17. The ability to use and participate in the economy increasingly requires broadband for education, health care, public safety, and for persons with disabilities to communicate on par with their peers. As we ensure that Lifeline is restructured for the 21st Century, we want to ensure that any Lifeline offering is sufficient for consumers to participate in the economy.

18. *Education.* As the Commission recognized in the E-rate (more formally known as the schools and libraries universal service support program) modernization proceeding, “schools and libraries require high-capacity broadband connections to take advantage of digital learning technologies that hold the promise of substantially improving educational experiences and expanding opportunity for students, teachers, parents and whole communities.”⁴⁸ Within schools, “high-capacity broadband connectivity . . . is transforming learning by providing customized teaching opportunities, giving students and teachers access to interactive content, and offering assessments and analytics that provide students, their teachers, and their parents, real-time information about student performance.”⁴⁹ However, the need for connectivity for educational purposes does not necessarily stop at the end of the school day.⁵⁰ Teachers often assign work to their students that requires broadband connectivity outside of school hours to more efficiently and effectively complete the assignment or project.⁵¹ Homework assignments requiring access

500 minutes for a limited time, but the minutes revert back to 250 per month after the promotional period ends. See SafeLink Wireless, *FreePhoneProgram*, <https://www.safelinkwireless.com/Enrollment/Safelink/en/NewPublic/index.html> (last visited June 18, 2015).

⁴⁸ *Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184, Notice of Proposed Rulemaking, 28 FCC Rcd 11304, 11305, para. 1 (2013) (*E-rate Modernization NPRM*).

⁴⁹ *Id.* at 11306, para. 3.

⁵⁰ While the recent modernization of the E-rate program, among other things, took major steps to close the Wi-Fi gap within schools and libraries, services used off school or library property are generally ineligible for E-rate support because they are not deemed to be used for “educational purposes.” See 47 U.S.C. § 254(h)(1)(B); 47 C.F.R. § 54.504(a)(1)(vii) (services purchased at discounts by a school must be “used primarily for educational purposes”); 47 C.F.R. § 54.500(b) (defining educational purposes as those “activities that are integral, immediate, and proximate to the education of students Activities that occur on library or school property are presumed to be integral, immediate, and proximate to the education of students”). Thus, the Commission’s rules presume that services used on school or library premises are serving an educational purpose. *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Second Report and Order and Further Notice of Proposed Rulemaking, 18 FCC Rcd 9202, 9208, paras. 17-18 (2003) (*Schools and Libraries Second Report and Order*). But see *Schools and Libraries Second Report and Order*, 18 FCC Rcd at 9208-09, n.28 (identifying specific exceptions for offsite cost allocation of telecommunications services). Although the Commission sought comment on permitting students off campus access to E-rate supported serviced through wireless hotspots, it has not gone to order on that proposal. See *E-rate Modernization NPRM*, 28 FCC Rcd. 11304, 11397-99, paras. 319-323. As such, the Commission’s current E-rate rules prevent full utilization of the learning opportunities that wireless broadband can provide beyond the boundaries of the school day.

⁵¹ See, e.g., Helen Brunner, *Equal Internet Access is a K-12 Must-Have* (Jan. 29, 2013), <http://www.edweek.org/ew/articles/2013/01/30/19brunner.h32.html#>; Education Week, Michelle Davis, *District Extends Wi-Fi to Students in Public Housing* (Apr. 13, 2015), <http://www.edweek.org/ew/articles/2015/04/15/district-extends-wi-fi-to-students-in-public.html>; Detroit Free Press, Jessica Rosenworcel, *Limited Internet Access a Challenge for Detroit Kids* (Mar. 17, 2015), <http://www.freep.com/story/opinion/contributors/2015/03/16/internet-broadband-access/24849353/>; See Gale, *Low-Income Children Lack Digital Resources* (2013),

to the Internet allow teachers and students to work outside the bounds of paper and pencil – students can be assigned additional and individualized problems and concepts to practice specific skills through interactive learning environments that provide students instant feedback.⁵² Many homework assignments also require students to integrate technology when creating their own content, such as developing reports, designing PowerPoint presentations, or manipulating data. Online assignments and assessments also provide for immediate feedback from instructors, thus allowing teachers to better direct their focus when teaching and assessing individual student needs.⁵³ Students who lack broadband access outside of the classroom find it difficult and sometimes impossible to complete their homework assignments and to broadly explore the subjects they are learning in school.⁵⁴ As a result, lack of Internet access can lead to reduced academic preparedness and decreased academic performance and classroom engagement in school.⁵⁵ Lack of Internet access also puts some students at a competitive disadvantage with respect to their peers, and limits their educational horizons.⁵⁶ As a result, student access to the Internet has become a necessity, not a luxury.⁵⁷

19. Unfortunately, many low-income students do not have access to the Internet at home.⁵⁸ Computer ownership and Internet use strongly correlate with a household's income.⁵⁹ The higher a household's income, the more likely it is for that household to subscribe to broadband service.⁶⁰ In 2013, about 95 percent of the households with incomes of \$150,000 or more reported connecting to the Internet, compared to about 48 percent of the households making less than \$25,000.⁶¹ There are approximately 29 million American households with school-age children (ages 6 to 17).⁶² Approximately 31 percent of those American households with incomes below \$50,000 do not have a high-speed connection at home.⁶³

<http://ic.galegroup.com/ic/ovic/ViewpointsDetailsPage/DocumentToolsPortletWindow?displayGroupName=Viewpoints&jsid=74728b0809c5e11122754a07069ed605&action=2&catId=&documentId=GALE%7CEJ3010836204&u=perr60700&zid=1e32e795916b6088fce738fc1625dea2> (Low-Income Children Lack Digital Resources).

⁵² See *supra* n.19.

⁵³ See, e.g., City School District of New Rochelle EDU2011 Pilot Project Final Report, WC Docket No. 10-222 (filed Oct. 22, 2013) (noting that with online access, teachers could provide timelier feedback which increased student completion of homework to 98 percent); Sioux City Community Schools EDU2011 Pilot Project Final Report, WC Docket No. 10-222 (posted Oct. 22, 2013) and Piedmont School District EDU2011 Pilot Project Final Report, WC Docket No. 10-222 (posted Oct. 22, 2013) (using virtual chat-rooms, email, and online “office hours” for students to communicate with teachers and other students to seek help or assistance with specific assignments).

⁵⁴ See Low-Income Children Lack Digital Resources.

⁵⁵ See, e.g., Piedmont City School District EDU2011 Pilot Project Final Report, WC Docket No. 10-222 (posted Oct. 22, 2013) (noting increased participation rates and increased completion of assignments within their districts. With 24/7 access, students were able to post assignments online and finish missed work at home).

⁵⁶ See Tina Barseghian, *For Low-Income Kids, Access to Devices Could be the Equalizer* (Mar. 13, 2013), <http://ww2.kqed.org/mindshift/2013/03/13/for-low-income-kids-access-to-devices-could-be-the-equalizer/>; Low-Income Children Lack Digital Resources.

⁵⁷ See Equal Internet Access is a K-12 Must-Have.

⁵⁸ The Leadership Conference June 10, 2015 Letter at 1.

⁵⁹ See *supra* para. 4.

⁶⁰ *Id.*

⁶¹ See *supra* n.17.

⁶² See John Horrigan, *The Numbers Behind the Broadband ‘Homework Gap’* (Apr. 20, 2015), <http://www.pewresearch.org/fact-tank/2015/04/20/the-numbers-behind-the-broadband-homework-gap/>.

⁶³ See *id.* (noting that those households whose incomes fall below \$50,000 make up 40 percent of all families with school-age children in the United States).

Thus, while low-income students may be connected to the Internet while at school, they become digitally disconnected immediately upon exiting the school building. As noted in the National Broadband Plan, “[o]nline educational systems are rapidly taking learning outside the classroom, creating a potential situation where students with access to broadband at home will have an even greater advantage over those students who can only access these resources at their public schools and libraries.”⁶⁴ This lack of access to technology and broadband in low-income households has created a “homework gap” between low-income students and the rest of the student population.⁶⁵

20. The “homework gap” puts low-income students at a disadvantage.⁶⁶ “If you are a student in a household without broadband, just getting homework done is hard, and applying for a scholarship is challenging.”⁶⁷ Many students who do not have access to the Internet at home head to the library after school and on weekends in order to utilize the library’s broadband service to complete assigned homework.⁶⁸ However, library hours are limited and even when they are open, they may not be able to fully accommodate the needs of their users. Thus, in many communities, after the library and the computer labs close for the night, there is often only one place for students to go without Internet access at home—the local McDonald’s.⁶⁹ Some schools have attempted to extend the school day to help students with their homework or partner with after-school programs to ensure that students have the ability and resources needed to complete their assignments, but not all can do so.⁷⁰ Moreover, after school programs cannot provide students with the same kind of flexibility and opportunity to access the Internet as those students who do have home access. As technology continues to evolve and teachers continue to integrate technology into their teaching by supplementing their in-class projects and instruction with projects and assignments necessitating Internet access, the “homework gap” presumably will widen as many students in low-income households, with a lack of home Internet access, struggle to complete assigned homework and projects.

⁶⁴ See Federal Communications Commission, *Connecting America: The National Broadband Plan* at 236 (2010) https://apps.fcc.gov/edocs_public/attachmatch/DOC-296935A1.pdf (National Broadband Plan or NBP).

⁶⁵ See *How to Close the Homework Gap; Low-Income Children Lack Digital Resources*.

⁶⁶ See *id.* Additionally, a number of the LOTG Pilot program project participants found that their students’ district, state, standardized, and even classroom scores increased as a result of off-premises wireless connectivity. See, e.g., Haralson County Schools EDU2011 Pilot Project Final Report, WC Docket No. 10-222 (posted Oct. 22, 2013) (showing a trend towards improved high school student performance in the areas of Math and graduation rates, and in the areas of critical thinking and communication/collaboration); San Diego Unified School District EDU2011 Pilot Project Final Report, WC Docket No. 10-222 (posted Oct. 22, 2013) (stating that their Academic Performance Index scores increase by a gain of 43, the highest growth for any middle school in the district); Riverside Unified School District EDU2011 Pilot Project Final Report, WC Docket No. 10-222 (posted Oct. 22, 2013) (noting a four percent increase in Math scores and a five percent increase in Language Arts scores); Michigan Technical Academy EDU2011 Pilot Project Final Report, WC Docket No. 10-222 (posted Oct. 22, 2013) (reporting gains in Math and Reading, as well as a near 20 percent increase in homework completion).

⁶⁷ See *How to Close the Homework Gap*.

⁶⁸ See, e.g., Jennifer Sami, *Community Effort Provides Students With MiFi Devices* (Nov. 4, 2013), <http://www.forsythnews.com/archives/20822/> (noting that of the roughly 40,500 students in the school district, approximately 7,000 students do not have Internet access at home and, in order to complete their homework, must rely on public libraries and businesses that offer free WiFi). See also *Low-Income Children Lack Digital Resources*.

⁶⁹ See, e.g., The Wall Street Journal, Anton Troianovski, *The Web-Deprived Study at McDonald’s* (Jan. 28, 2013), <http://www.wsj.com/articles/SB10001424127887324731304578189794161056954>.

⁷⁰ See, e.g., Mobile Beacon, *Case Studies, Anchorage School District*, <http://www.mobilebeacon.org/anchorage-school-district/> (last visited June 18, 2015) (story of a graduating senior taking seven classes during the school day and one more online in order to graduate with her class who stayed at school most days to use a computer).

21. Various successful initiatives have been improving broadband access to underserved groups, some of which contain low-income student populations. For example, Mobile Beacon's Internet Inclusion Initiative, in partnership with EveryoneOn,⁷¹ provides students who do not have Internet access at home with unlimited 4G access and low-cost computers in order to put them on the path to digital opportunity and learning.⁷² Comcast's Internet Essentials program provides qualifying low-income households with affordable access to high-speed service from their homes.⁷³ Additionally, in conjunction with the Knight Foundation, The New York Public Library (NYPL) has implemented a pilot program to expand its efforts to bridge the digital divide by allowing the public to borrow portable Wi-Fi hotspot devices for up to one year (students can borrow the devices for the school year).⁷⁴ The NYPL hopes to eventually provide 10,000 hotspots to people involved in their education programs.⁷⁵ The Chicago Public Library (CPL) also has implemented a pilot program to provide members of underserved communities in three locations access to both portable WiFi and laptop computers.⁷⁶ During the course of the two year pilot program, CPL plans to make 300–500 MiFi hotspots available in several library locations in areas with less than 50 percent broadband adoption rates.⁷⁷ While these initiatives are working toward closing the “digital divide” and expanding broadband access to underserved populations, including low-income students, none of these initiatives provide for a comprehensive, nationwide solution addressing the “homework gap” issue.

22. Building upon our recent modernization of the E-rate program, where we, among other things, took major steps to close the WiFi gap within schools and libraries,⁷⁸ we recognize the valuable role that the Lifeline program can play beyond the school day in the lives of elementary and secondary-school students living in low-income households. Lifeline can help to extend broadband access beyond the school walls and the school day to ensure that low-income students do not become digitally disconnected once they leave the school building. Lifeline can help to ensure that low-income students have access to the resources needed to complete their research and homework assignments, and compete in the digital age. We thus seek comment on how the Lifeline program can address the “homework gap” issue – the gap between those households with school-age children with home broadband access to complete their school assignments and those low-income households with school-age children without home broadband access. We recognize that no one program or entity can solve this problem on its own and what is needed is many different organizations, vendors, and communities working together to address this problem. We therefore seek creative solutions to addressing this gap so that eligible low-income students are provided with affordable, reliable, and quality broadband services in order to

⁷¹ See EveryoneOn, <http://everyoneon.org/> (last visited June 18, 2015).

⁷² See Mobile Beacon, Internet Inclusion Initiative, <http://www.mobilebeacon.org/services-devices/i3-programs/> (last visited June 18, 2015).

⁷³ See Comcast's Internet Essentials Program, <https://www.internetessentials.com/> (last visited June 18, 2015).

⁷⁴ See Knight Foundation, Knight News Challenge, Check out the Internet, <http://www.knightfoundation.org/grants/201499901/> (last visited June 18, 2015).

⁷⁵ *Id.*

⁷⁶ Jessica Mckenzie, *Libraries Hope to Help Close the Digital Divide by Lending WiFi Hotspots* (June 27, 2014), <http://techpresident.com/news/25155/chicago-and-new-york-public-libraries-hope-help-close-digital-divide-lending-wifi> (last visited June 18, 2015).

⁷⁷ *Id.*

⁷⁸ See *Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184, Report and Order and Further Notice of Proposed Rulemaking, 29 FCC Rcd 8870 (2014) (*E-rate Modernization Order* or *E-rate Modernization FNPRM*); *Modernizing the E-rate Program for Schools and Libraries, Connect America Fund*, WC Docket Nos. 13-184 and 10-90, Second Report and Order and Order on Reconsideration, 29 FCC Rcd 15538 (2014) (*Second E-rate Modernization Order*).

effectively complete their homework, and have the same opportunity as their classmates to reach their full potential and feel like they are part of the academic conversation.

23. *Participation in Lifeline by eligible households with school children.* Recognizing that when the Lifeline program provides support for broadband services, it will play an important role in closing the “homework gap” by helping children in low income families obtain the educational advantage associated with having home broadband service, we seek comment on how best to ensure that low income households that include school children are aware of and have the opportunity to participate in a broadband-focused Lifeline program.⁷⁹ As an initial matter, we seek comment on how best to identify such households.

24. We first seek comment on data we can use from the schools and libraries universal service support program (the E-rate program) to assist our efforts. Currently, school districts use student eligibility for free and reduced school lunches through the National School Lunch Program (NSLP) or an alternative discount mechanism as a proxy for poverty when calculating discounts on eligible services received under the E-rate program.⁸⁰ Thus, when requesting services under the E-rate program, a school district provides the total number of students in the school district eligible for NSLP and the calculated discount rate.⁸¹ How might we use this information to ensure that Lifeline eligible households with school children are aware of the opportunity provided by the Lifeline program? How does the fact that E-rate discount levels are based on the percentage of children eligible for both free and reduced school lunches impact the usefulness of E-rate data for identifying households that are eligible for Lifeline support which is limited to lower-income households?

25. We seek comment on sources of data that would be useful for identifying Lifeline eligible households with school-age children. Eligibility for free school lunches through the NSLP is already one way to demonstrate eligibility for the Lifeline program. Schools and school districts collect NSLP eligibility information, but they are already burdened with numerous administrative responsibilities and the introduction of other tasks may cause additional administrative burdens. In addition, more and more school districts have moved towards the community eligibility option in the NSLP program, which saves them from collecting individual NSLP eligibility data. How will the movement away from individual NSLP data collection affect our ability to identify Lifeline eligible households with school children?⁸² Are the state databases that directly certify some students’ eligibility to participate in NSLP a possible

⁷⁹ See *supra* paras. 18-22.

⁸⁰ See 47 C.F.R. § 54.505; Instructions for Completing the Schools and Libraries Universal Service Services Ordered and Certification Form (FCC Form 471), OMB 3060-0806, at 8-9 (Oct. 2014) <http://www.usac.org/res/documents/sl/pdf/forms/471i.pdf> (FCC Form 471 Instructions). See also United States Department of Agriculture, Food and Nutrition Service, National School Lunch Program, <http://www.fns.usda.gov/cnd/lunch/> (last visited June 18, 2015); USAC, Schools and Libraries (E-rate), Applying for Discounts, Alternative Discount Mechanisms, <http://www.usac.org/sl/applicants/step04/alternative-discounts.aspx> (last visited June 18, 2015). Schools also now have the option to elect the Community Eligibility Provision, which neither requires nor permits schools to collect individual applications for free and reduced price meals. See United States Department of Agriculture, Food and Nutrition Service, School Meals, Community Eligibility Provision, <http://www.fns.usda.gov/school-meals/community-eligibility-provision> (last visited June 18, 2015).

⁸¹ See Schools and Libraries Universal Service Services Ordered and Certification Form (FCC Form 471), OMB 3060-0806 (Oct. 2014), <http://www.usac.org/res/documents/sl/pdf/forms/471.pdf> (last visited June 18, 2015) (FCC Form 471). This information is publicly available on USAC’s website. See USAC, Schools and Libraries (E-rate), Search Tools, <http://www.usac.org/sl/tools/default.aspx> (last visited June 18, 2015).

⁸² See USDA, School Meals, Community Eligibility Provision, available at <http://www.fns.usda.gov/school-meals/community-eligibility-provision> (last visited June 18, 2015) (“The Community Eligibility Provision (CEP) provides an alternative approach for offering school meals to local educational agencies (LEAs) and schools in low income areas, instead of collecting individual applications for free and reduced price meals.”).



PUBLIC NOTICE

Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Internet: <http://www.fcc.gov>
TTY: 1-888-835-5322

DA 13-130

Released: January 31, 2013

WIRELINE COMPETITION BUREAU ISSUES FINAL REPORT ON LIFELINE PROGRAM SAVINGS TARGET

WC Docket No. 11-42

The Wireline Competition Bureau (Bureau) hereby provides its report on the implementation of the major reforms adopted by the Commission in the *Lifeline Reform Order* and on whether these reforms resulted in the Commission meeting its \$200 million savings target for 2012.¹ The Bureau is pleased to report that the Commission exceeded its savings target goal, generating over \$213 million in savings to the Universal Service Fund (Fund) in 2012 compared to projected distributions to Eligible Telecommunications Carriers (ETCs) in the absence of reform.² As explained below, additional savings from these reforms will accrue in 2013 and later years.

I. BACKGROUND

The Commission adopted the *Lifeline Reform Order* on January 31, 2012. Many of the reforms became effective on April 2, 2012, while several of the reforms which likely had the largest impact on the size of the Fund became effective June 1, 2012.³ In the *Order*, the Commission adopted reforms to substantially reduce the amount of waste, fraud and abuse in the program. The Commission also adopted a target of saving \$200 million in 2012 through the reforms, as compared to the program's *status quo* path in the absence of reform.⁴ To ensure accountability, the Commission directed the Bureau to provide to each Commissioner an interim report, no later than six months after adoption of the *Order*, analyzing the reforms' progress in meeting the savings target.⁵ On July 31, 2012, the Bureau issued an interim report and concluded that the Commission was on track to meet its savings target. Specifically, the Bureau estimated that the reforms allowed the program to realize \$42.75 million in savings from January 2012 through July 2012.⁶ The Commission also directed the Bureau to provide a final report by January 31, 2013 to each Commissioner evaluating the impact of the reforms and whether the Commission had met

¹ See *Lifeline and Link Up Reform and Modernization et al.*, WC Docket Nos. 11-42 et al., CC Docket No. 96-45, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656, 6809, para. 358 (2012) (*Lifeline Reform Order* or *Order*).

² See *id.* at 6808-09, para. 357, nn.959, 961.

³ See 77 Fed. Reg. 19125 (Mar. 30, 2012) (correcting 77 Fed. Reg. 12952 (Mar. 2, 2012)).

⁴ See *Lifeline Reform Order*, 27 FCC Rcd at 6809, para. 358.

⁵ See *id.*

⁶ See *Wireline Competition Bureau Issues Progress Report On The Lifeline Program Savings*, WC Docket No. 11-42 et al., CC Docket No. 96-45, Public Notice, 27 FCC Rcd 8952 (Wireline Comp. Bur. 2012).

its savings target; and, if not, analyzing the causes, providing options for realizing additional savings, and making specific recommendations for corrective action.⁷

II. DISCUSSION

In the *Lifeline Reform Order*, the Commission estimated that the Fund would disburse \$2.4 billion in 2012 in Lifeline support in the absence of reform, with disbursements increasing further in 2013 and 2014.⁸ The Commission also estimated that the reforms set forth in the *Order* would reduce disbursements by \$200 million in 2012, resulting in disbursements of approximately \$2.2 billion in 2012.⁹ A review of the Universal Service Administrative Company's (USAC's) 2012 monthly low-income disbursements attached hereto as an Appendix shows that over \$213 million was saved in 2012 as a direct result of the Commission's reforms.¹⁰ Moreover, disbursement data from January 2013, and expected further reductions in disbursements in February 2013 from the 2012 recertification process, indicates that the reforms will continue to reduce the size of the Fund in 2013.¹¹ Below, we discuss the impact on the Fund of specific reforms.

Continuation of In-depth Data Validations (IDVs). In 2011, the Commission directed USAC to begin conducting state-specific IDVs to detect duplicative Lifeline support.¹² Through this process, USAC matches ETCs' subscriber records within a state to determine if a subscriber is receiving Lifeline support from multiple ETCs, assigns a single default ETC to each subscriber receiving multiple support (the subscriber can override this choice), and instructs the subscriber's other ETC(s) to de-enroll that subscriber from Lifeline support. USAC commenced three "phases" of IDVs prior to the release of the *Lifeline Reform Order*.¹³ Building on the success of the IDV process, in the *Lifeline Reform Order* the Commission directed USAC to continue with the state-specific IDVs and de-enroll subscribers receiving duplicative support, until the National Lifeline Accountability Database (database) becomes operational in 2013.¹⁴ Between the January 2012 adoption of the *Order* and the end of the year 2012, USAC completed six phases of IDVs in a total of 23 states, resulting in approximately \$45 million in savings.¹⁵

⁷ See *Lifeline Reform Order*, 27 FCC Rcd at 6809, para. 358.

⁸ See *id.* at 6808-09, para. 357, nn.959, 961.

⁹ See *id.*

¹⁰ See Appendix.

¹¹ See *id.* (indicating that the Fund disbursed \$178,828,341 in January 2013, over \$6 million less than December 2012); *infra* (discussing the 2012 recertification process and impact on the Fund).

¹² See *Lifeline and Link Up Reform and Modernization et al.*, WC Docket Nos. 11-42 et al. CC Docket. No. 96-45, Report and Order, 26 FCC Rcd 9022, 9031, para. 16 (2011).

¹³ The following states were included in the first three phases of IDVs: Florida and Tennessee (Phase I); Maryland, Michigan, North Carolina, Washington and Wisconsin (Phase II); Alaska, Arkansas, Louisiana, Ohio and Oklahoma (Phase III). Although these IDVs were commenced in 2011, the Fund realized annualized savings in 2012 from the duplicative subscribers de-enrolled as part of the process.

¹⁴ See *Lifeline Reform Order*, 27 FCC Rcd at 6747, para. 211. In the *Order*, the Commission directed USAC to establish a National Lifeline Accountability Database. The database and associated processes will facilitate the "scrubbing" of existing duplicate support and prevent existing Lifeline subscribers from obtaining duplicative Lifeline support. See *id.* at 6734-55, paras. 179-224.

¹⁵ Phase IV included Missouri, Washington, New York and Mississippi. Phase V included Alabama, Louisiana and Pennsylvania. Phase VI included Washington D.C., Illinois, Massachusetts and Virginia. USAC also commenced a Phase VII in 2012, resulting in de-enrollments in late November 2012 in Arizona, Maryland, Michigan, Nevada and

(continued...)

USAC will continue IDVs until the database is operational, which will result in additional savings in 2013.¹⁶

*Elimination of Link Up Support, effective April 2, 2012.*¹⁷ Prior to the release of the *Lifeline Reform Order*, Link Up provided qualifying consumers with discounts of up to \$30 (up to \$100 for qualifying residents of Tribal lands) off the initial costs of installing a single telecommunications connection.¹⁸ In the *Lifeline Reform Order*, the Commission eliminated Link Up support on non-Tribal lands and on Tribal lands for Lifeline-only ETCs, finding that the existing Link Up support mechanism was not the most efficient means to meet the goals of the program.¹⁹ The first savings from Link Up elimination were identifiable in June 2012 when carriers received reimbursement for service provided in April. Link Up disbursements averaged approximately \$13.4 million per month from January through May 2012. From June through December, Link Up disbursements declined to approximately \$28,000 per month, generating savings of approximately \$93 million in 2012.

*Cap on Toll Limitation Service (TLS), effective April 2, 2012.*²⁰ In the *Lifeline Reform Order*, the Commission concluded that TLS, through which a consumer can block or limit toll calls, is no longer necessary to protect consumers from disconnection because of non-payment of toll charges, and found that some ETCs were likely charging and receiving reimbursement for TLS in excess of their incremental costs.²¹ Therefore, the Commission capped TLS support and set forth a transition plan to eliminate it over a two-year period: Beginning in April 2012, TLS support was set at the lesser of an ETC's incremental cost of providing TLS or \$3.00 per month.²² The cap was reduced to \$2.00 per month in 2013, and TLS support will be eliminated at the beginning of 2014.²³ Because ETCs began receiving reduced TLS support for service provided in April, the first impact on the Fund occurred in June 2012. TLS disbursements averaged approximately \$685,000 from January through May 2012. From June through December, TLS disbursements declined to approximately \$465,000 per month. Therefore, TLS reform generated savings of approximately \$1.5 million in 2012. Savings are expected to increase in 2013 and 2014 as TLS support is phased out completely.

*Usage Requirements, effective May 1, 2012.*²⁴ To ensure that ETCs are only reimbursed for service that is actively utilized by low-income subscribers, ETCs that do not assess or collect a monthly

(Continued from previous page) _____
West Virginia. Due to the timing of disbursements, Phase VII de-enrollments likely produced little savings in 2012, but will result in more substantial savings in 2013.

¹⁶ For the purpose of this report, IDV savings are calculated to run for 12 months from the first month the IDV results in savings. The IDV savings within this 12 month window that also occurred in calendar year 2012 add up to approximately \$45 million.

¹⁷ See *Lifeline Reform Order*, 27 FCC Rcd at 6859-60, para. 515.

¹⁸ See *id.* at 6760-61, para. 242.

¹⁹ See *id.* at 6761-67, paras. 245-53.

²⁰ See *id.* at 6756, para. 230.

²¹ See *id.* at 6756-57, paras. 231-32.

²² See *id.* at 6757, para. 234; 47 C.F.R. § 54.403(c).

²³ See *Lifeline Reform Order*, 27 FCC Rcd at 6757, para. 234.

²⁴ See *Wireline Competition Bureau Provides Notice Regarding the Effective Date of Certain Rules Adopted in the Lifeline Reform Order*, WC Docket Nos. 11-42 et al., CC Docket No. 96-45, Public Notice, 27 FCC Rcd 4875, 4877 (Wireline Comp. Bur. 2012) (*Effective Date Public Notice*).

fee from subscribers must de-enroll subscribers who have not used the service for a consecutive 60-day period.²⁵ The savings from this reform, while likely substantial, cannot be quantified until ETCs subject to this requirement file their Form 555 with USAC by January 31, 2013, indicating the number of subscribers de-enrolled as a result of non-usage.²⁶

*Proof of Eligibility, Certification and Re-Certification, effective June 1, 2012.*²⁷ In the *Order*, the Commission took three key steps to substantially reduce the number of ineligible subscribers in the Lifeline program. First, prior to enrolling a new subscriber, an ETC must obtain proof of eligibility by either accessing an official source of eligibility data (such as a relevant state database), receiving notice from a state administrator that the consumer is eligible, or reviewing subscriber-provided documents showing proof of eligibility.²⁸ Second, at the time of enrollment, each new subscriber must make certifications regarding the subscriber's understanding of and compliance with the program rules, including a certification reflecting the subscriber's understanding that only one Lifeline benefit per household is allowed.²⁹ Third, by the end of 2012, each ETC was required to recertify the eligibility of all subscribers enrolled with that ETC as of June 1, 2012.³⁰ ETCs must de-enroll Lifeline subscribers whose eligibility they are unable to recertify.³¹ By January 31, 2013, ETCs must submit data to USAC reporting the number of subscribers de-enrolled through this process.³² Assuming that most ETCs de-enrolled in December 2012 or January 2013 those subscribers whose eligibility the ETCs were unable to recertify, the majority of the savings to the Fund from the recertification process will occur with February 2013 disbursements. While the savings from the recertification process cannot yet be fully quantified, 371 ETCs filed their Form 555 with the Commission as of January 24, 2013. Those ETCs de-enrolled an average of approximately 20 percent of their subscriber base during the 2012 recertification process, indicating that the recertification requirement likely produced savings in 2012, with additional substantial savings expected in 2013.³³ Moreover, the reduction in the number of Lifeline subscribers in July through December, compared to the increase in subscribers from January through May, provides a clear indication that these reforms, which became effective June 1, have reduced Lifeline disbursements and will continue to do so going forward.³⁴

²⁵ See *Lifeline Reform Order*, 27 FCC Rcd at 6769, para. 257; 47 C.F.R. §§ 54.405(e)(3), 54.407(c).

²⁶ See *Lifeline Reform Order*, 27 FCC Rcd at 6769, para. 257; 47 C.F.R. § 54.405(e)(3).

²⁷ See *Lifeline Reform Order*, 27 FCC Rcd at 6859-60, para. 515 (stating that section 54.410 would be effective June 1, 2012); *Effective Date Public Notice*, 27 FCC Rcd at 4878.

²⁸ See *Lifeline Reform Order*, 27 FCC Rcd at 6701-02, paras. 98-100; 47 C.F.R. § 54.410(b)-(c).

²⁹ See *Lifeline Reform Order*, 27 FCC Rcd at 6709-12, paras. 111-19; 47 C.F.R. § 54.410(d).

³⁰ See *Lifeline Reform Order*, 27 FCC Rcd at 6714-15, paras. 129-31; 47 C.F.R. § 54.410(f).

³¹ See *Lifeline Reform Order*, 27 FCC Rcd at 6717, para. 135; 47 C.F.R. § 54.405(e)(4).

³² See *Lifeline Reform Order*, 27 FCC Rcd at 6715, para. 130; 47 C.F.R. § 54.416(b).

³³ If the recertification and de-enrollment for non-response or ineligibility occurred prior to November 2012, de-enrollment likely resulted in savings in 2012. ETCs do not indicate on their Form 555 when prior to the December 31, 2012 deadline they performed their recertification, making it unclear when these savings occurred.

³⁴ According to USAC data, in January 2012, ETCs sought reimbursement for nearly 16 million subscribers, increasing to over 18 million in May. In July, enrollment began to decline with ETCs seeking reimbursement for 17.7 million subscribers. By December, ETCs sought reimbursement for 16.2 million subscribers.

In sum, the reforms exceeded the Commission's ambitious \$200 million savings target for 2012, and the Lifeline program is well placed for further savings in 2013 and beyond. IDVs and the elimination of Link Up on non-Tribal lands produced tens of millions of dollars of savings alone, and the Bureau will continue to work with USAC to implement additional IDVs until the database is online. The requirements for subscriber certifications, and for ETCs to provide proof of new subscriber eligibility and to recertify eligibility of their existing subscribers, have also eliminated many ineligible subscribers and produced savings in 2012, with additional, substantial savings likely in 2013 once ETCs complete the 2012 recertification process. A full accounting of the savings from the recertification and usage requirements will become clear once all ETCs have filed their Form 555, due today.

Action by the Chief, Wireline Competition Bureau.

For further information, please contact Jonathan Lechter, Telecommunications Access Policy Division, Wireline Competition Bureau at (202) 418-7387 or TTY (202) 418-0484.

- FCC -

APPENDIX

Monthly 2012 Low Income Disbursements and Savings Target

Month	Total Disbursed	Notes
January 2012	\$175,383,465	
February 2012	\$179,004,083	
March 2012	\$178,016,135	
April 2012	\$181,066,528	
May 2012	\$189,898,339	
June 2012	\$183,556,282	Effect on Fund of Link Up Eliminated on Non-Tribal Lands Begins
July 2012	\$191,008,068	
August 2012	\$149,351,649	Effect on Fund of Proof of Eligibility and Certification Begins
September 2012	\$151,546,358	
October 2012	\$256,611,030	Includes "Double Payment" to Transition ETCs to Actual from Projected Support
November 2012	\$165,496,245	
December 2012	\$185,113,260	
2012 Total	\$2,186,051,442	
January 2013	\$178,828,341	
February 2013	Not Available	Available in February; Will Reflect Savings from 2012 Recertification Process.

Lifeline Order Projected Disbursements in 2012 Without Reform: \$2,400,000,000

Lifeline Order Projected Disbursements in 2012 With Reform: \$2,200,000,000

Lifeline Order Projected Savings in 2012 With Reform: \$200,000,000

Actual Disbursements in 2012 With Reform: \$2,186,051,442

Actual Savings in 2012 With Reform: \$213,948,558

Actual Savings in 2012 in Excess of Projected Savings: \$13,948,558

REMARKS OF COMMISSIONER MIGNON CLYBURN
We Cannot Wait. It's Time for iBridge Now!
New America Foundation
June 22, 2015

Thank you, Michael, for that kind introduction. Allow me to express my appreciation to the New America Foundation for inviting me to focus on a critically important topic I am deeply passionate about – affordable mobile broadband. Some of you may be surprised that we are even here today. When the Open Internet Order went into effect last week, many predicted that the sky would fall, but here I am, there you are—and since I used my Maps App to get here this afternoon, it appears that the Internet is still standing.

It occurred to me, that by pulling out my smartphone to aid in my moving in the right direction, I am directly speaking to what I am here to convey: That these apps rely on a wireless broadband infrastructure and mobile broadband should never be priced so high that it becomes a luxury reserved only for the privileged.

While affordable mobile broadband is not an end, in itself, it is a *means* through which people have access to the tools they need in the 21st century. I continue to believe that broadband is the greatest technological equalizer of our time, and is an essential lever in helping to break cycles of poverty, despair and hopelessness. For children, broadband provides access to a world-class education even if the school they are zoned to is classified as underperforming. For the elderly and disabled, broadband provides a connection, civic engagement, communications and healthcare opportunities that are tailor-made to their needs. For those entering the workforce or recently displaced, broadband helps to find employment or entrepreneurial resources that would never appear in the newspaper's classified section. But for broadband to reach its fullest potential, to improve the lives of every American, it must be both *affordable* and ubiquitous — if it is not, it will become just another barrier that separates the “haves” and the “have nots.”

It pains me to say, today, that millions of Americans remain foreclosed from the promise broadband brings. They are trapped in digital darkness and stranded on the wrong side of the affordability divide. But what continues to motivate me is the fact that the FCC has the tools to assist in building a bridge to enhanced opportunities. In recent years, despite having these tools to retrofit that bridge for the digital age, we were idle – allowing those same fundamental tools, to rust in the FCC's woodshed. Now is the time to dust off, polish and re-engineer those tools, and build a bridge that could aid in transporting consumers out of isolation and fear to connectivity and independence.

This effort does not have to take us down a multi-year, rhetoric-laden road that will lead to endless reports, protracted debates, and non-stop hearings. The templates for the best tools can be found in the current Lifeline program and spectrum auctions.

Those who code and create applications on the Web know that connecting to the Internet and utilizing the Internet are two different things. When consumers use the cutting-edge applications and websites that change our everyday lives, providers supply the data over the mobile spectrum airwaves. But as innovation in mobile broadband has spurred spectrum demand at a breathtaking pace, spectrum remains in short supply. And where the amount of wireless spectrum has not kept pace with the increasing demand for data, consumers pay in slower service and overburdened networks. This makes them less likely to use the mobile services and this, in turn, hurts our overall economy.

This year, the Commission has been advancing a number of initiatives to make more spectrum available, including our recent auction using new spectrum sharing rules and technologies.

I'd like to highlight a few initiatives that I believe are critical to advancing access to spectrum:

Promoting new entrants and small businesses. Since 2010, I have been calling on the Commission to establish innovative and sustainable approaches for new entrants and small businesses in the telecommunications industry. The Commission has been working to update our designated entity rules so small businesses have the flexibility needed to secure financing and effectively compete in an increasingly consolidated wireless market.

Identifying and utilizing the right data. Beginning with the 2010 Annual Mobile Services Report, the Commission significantly expanded its understanding about critical segments of mobile market. This information highlights the difficulties large carriers and smaller service providers face when trying to expand their service in certain license areas or when trying to enter new license areas. By identifying areas that need improvement, at a granular level, these Reports help the Commission develop policies to promote competition.

Learning from a successful AWS-3 auction. A record-setting \$44.89 billion in provisionally winning bids surged past even the highest yield expectations, showing the incredible growth in demand for new spectrum. The auction's success would not have been possible without the efforts of the Wireless Telecommunications Bureau, which worked in cooperation with NTIA, DoD and other federal agencies to substantially reduce the protection zones of federal operations in the 1755 and 1780 MHz band. But I also believe the license and service rules we adopted played an important role in attracting smaller companies to compete with large nationwide carriers. Specifically, we adopted a band plan that included smaller license blocks and geographic license areas. And we adopted a strong requirement that devices manufactured for the AWS-3 band be interoperable with the AWS-1 band.

Planning for the future. The rules we adopted for the forward auction of the upcoming incentive auctions will promote competition in local markets and has the added benefit of ensuring that the auction promotes efficient allocation of spectrum to the highest and best use. This is particularly important in this case, since we must incentivize broadcast TV stations to participate in the reverse auction. We can promote these goals by auctioning smaller block sizes of spectrum in smaller geographic area licenses. So I am glad that we pushed large and small carriers to develop a consensus so we could shift from the larger Economic Areas to smaller Partial Economic Areas.

Reserving spectrum for local use. I also strongly support the rule that would reserve 30 megahertz of spectrum, in the 600 MHz auction, for those companies that hold less than 45 MHz of below-1 GHz spectrum on a population weighted average in a particular local market. There is no question we have the statutory authority to allocate spectrum licenses in a manner that promotes competition, for the Communications Act instructs the FCC, to "avoid[] excessive concentration of licenses," and to "disseminate[] licenses among a wide variety of applicants, including small businesses." The plain language of the Middle Class Tax Relief and Job Creation Act reaffirms the Commission's authority to, and I quote: "adopt rules of general applicability, including rules, concerning spectrum aggregation, that promote competition." Such a spectrum allocation rule would also be consistent with our precedent. As the Order explains, since the 1980s, the Commission has often adopted policies designed to prevent undue concentration of spectrum licenses necessary to provide those services.

Unlicensed. Finally, we recognize the potential of unlicensed areas of our spectrum, which carry significant economic benefits. This helps to reduce the strain on licensed cellular networks. The U.S. has already made a substantial amount of spectrum available for unlicensed use, and we are working to free up even more. I am pleased the Commission has reaffirmed our commitment to ensuring that unlicensed spectrum in the 600 MHz band can be used to provide broadband service, and I hope the Commission continues to allow innovation in unlicensed bands. Furthermore, I have been a strong advocate for unlicensed use of TV White Spaces since we adopted final rules in 2010, because I believe the excellent

signal propagation below 1 GHz has great potential to provide wireless broadband services in difficult-to-serve low-income communities.

Shifting gears - the FCC voted on a comprehensive Notice of Proposed Rulemaking last week, which would fundamentally restructure the 30 year-old Lifeline program for the 21st century. Guided by Congress's simple and clear dictate, that services should be "affordable," and that all consumers, including "low-income consumers and those in rural, insular, and high cost areas, should have access to ... advanced telecommunications and information services," the FCC proposed to modernize the Lifeline program, to comply with these objectives. The FCC recognized that a voice-only program is inconsistent with the statute's directive to ensure that low-income consumers have access to "advanced" telecommunications and information services.

The rhetoric over what we actually accomplished last week has been, well, disappointing. For those who do not follow us on a regularly basis, allow me to clarify what actually happened. The FCC adopted a framework, which would sunset the current Lifeline program, and replace it with what I am proposing to be known going forward as: **iBridge Now!**

What does **iBridge Now!** look like?

First, low-income consumers, will have access to voice and broadband services, comparable to everyone else. Second-class or inferior service would be unacceptable and not eligible for universal service support. The *de minimis* service plans that some providers current offer: Gone.

Second, the program formerly known as Lifeline will treat consumers with dignity. Consumers will no longer be forced to turn over financially sensitive information to an unknown person, in front of a group of strangers, in a parking lot or tent. Seniors, veterans, the disabled, children and others, deserve better and what we endorsed last week proposes to do better.

Third, iBridge Now! will offer competitive options. We are seeking comment on ways to encourage broader participation, by thinking outside the box, reducing unnecessary administrative burdens and rethinking the process for participation in the program: More providers, more options; more options, better services and more choice.

Fourth, and this is critical: the FCC proposes to adopt enhanced oversight, to further eliminate all incentives for waste, fraud and abuse. A neutral third-party – not the carrier – should determine consumer eligibility, and on that last point, I am drawing a line in the regulatory sand. There is no room for negotiation. We will plug any loophole that currently exists. We will forbid carriers from determining eligibility. This critical element is at the heart of what critics seem almost giddy about pointing to in those old news clips about ineligible consumers receiving service. We address this head on. This practice would be totally eliminated. This incentive will be removed.

Fifth, we will reduce administrative burdens, by leveraging efficiencies from other benefit programs. We seek comment on working with existing state programs to determine eligibility. **iBridge Now!** should not reinvent the wheel, or create additional costs or databases, if they already exist.

But that is not all. Despite what you have heard, the Notice also seeks comment, on a budget for the Lifeline program. We ask how to set it, what data we should review, and when it is appropriate to set a budget. Contrary to what you have been led to believe, Mignon L. Clyburn believes that it is appropriate to have a discussion about a budget for the program. But what I also believe is that this should be a data-driven driven process, like the ones we had when we reformed the other universal service programs. Picking one year out of a program's 30-year history in isolation and saying that this is the appropriate budget number is arbitrary and capricious. Under that theory, we would in essence be throwing one dart at a board, while completely ignoring the fact that at the current level of Lifeline

disbursements, we are serving only about 25 percent of eligible households. I believe that qualified consumers and our statutory obligations require us to be better stewards of the public interest. An artificial budget, set to arbitrary amount, disconnected from current realities, to score political brownie points, will risk foreclosing eligible low-income households from connectivity when they need it most. Such a course will ensure that millions of our citizens remain stuck in digital badlands and cycles of poverty, and as a person who has dedicated the majority of her professional life serving the public interest, I will not co-sign to that.

The optimal way to discipline program expenditures for **iBridge Now!** is to focus on leveraging a modernized program to reduce the critical divides that exist in this nation, so that the number of eligible households decline, which means that the current program's expenditures declines. The program should be focused on being part of a pathway out poverty, poor education, lackluster healthcare options, and more. Our goal should be for **iBridge Now!** to be so successful and so enabling, that its recipients no longer need it or any other federal benefit program, because they no longer qualify. We should be bold and visionary and careful not to embrace an artificial budget, set at an arbitrary amount, and risk ensuring that millions remain stuck in digital badlands.

And the answer is yes: The FCC is seeking comment on adopting metrics to determine the effectiveness and efficiency of the program now known as Lifeline, in response to the GAO Report. This is also something that we are seeking comment on, as I believe it is important for the agency to evaluate how best to structure the program and modify it as appropriate over time. But to do so, we need to be clear about the purpose of Lifeline in the statute: it is to ensure that service is "affordable." The statute does not state that the purpose of Lifeline is to spur new adoption, nor does it say that services should only be affordable for select few low-income consumers who have never adopted broadband before. The word in the statute is **affordable**.

So, I am anxious to move from the blueprint the FCC adopted last week to adopting an Order, and I look forward to your input on how best to do so. Together, we can construct bridge that would lead to empowerment, independence and connectivity. Together we can move from Lifeline to **iBridge Now!**, and ensure that our spectrum policies remain the envy of the world.



Federal
Communications
Commission

Bridging the Affordability Gap

#WeCannotWait

Commissioner Mignon Clyburn
May 2015



Bridging the Affordability Gap

#WeCannotWait

We need a new “Lifeline” program for the 21st century. The 30-year-old program falls short of Congress’s directive to ensure that advanced communications services are affordable, fails to provide real consumer choice and does not offer competitive options to meet today’s communications needs.

We must construct a future-proof “technology bridge” that connects, empowers and enables independence.

- **Connectivity** – Out of the digital darkness and into full societal participation.
- **Empowerment** – Technology is the greatest equalizer of our time.
- **Independence** – Broadband is the tool needed to succeed and escape hard times. Our goal should be to put mechanisms in place so that consumers “graduate” from Lifeline and other benefit programs.



Bridging the Affordability Gap

#WeCannotWait

Financial hardships are real and force consumers to suspend service when connectivity is needed the most.

- 44% of low-income smartphone owners have had to cancel or suspend their service due to financial constraints.
- For those whose only access to the Internet is their smart phone, 48% have had to cancel or shut off service for a period of time due to financial hardship. (Pew Research Center)



Bridging the Affordability Gap

#WeCannotWait

Today, for far too many, broadband represents a bridge to nowhere

- We have made excellent strides in connecting our nation's schools and libraries.
- We have made tremendous gains in broadband deployment.
- But when it comes to our most vulnerable – the disconnected – we have fallen woefully short.

We are stuck on 30

- The Lifeline program was established 30 years ago but it only supports voice and has yet to be modernized for the digital age.
- There are hundreds of “persistent poverty” areas in our country where, for 30 years or more, conditions have either not changed or have gotten worse.
- 30% of Americans do not have broadband at home.



Bridging the Affordability Gap

#WeCannotWait

Did you know that...

- The FCC's 2012 Lifeline reforms closed long-standing loopholes that have saved consumers a whopping \$2.75 billion – exceeding projections by \$750,000,000.

What is left to do and why?

- Lifeline was created to close the connectivity gap but it needs to be recalibrated for the digital age.
- Citizens are stuck in the digital darkness, without a primary tool needed for seamless health care, educational, civic participation and professional advancement. They should not have to wait.
- A technology driven solution is in plain sight. Our statute demands that we act.

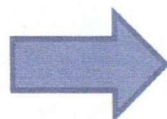


Bridging the Affordability Gap

#WeCannotWait

1985-Era Lifeline

- Carrier determines eligibility
- No minimum standards of service
- Voice-only
- Limited choice of providers
- Lifeline operated independent of other subsidy programs
- No metrics to track progress
- \$9.25 subsidy

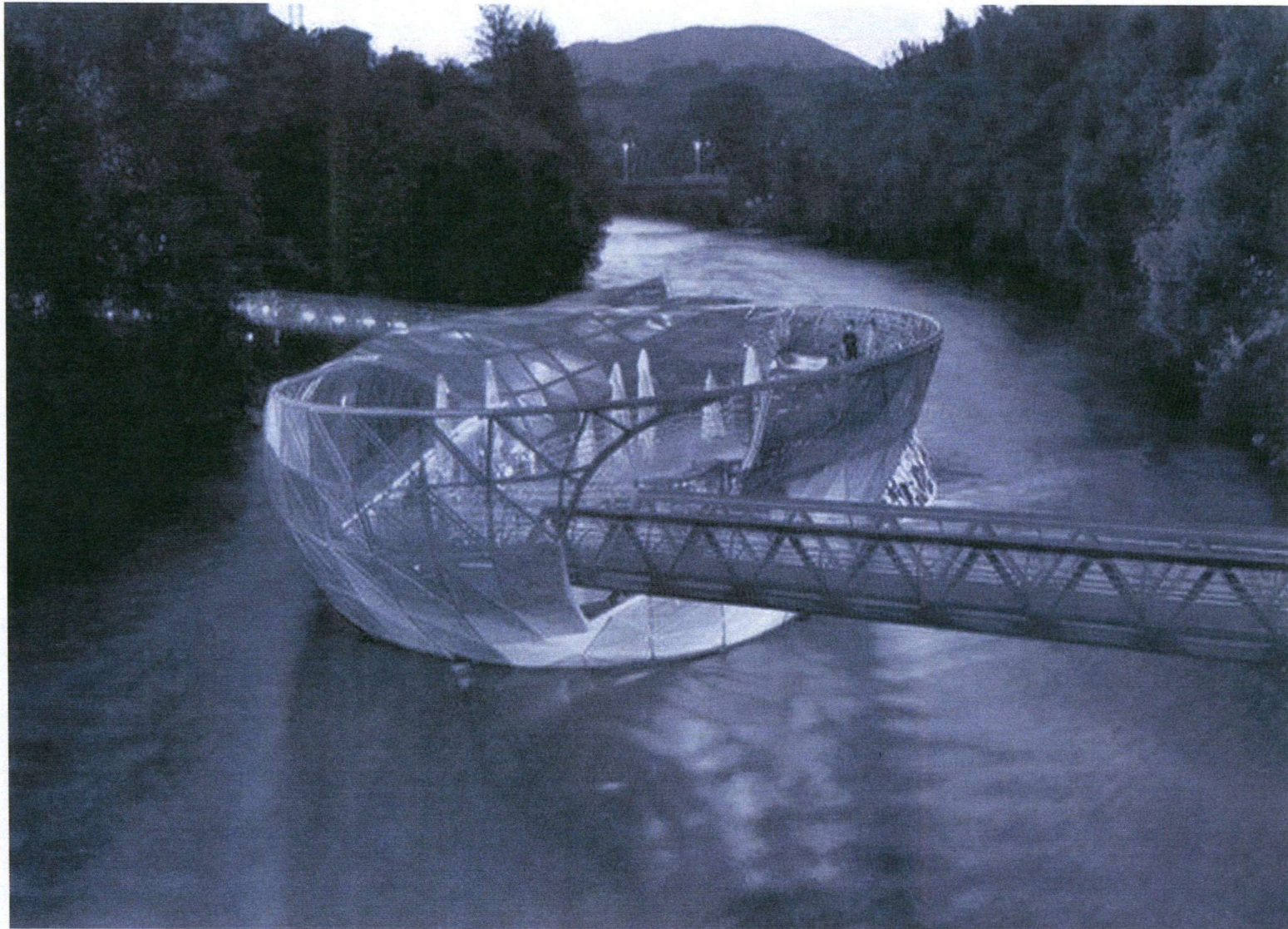


21st Century Lifeline

- Neutral party determines program eligibility
- Robust minimum standards
- Extract maximum value with robust voice and broadband offerings
- Broader participation and streamlined process
- Lifeline leverages efficiencies from other programs
- Metrics to track progress
- \$9.25 subsidy



Bridging the Affordability Gap #WeCannotWait



Questions? Contact Chanelle Hardy (chanelle.hardy@fcc.gov) or Rebekah Goodheart (rebekah.goodheart@fcc.gov) *[Photo of the Aiola Bridge, in Austria](#)*

Federal Communications Commission



NEWS

Federal Communications Commission
445 12th Street, S.W.
Washington, D. C. 20554

News Media Information 202 / 418-0500
Internet: <http://www.fcc.gov>
TTY: 1-888-835-5322

This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.
See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

FOR IMMEDIATE RELEASE:
September 9, 2013

NEWS MEDIA CONTACT:
Justin Cole, (202) 418-8191
justin.cole@fcc.gov

**STATEMENT FROM ACTING FCC CHAIRWOMAN MIGNON CLYBURN ON LIFELINE
AWARENESS WEEK**

“Most of us take for granted that we can call 911 in a crisis and reach family, friends and employers when necessary. But for many low-income Americans, this basic necessity -- phone service -- remains a luxury few can afford. Ensuring access to communications for all Americans, regardless of income, is why Lifeline was launched in 1985 during the Reagan Administration, and why this commitment was codified by Congress in 1996. And that’s why the FCC has modernized and reformed Lifeline for today’s world of mobile communications while looking forward to the next challenge: providing affordable access to broadband. Lifeline Awareness Week is a time for us to appreciate what a lifeline the program has been for the neediest Americans – and to share our vision of a lifeline to jobs, education, health and opportunity through affordable broadband access for all.”

-- FCC--

Prepared Remarks of Acting FCC Chairwoman Mignon Clyburn

New America Foundation
Communications Safety Net:
How Lifeline Connects Families and Communities
Washington, D.C.
September 12, 2013

It is my pleasure joining you this morning to speak about an issue that I am passionate about -- ensuring all Americans, particularly low-income Americans, are connected. Thank you, Chanelle, for that warm introduction and for your partnership. Your devotion to empowering communities of color through education and economic development is an important part of consumer protection. We are grateful for your dedication to serving the public interest.

And thank you, Gene and the New America Foundation for hosting this event. Gene, you have been a leading consumer advocate for decades, especially in the area of access to affordable communications services and your influence continues to inspire many. The New America Foundation, the Leadership Conference on Civil and Human Rights, the National Hispanic Media Coalition, the National Consumer Law Center, Media Action Grassroots Network, and The United Church of Christ, OC, Inc. are all doing amazing work representing the interests of consumers, especially in low-income communities. Bringing advocates and policy makers together to discuss the importance of the Lifeline program to constituencies highlights how those who have depended on Lifeline use the program to stay connected to their families and engage with their communities.

Finally, Commissioner Sandoval, you've been a champion of consumer protection, pushing for fair practices in the telecommunications industry, now by

setting telecommunications and utilities policy for the State of California as a Commissioner. It's great seeing you.

A quick show of hands. How many of you have a cell phone? Now, how many of you will admit to checking it since I began my remarks? Shame on you.

My point is that, in a country where there are more mobile connections than people, most of us take communications services for granted. We expect to be able to place a call, or even get online, pretty much anytime, anywhere. It is sometimes easy to forget that there are millions of low-income consumers who simply cannot afford phone service. But there are. And the FCC's founding statute, and our shared belief in equal opportunity, requires that we never forget them.

And that is where Lifeline comes in. Congress affirmed, with the establishment of the Federal Communications Commission some 80 years ago, that universal access to communications technology is essential. This was asserted again in 1996, when a Republican-controlled Congress and Democratic president passed the 1996 Telecommunications Act, which stated that our goals would be – quote -- “the preservation and advancement of universal service,” for both traditional phone service, and advanced services, such as broadband communications. And Congress made clear that access to these services is a priority for all Americans, including low-income consumers.

During my tenure, we have not only embraced the core goal of enhancing and preserving the availability of voice service, we also have been steadfast in reforming and modernizing the Fund for the broadband reality of today, while remaining committed to eliminating inefficiencies as well as waste, fraud and abuse.

The Universal Service Fund's Lifeline program has been instrumental in increasing the number of low-income consumers with telephone access. By providing a modest monthly subsidy of less than \$10 per month to needy consumers, Lifeline has significantly increased the overall penetration rate for phone service in this nation.

And who gets these Lifeline subsidies?

People like a New Jersey man who used his service during Hurricane Sandy to contact fleeing family members, and an elderly woman who was stranded in the storm and used her wireless service to call for help; people like the mother in a homeless shelter who contacted doctors for her sick child, and the single father of two children, one with special needs, who uses his Lifeline phone to communicate, with his children's doctors and caregivers.

But Lifeline has been under attack as of late, and what the critics always fail to mention is what one major provider shared with us: That its most typical Lifeline customer, is a middle-aged grandmother, raising her grandchildren, on only \$12,000 per year.

In light of some of the recent criticism and -- I'll say it -- demagoguery of the Lifeline program, I think a brief history lesson, to dispel myths for supporters and critics of the program, deserves repeating.

I'll start with the most common misperception about Lifeline, which stems from its newly bestowed nickname: the "Obamaphone" program. Here's the truth.

The Lifeline program long predates the current administration. It was actually created during the Reagan administration, so let's give credit where credit is due. The Lifeline program is a legacy President Reagan could be proud of.

For in 1984, 80 percent of low-income households had telephone service, compared with 95 percent of non-low-income households. With Lifeline, that 15 percent gap was narrowed to four percent by 2012. As a result, the overall telephone penetration rate in the U.S. also has risen.

Those most vocal in their attacks on Lifeline assert that the Universal Service Fund is funding free cell phones for people who don't really need the service. This is an Urban Myth. Let me once again set the record straight. First, the program does not support phones – it only supports telephone service – a distinction that is important, and something emphasized in a Wireline Competition Bureau Order, released since I was named Acting Chair. Second, this program is a significant benefit to about 14 million families who otherwise could not afford phone service. It connects them to 911, social services, health care providers, and job opportunities.

Without this program, approximately millions of low-income families would have to choose between feeding their children or going without a dial tone that potentially could save their lives, and put them on a better economic path.

During the Bush administration, Lifeline was expanded to include cellphone service, but today, some critics seem to want to relegate Lifeline subscribers, to only a wired service. This does not make any sense. For starters, often it is Lifeline subscribers who are most in need of a mobile connection. To what home

would the phone service of a homeless family be affixed? How is someone between several part-time, low-skilled jobs to communicate with their childcare provider without a mobile phone? How is someone seeking to pick up additional shifts on a work site to be contacted on short-notice without a wireless connection? More than 50 percent of those most likely eligible for the program have cut the cord and are wireless only customers.

Once again making Lifeline a wired-only program is one of the most illogical things I've heard since my appointment and even suggesting this is taking a major step backwards and ignores the critical telecommunications of needy Americans and is out of step with the communications evolution. While it's true that reforms were necessary, it's counter-productive to eliminate support for one technology, thereby abandoning the Commission's commitment to technology neutrality and competition for and among low-income consumers due to some bad actors who didn't respect our rules.

The rest of the American public benefits from mobile engagement, staying connected no matter their location, so why should low-income consumers be any different?

One fair criticism of the Lifeline program in the past was that, after the change to also support mobile service, the program was subject to fraud and abuse. But in 2010, the FCC took action, overhauled and reformed Lifeline, to root out such waste, fraud and abuse, an effort referred to as "a model of entitlement reform" by my friend and former colleague, Republican Commissioner Robert McDowell.

The reforms that I proudly supported, were developed in partnership with the states, and culminated with the Lifeline Reform Order in early 2012. In that Order, the Commission took action to make the program more effective, efficient and accountable. An important part of the Reform Order, was ensuring that everyone knows the rules—both consumers and Lifeline providers. The FCC, along with the states, has done significant outreach on our new rules. We've recorded public service announcements, distributed posters, hosted webinars, and traveled to events to educate all stakeholders on the basics of the program. A consumer must be eligible to receive the benefit, Lifeline is limited to one per household, and you must annually recertify your eligibility to remain in the program. I am proud to say, that those reforms are working as intended. Overall, the reforms to the program are on track to save the Universal Service Fund an incredible \$2 billion, by the end of 2014.

But now that we have reformed the program to wring out waste, fraud and abuse, it's important that we look ahead and remain mindful of the trends. Support for plain old voice service remains necessary, but it's not sufficient. Ensuring all Americans have affordable access to vital communications means ensuring all Americans have affordable access to broadband.

As Congressman John Lewis, a civil rights icon, has said, "Access to the Internet is the civil rights issue of the 21st century." Consistent with the language and purposes of the Communications Act, the Lifeline Reform Order establishes as a core program goal, ensuring the availability of broadband for low-income Americans. The Commission currently has underway 14 broadband pilot projects, to study broadband adoption and use by low-income populations, to test the potential for expanding Lifeline support to cover broadband services.

Representative Matsui must be commended for her proposal of the Broadband Affordability Act, which would effectively extend Lifeline to broadband. I also wish to thank Representative Matsui for introducing House Resolution 1616, which announces the support of Lifeline Awareness Week.

According to a new survey by Pew, 30 percent of U.S. households still have not adopted wireline broadband at home. By extending the Lifeline program to cover support for broadband services, the digital divide should narrow, allowing for greater job opportunities, better communications with loved ones, including the ability to actually see family members who live far away, expanded educational opportunities (e.g., gives children and adults access to on-line courses), and access to necessary medical care and advice.

Consumer groups and civil and human rights organizations can continue helping to ensure that the Lifeline Program remains a viable low-income consumer benefit program. Informing your constituents about the benefits and importance of Lifeline, as well as the eligibility requirements and how to properly enroll, will go a long way toward making sure those who are eligible for Lifeline receive it. Continuing to work with the Commission and Congressional members is also a key means for helping the program survive attacks. Positive messaging and sharing the stories of your constituents, who have been helped by Lifeline with the public, are also necessary to remind everyone of the wonderful benefits of Lifeline.

Thank you for inviting me to share my thoughts on what remains our priority for advancing both voice and broadband service to all Americans, no matter their location or life situation. And thank you for reasserting your commitment to closing divides during Lifeline Awareness Week 2013.

Prepared Remarks of FCC Chairman Tom Wheeler

The Brookings Institution

June 26, 2015

As the excellent work in the National Broadband Plan called to our attention and as evidenced by the President's Broadband Opportunity Council's continuing work, broadband is the defining infrastructure of the 21st century. Broadband networks facilitate today's economic and social activity. But, even more importantly, broadband networks ignite new possibilities. Thanks to broadband, what is often unimaginable today becomes integral to life tomorrow.

Today, the largest taxi company in the country doesn't own any vehicles, the largest overnight lodging company doesn't own any hotels, and the fastest growing of the top-10 retailers has no showrooms. What they do have is easy access to a broadband network, which enables them to assemble resources in new ways, present them to the public in new ways, and define an economic future that is task-based as opposed to the production-based economy of the pre-broadband era.

We should not overlook as well that broadband is also an ignitor of more broadband. As the success of broadband services increases the demand for broadband, it also increases the incentive for competitive broadband

It is because of this two-pronged impact of broadband that our policy is to expand broadband and to assure that our broadband resources are fully utilized. That means that we want to extend broadband geographically into areas where it doesn't exist. It means that we want broadband to be affordable for and adopted by all of our citizens. And it means that we want broadband to be open and free from any artificial inhibitions on its use.

So here's the punchline. It's pedal to the metal on broadband policy – for both consumers and competitors.

Expanding broadband requires better network technology. It requires more competition. It requires that companies continue to invest to satisfy consumer demands for bigger, better, and more broadband. It requires that broadband providers not be able to limit competition in broadband-dependent markets, like apps or online services, by invoking their gatekeeper power. And it requires that limitations on consumer demand – whether on the basis of geography, or economic circumstances, or disability – be removed. Simply put, broadband should be available to everyone everywhere.

My message today is simple: the job of the FCC is to exercise its authority with both discretion and determination so that technology, competition, investment and consumer empowerment are able to work together to reach our nation's broadband goals.

As you probably know, I think history matters – a lot. So let's consider history.

Networks have been a defining economic force throughout history – and the victory laurels have gone to those who embraced the new networks.

The exciting part about our time is that while broadband and the Internet may be the most important networks in history, their effects are not yet the most important in history. The simultaneous emergence of the mid-19th century railroad and telegraph networks reshaped the economy and society of that time more than the Internet and all that it has produced has shaped ours – thus far.

The key phrase in that statement is “thus far.” My conviction that we are on the cusp of when our broadband networks will prove even more transformative than the networks of the 19th century is based upon this: broadband networks are new in a new way.

The new way is the evolution from hardware-based networks to ones that are software-based. The effect of this is the virtuous circle where new applications are enabled by broadband, which drives the next generation applications and the next generation broadband.

There are multiple benefits of the network’s evolution from hardware to software. First, we are moving from networks with limited functions, to a world in which software expands network capabilities and makes them available to a wide variety of non-traditional applications. As one person recently put it, networks are moving from a SIP world to an API world. The result will unleash innovation in both the network and in applications.

Another impact of software replacing hardware is that the cost of expanding network capabilities decreases. In the old days it was necessary to add a physical circuit if you wanted to increase capacity; today it often is only a matter of adding computing power.

Finally, the evolution to software defined networks with virtualized components means that network operating expenses decrease. Verizon, for instance, reports that the replacement of central office physical switching systems with software reduces their real estate costs by up to 80 percent. What used to require floors and floors of switches can now be done by a few racks of computers in a fraction of the space. And the same holds true of energy costs. Powering a few computers can save up to 60 percent on energy costs as compared to powering endless switches.

With all of these advantages of software defined networks – expansion of network capabilities, economies in expanding capacity, and reduction in operating costs – no wonder AT&T has said 75 percent of its network will be controlled by software within five years.

But this is not just about reducing costs and increasing functionality for incumbents. The effects of software-based networks are also good for consumers and competitors because they enable LECs to become more fulsome competitors to cable operators’ dominant position in high-speed broadband.

Thank you Gordon Moore.

Fifty years ago, the Intel co-founder posited what has become known as Moore’s Law; that the power of microchips would double, and thus computing costs decline, about every two years. The compounded

doubling every couple of years has meant that the 60 transistors that were on a chip when Moore propounded his theory has exploded to over a billion while the cost of a chip has remained relatively stable.

We tend to think of Moore's Law in terms of how the smartphone in our pocket or purse has as much computing power as a multimillion dollar super computer of just a few decades back.

But Moore's Law is also what is driving the revolution in network economics as ever-less costly computing power magnifies the capacity of network connections. For optical fibers, of course, the result is optimal. But even for bandwidth constrained copper networks, low cost computing power allows transmissions to be broken into parts and sent over different strands to be reassembled at the other end. And the same concept, called carrier aggregation, is increasing the throughput of wireless networks through increased processing power.

That the nature of the network itself is changing right under our noses is a significant data point for those of us in the oversight business. As the cost of delivering broadband goes down, the opportunity for broadband expansion – including competitive broadband expansion – and broadband-dependent innovations goes up. This means we're not going to let imaginary concerns about investment incentives and utility regulation cause us to let up on policies to encourage fast, fair, and open broadband.

Since we come together today on the heels of the D.C. Circuit's decision rejecting requests to stay the Open Internet Order, let's begin by addressing the relationship between broadband network openness and investment. As you know, this was a big argument by the ISPs in their stay request; that somehow assuring that networks are open would erode the incentive to invest.

Fortunately, there is a disconnect between what is said in Washington advocacy and what happens in the market. While a few Big Dogs are threatening to starve investment, others are stepping up. The CEOs of Sprint, T-Mobile, Cablevision, Charter, and Frontier have all publically said Title II regulation does not discourage their investment. Recent transactions, both announced and rumored, point to the same conclusion. And, of course, the post-Open Internet announcements by AT&T, Bright House, CenturyLink, Cincinnati Bell, Comcast, Cox Cable, TDS Telecom, and Time Warner Cable about their plans to expand their broadband service certainly speak for themselves.

Yet, there are a group of broadband providers who feel that the movement from analog to digital transmission should be their ticket to escape what I've called the Network Compact: those responsibilities that have always governed the relationship between those who build and operate networks and those who use them. Access, interconnection, public safety, consumer protection and national security will remain our focus.

Here is a simple statement of fact. Broadband is the most powerful and pervasive network in the history of the planet. Suggestions that it be without fully effective oversight are unthinkable.

But the kinds of oversight designated by the Open Internet order are a new regulatory model designed for new network times. I keep describing this oversight as a "referee on the field who can throw the

flag.” In our implementation, I plan to adhere to the wisdom that the best referees do not make themselves part of the game unnecessarily. As a disciple of Woody Hayes and Urban Meyer, I believe the players should be allowed to play. Referees make sure the game is played fairly, they don’t call the plays. It will be up to the competitors, for instance, to advocate for themselves in negotiations with other competitors. Our job isn’t to substitute the FCC for what should be hard-fought negotiation and tough competition. It’s up to the players to compete hard against their opponents. But, make no mistake, if they violate the rules, we will blow the whistle.

We are arbiters of last resort, not first resort. We will not micromanage networks as was done in the pre-broadband days. This means no retail rate regulation, no network unbundling, and no tariffs. In short, no “utility style regulation.” In that environment, at a time when consumers are demanding better broadband, why would a rational broadband provider not make the investment to give it to them? Only if competition is lacking, only if consumer demand is artificially limited. Companies invest to win the race of competition...if there is a race.

As we push onward into the broadband future, our challenge continues to be assuring that the preconditions for broadband ignition are as widespread as possible. The best tools for accomplishing that are competition and consumer demand.

So let’s be clear. We’re not going to let up on protecting and promoting broadband competition.

As I have made plain on innumerable occasions, competition is paramount. It is the best assurance of industry dynamism, that opportunities for improvements in quality and reductions in cost will be pursued assiduously, and that the benefits will be shared with consumers.

Suffice it to say, continuing to protect and encourage a competitive marketplace is the foundational requirement of the modern FCC. Our skepticism about the competitive impact of the rumored Sprint-T-Mobile merger of a year ago, and the recently abandoned Comcast-Time Warner Cable merger are evidence that we take seriously our responsibility to protect competition.

But protecting competition is only half the equation. Our job is to promote competition as well. We know broadband competition works – just look at cities such as Kansas City, Austin, Lafayette, Atlanta, and Chattanooga. The arrival of even one well-equipped broadband competitor caused a significant competitive response from incumbent operators, with qualitative improvements benefitting customers of incumbent and insurgent companies alike.

The Commission will continue to look for ways to promote broadband competition. One way is to lower some of the costs of extending broadband facilities. We dealt with the inability of competitors to get access to poles and conduits in the Open Internet Order. Building on that, we are now undertaking an effort to better align the costs of using poles and conduits.

Perhaps the FCC’s most tangible role in growing broadband is to allocate and make available both the licensed and unlicensed spectrum necessary for competitive wireless broadband. Our use of auctions – a competitive device in its own right – for assigning licensed spectrum is well known and, in most

quarters, well celebrated. Making available spectrum for unlicensed use draws less public attention, but as the remarkable success of WiFi demonstrates, it literally is an indispensable element in the provision of broadband today. And if “more indispensable” is a permissible concept, it will be more indispensable to the broadband of tomorrow.

I have recently spoken to Chairman Walden under whose leadership the Incentive Auction law was created. We are of one mind on this: there will be an Incentive Auction in the first quarter of 2016.

When I came on board at the agency the question of whether broadcasters would show up for the Incentive Auction was a matter of debate. While, of course, this is a voluntary decision by each broadcaster governed by the ultimate free market – an auction – I am quite encouraged by what we have been hearing from broadcasters.

While we are talking about spectrum we should not overlook the role it will play in determining who will be the international leader for 5G broadband networks. This nation is the world leader in 4G-LTE as a result of the availability of spectrum to become a home for LTE. We do not intend for the United States to lose the pole position in the international broadband race. We will maintain that leadership in the same way we obtained leadership in 4G. First, through being out front in allocating appropriate spectrum. And second, by allowing carriers to deploy 5G service in any frequency band they find suitable.

Another way to stimulate broadband is to increase opportunities for additional competition in upstream markets. That is why we proposed a rule to give over-the-top video providers the ability to choose the same business model as cable and satellite providers, with the same program access rights. We expect to move that to a Report and Order this fall. There is a line of new OTT providers queuing up to expand video choice – and increase consumer demand – for broadband.

Demand for broadband also is affected by consumers’ perceptions about the potential non-monetary costs of using it. We committed in the Open Internet order to address issues of privacy implicated by consumers’ use of the Internet. We will begin that process with a Notice of Proposed Rulemaking in the autumn.

And, finally, let’s be clear. We should not and will not let up on our policies that make broadband more available.

Converting universal service programs from their narrowband origins to broadband is among our most important initiatives. Chairman Genachowski began the reorientation from support of narrowband service to a focus on broadband. We have built on that by deploying \$10 billion over six years to enable 10 rural price cap carriers to provide broadband service to their customers. We have also begun a program to test non-traditional means of delivering broadband in rural areas.

I have told Senator Thune that it is my goal to similarly reform the broadband support program for small rate-of-return carriers. Commissioner O’Rielly has played a significant role in this effort, including putting forth a set of principles. We are working with the affected carriers to explore the best approach.

We had been in search of a consensus proposal from the rate of return carriers that would help us meet the policy objectives the Commission unanimously adopted in April 2014. Unfortunately, while I appreciate the carriers' willingness to engage, if we are to keep on schedule, time is not our friend. Absent a consensus from the parties involved we will put forth our own proposal.

Just as we need to make sure that all parts of our country have broadband, we need to make sure that all of our citizens are able to use it.

Last year we modernized and expanded our efforts to address the broadband needs of schools and libraries. Our modernization of the E-rate program will produce an extraordinary return on investment and it will do it very quickly.

But learning isn't confined to the classroom. As Commissioner Rosenworcel has pointed out, even though students can now connect at school, too many still experience a "homework gap" when they cannot get online at home. A recent Pew Research Center study found five million students – nearly 20 percent of students between six and 17 years-old – do not have high-speed Internet service at home. It is simply unacceptable in an era when learning opportunities have never been richer or more available that these students have to go to McDonald's or some other WiFi-equipped location to do their assignments.

Our obligations and opportunities to extract more value from broadband do not end with our children. Another Pew study found that half of Americans who rely on smartphones for broadband access have had to cancel their mobile subscription because of financial hardship. Commissioner Clyburn has been championing the need to overhaul the Lifeline Program to make it relevant to the 21st century. I support her efforts, not only to rid the program of components that invite waste, fraud and abuse, but also to refocus Lifeline from voice service to broadband. We have recently adopted a NPRM to overhaul Lifeline. We will learn from that Notice and then move on to reform and revitalize Lifeline.

Broadband access is very important to another group of Americans, those who live with physical and intellectual challenges. Although our efforts do not receive headlines as much as some of our other activities, the application of information technology to attack the needs of Americans with disabilities will be a priority as long as I am chairman. We are, for instance, the first federal agency to harness broadband to allow those who use American Sign Language to communicate directly with the FCC using online video.

Several months ago we began urging all federal agencies to have online video ASL capabilities. To aid in this, the FCC is building a Web-based open API platform that will allow any company or agency to "plug in" and utilize the power of broadband to do a simple thing: help hearing impaired Americans communicate. The 25th anniversary of the Americans with Disabilities Act is coming up next month. This is a great opportunity for all federal agencies to take the simple but significant step of harnessing online video for those who speak with their hands and hear with their eyes.

As I noted at the beginning of this presentation, we are closer to the beginning of the broadband networks' promise than the end. The broadband-related agenda I have described is keyed to assuring

that the technology's remarkable promise will be realized. If we succeed in accomplishing the agenda, and I am determined that we will, new generations of American innovators will be able combine their technical abilities and entrepreneurial instincts with broadband's capacities to produce great things – things that today we cannot begin to imagine.

**Remarks of Gigi B. Sohn
Counselor to FCC Chairman Wheeler
Third Annual New York State Broadband Summit
Albany, NY
June 11, 2015**

Good morning. Having grown up on Long Island, I am especially honored to be here today. Thank you to David Salway and Angela Liotta for inviting me.

One of the best parts of my job is meeting people like David and Angela who are passionate about the ability of communications networks to improve the lives of Americans.

Last month, I gave a speech at Yale to the group leading Connecticut's effort to deploy gigabit fiber networks across the state. You'll be pleased to know that I opened my remarks by reminding them of the superiority of New York pizza to New Haven pizza. And of the New York Mets to the Boston Red Sox.

I admire and respect what the leaders of the CTGig project are doing – but as a native New Yorker – it was my duty to remind them that we are the Empire State and they are the Nutmeg State.

As New Yorkers, we expect the biggest and the best. That's why it's fitting that you have launched the \$1 billion New NY Broadband Program, the largest broadband commitment in the nation.

Today, I want to talk to you about why the leadership at the FCC – America's broadband agency – is watching the New NY Broadband Program closely and pulling for its success. Then, I want to spend the second half of my remarks talking about what we are doing at the FCC to advance our common goals.

To understand why this initiative is so important, look no further than your mission statement. You aspire to “build a world-class interconnected broadband network, which will deliver high-speed services to support the needs of public safety, healthcare, education and government, and deliver vast economic and societal benefits.”

It's kind of a mouthful, but that's kind of the point. The list of areas where broadband creates new opportunities is seemingly endless.

Start with opportunities for our economy. Already, high-speed connectivity has enabled entirely new industries to bloom, essentially overnight.

Think of the mobile apps economy, which didn't even exist less than a decade ago. Today, it's already created more than 600,000 new U.S. jobs.

There's the sharing economy, epitomized by companies like AirBnB and Uber, which takes idle resources and puts them to use, creating enormous value for consumers.

Consider a recent, high-profile IPO – New York's very own Etsy. This website has created a platform for more than a million entrepreneurs to sell their handmade goods to a global audience of nearly 20 million active buyers.

Now look at some of the other subjects mentioned in your mission statement.

Take education. Interactive digital learning tools can tailor personalized lessons to match each student's strengths and weaknesses. And broadband connectivity has become essential for taking tests and doing homework.

What about health care? Ubiquitous connectivity enables remote monitoring tools that can identify health risks before they become a crisis.

You mention better government. Broadband enables the government to be more open, transparent and responsive. Individuals can come together and influence elected officials in new and powerful ways. The nearly 4 million Americans who commented on and helped improve the FCC's new Net Neutrality rules can back me up on that.

Let's look at some areas you don't mention. Broadband creates opportunities for energy. New York's own IBM is leading the development of Smart-grids and smart-home technology to help consumers save money, while helping to save the environment.

Broadband technologies are also truly transformative for people living with disabilities. The FCC administers a program to help low-income Americans

with significant hearing and vision loss access modern communications tools. One participant in the program from Massachusetts said, "I feel more equal, more independent. It changed my life." We have hundreds more testimonials just like hers.

Bottom line, in 2015, broadband internet has become the pre-eminent platform for new innovations that drive economic growth, that boost U.S. competitiveness and that improve our quality of life.

That's why New York's broadband initiative is such a big deal. But there's another reason – and it goes back to the very first words of your mission statement, which are, and I quote, Broadband for every New Yorker. And I emphasize the "every".

The New NY Broadband Initiative matters not only because it will spur the deployment of high-speed networks that will unleash economic growth and other benefits; it matters because it's committed to making sure ALL New Yorkers can enjoy these benefits.

This initiative isn't just about unlocking future possibilities; it's about fulfilling our nation's founding promise: opportunity for all.

This timeless American value is particularly timely in 2015.

As evidenced by last week's jobs report showing the creation of 280,000 new jobs, the economy continues to improve steadily. But the biggest asterisk on this recovery, which sets a record for most consecutive months of positive private sector job growth, is that the rewards have been skewed to the wealthiest Americans, and too many lower-income Americans feel like the recovery is passing them by. A recent Pew Research Center survey found that an overwhelming majority of Americans see inequality as a serious problem.

Broadband is a part of that problem – and of the solution.

Since the early days of the Internet, we've been talking about the digital divide. While the gap is shrinking, it's still there.

About 10 million Americans can't get wired broadband *at any speed*, even if they wanted it. The infrastructure just isn't there. And in the vast majority of these areas, it doesn't make sense economically for private ISPs to build.

Nearly 30 percent of Americans, most of whom have access to broadband, still haven't adopted broadband at home, and low-income consumers disproportionately lack access. While more than 95 percent of households with incomes over \$150,000 have broadband, only 48 percent of those making less than \$25,000 have service at home.

The costs of digital exclusion are staggering. If you aren't online, you simply can't be a full participant in our modern economy and democracy. Job applications are increasingly online only. If you can't get online, you can't get a job.

Holly Leonard of San Jose, California, who has been homeless on and off for years and recently got a new apartment she found on Craigslist, said, "Before I got a smartphone, it was like you're almost nonexistent."

If you don't have broadband access, the challenging prospect of working your way up the economic ladder becomes even more challenging. On the flip side, broadband access can empower individuals to pursue new opportunities.

In 2015, opportunity for all requires broadband for all.

So what is the FCC doing to help maximize the benefits of high-speed Internet for all Americans?

Let's start with what we are doing to promote fast, fair, and open networks that help unleash new innovations. Then I'd like to talk in more detail about a new FCC initiative to make sure all Americans are connected.

One of the FCC's jobs – as dictated by Congress – is annually to "determine whether advanced telecommunications capability is being deployed to all Americans in a reasonable and timely fashion." In other words, every year, the FCC takes a fresh look at the broadband marketplace to determine whether the answer to that question is "yes" or "no".

As we went to work on this year's assessment – what we call our "Broadband Progress Report" -- we noticed a big problem: the benchmark for "broadband" was 4 megabits per second download speed and 1 megabit per second upload speed.

The leading broadband providers insist that 4 Mbps up and 1 down is still a reasonable standard for 2015 and expressed strong opposition to any increase in this standard.

Let's get real.

Four/One is less than the recommended capacity to stream a single HD video. Now consider that the average connected household has seven Internet-connected devices -- including televisions, desktops, laptops, tablets, and smartphones.

Meeting the needs of a modern connected family with four megabit broadband isn't difficult; it's impossible.

That's why, in adopting the latest Broadband Progress Report in January, the Commission established a new definition for broadband at 25 Mbps down and 3 Mbps up, about double the average broadband connection today.

The most effective tool for driving investment and improvements in increasingly faster broadband networks is competition. The simple truth is that meaningful competition for wired broadband at 25 Mbps is lacking.

It used to be that most Americans had at least two choices for fixed Internet service: the cable company and the local telco offering DSL. The problem is that traditional DSL has not kept pace with the needs of today's consumers and is no longer a real alternative to faster cable and fiber networks. At 25 megabits per second, just under 75 percent of U.S. homes can choose from only one or fewer fixed wired providers -- and that includes almost 20 percent who have no option at all at that speed.

Lack of competition typically means lesser service and higher prices for consumers. It also increases the risks that broadband providers could use their market power in a way that threatens Internet openness.

So what are we doing to promote competition? Although no formal action proved necessary, we worked in close collaboration with our colleagues at

the Justice Department to discourage transactions that we believed would reduce competition. But it is not enough to preserve existing competition. We want to open the door to new competitors.

Across America, some communities have concluded that when existing private sector broadband offerings are not meeting their needs, the only solution is to become directly involved in broadband deployment.

Some communities have worked with private sector providers to facilitate improved broadband service. Others have entered into various forms of public-private partnerships, much like the ones the New NY Broadband Program proposes. Still other communities have decided to deploy broadband networks themselves.

But in 19 states, community broadband efforts have been blocked by restrictive state laws. At first blush, that doesn't make any sense. Until you realize that these laws are often passed as a result of heavy lobbying by incumbent broadband providers.

The Electric Power Board (or "EPB") in Chattanooga, Tennessee and the City of Wilson, North Carolina, decided to fight back. Both have successfully deployed community broadband networks, but state laws were preventing them from expanding their networks to surrounding areas.

These restrictions have real human costs. I met a man named Richard Thornton, who lives only three-quarters of a mile from Chattanooga's gigabit network but he's still in the Internet Dark Ages. He has to pay \$316 per month for a collage of services including two mobile hot spots, satellite TV, and phone service. Yet, less than a mile away Gigabit service is available with TV and phone for only \$133. EPB wanted to extend its service to Mr. Thornton's home, but it was prohibited from doing so by Tennessee's bureaucratic law.

EPB and Wilson petitioned the FCC to pre-empt the restrictive state laws hampering investment and deployment in their areas. This February, the Commission did just that, preempting the restrictive provisions of those laws.

The Commission respects the important role of state governments in our federal system, and we do not take the matter of preempting state laws lightly. But when state laws directly conflict with Federal laws and policy, we will not be afraid to act. By approving these petitions, we sent a clear message that we believe the American people, through their elected local officials, have the right to make their own decisions about their broadband future.

Perhaps the biggest key to preserving the Internet as a platform for innovation is preserving its open design, which enables innovation without permission. This February, the FCC adopted the strongest open Internet protections ever proposed by the agency. These rules are set to go into effect tomorrow, and they will assure the rights of consumers and innovators to use the Internet without interference from gatekeepers.

Let me close by talking about what the Commission is doing to make sure ALL Americans can enjoy the benefits of broadband.

In recent years, the Commission has launched a comprehensive effort to take our outdated "Universal Service" programs for delivering telephone service in the 20th century and modernize them to support broadband access to all Americans in the 21st century.

Our new Connect America Fund ensures that broadband is deployed in places where it is not economic for industry to build. Over the next six years, the FCC will disburse \$11 billion through this fund to support infrastructure build-out in rural areas.

We have modernized another of our Universal Service programs – the E-rate program - to support fiber deployment to and Wi-Fi within our nation's schools and libraries. Our goal is to connect 99% of schools and libraries with 100 Mbps broadband over the next four years.

Let me take a few minutes to elaborate on the latest major initiative by the Commission to reform universal service and make broadband available to all Americans. I'm talking about Lifeline modernization.

Starting in 1985, the FCC's Lifeline program has provided a small subsidy first for wireline and then for wireless telephone service. Over a span of three decades, the program has helped tens of millions of Americans afford

basic phone service. But as communications technologies and markets evolve, the Lifeline program also has to evolve to remain relevant.

While the FCC in 2012 imposed critical reforms that have drastically cut down on waste, fraud and abuse, much more must be done to bring the program into the 21st century. Last week the Chairman circulated to his fellow Commissioners a notice of proposed rulemaking that not only proposes more reforms, but also proposes to allow Lifeline to subsidize broadband. During the net neutrality debate that lasted well over a year, Americans told us unequivocally that access to broadband is essential to full participation in our society and our economy. The FCC must ensure that everyone, including the poorest and most vulnerable, can share in that benefit.

Moreover, to ensure that Lifeline subscribers can tap the full benefits of broadband, the Chairman also proposes establishing minimum standards of service for voice and broadband. There can be no “slow lane” for the disadvantaged.

We also propose an overhaul of the way we determine eligibility for Lifeline. Currently, Lifeline providers are responsible for ensuring eligibility, a situation that invites waste and burdens providers. The Chairman has proposed shifting the responsibility away from the providers, possibly to a trusted third party. Specifically, we want to look at whether a national eligibility verifier is feasible, and how state efforts may be able to assist.

There should be no doubt that the FCC is working aggressively to make sure every American can access fast, fair, and open broadband networks. But we can't do it alone. We need a massive investment from the private sector. And we'll need leadership at the state and local level to drive initiatives that close the deployment and adoption gaps. More specifically, we need you.

That's what's so exciting about the New NY Broadband Program. We've seen how ultra-high-speed networks can invigorate a city's economy. You are expanding this strategy to promote economic development across the state. You propose leveraging both public and private resources to ensure every New Yorker has access to high-speed Internet by 2019.

We talk about fast, fair, and open broadband. The New NY Broadband Program could deliver universal access to true high-speed networks at costs lower than what people pay for basic service today.

The possibilities are limitless.

But it hasn't happened yet. One million New York residents and 4,000 businesses still lack access to broadband as the state has defined it. We need to close that gap.

And I think this group is up to it. Scratch that. You guys are New Yorkers. I KNOW you're up to it.

Across the country, we see community after community stepping up to write their broadband future. But New York has a unique opportunity to help set the pace for the nation. Chairman Wheeler and I applaud your ambition and look forward to working with you to deliver the benefits of broadband to the American people.

Thank you.

**Lifeline & Broadband
Press Monitor**

August 17, 2015

The White House

List of Articles

[BROADCASTING & CABLE] Clyburn: Cost, Not Relevance, Is Broadband Roadblock; Says low-income residents too proud to admit price is problem (July 2015)..... 3

[ARS TECHNICA] FCC commissioners disagree over whether Internet access is a “necessity” .. 3

[BROADCASTING & CABLE] FCC's Clyburn: Broadband Clearly a Necessity (July 2015)..... 4

[BROADCASTING & CABLE] Hill Weighs in on FCC Lifeline Vote; Republicans less than enthused (June 2015) 5

[THE HILL] FCC moves forward with broadband Internet subsidy for the poor (June 2015) 6

[EDWEEK.ORG] FCC Moves to Add Broadband to 'Lifeline' Program for Needy Households, Students (June 2015)..... 7

[CIVILRIGHTS.ORG] Lifeline Principles Letter (June 2015) 9

[POLITICO] 'Obamaphone' fight pivots to Internet (May 2015)..... 11

[NATIONAL JOURNAL] FCC Aims to Subsidize Internet Service for the Poor The agency wants to expand its Lifeline subsidy, which is derisively referred to as the "Obamaphone" program. (March 2015) 14

[BROADCASTING & CABLE] Clyburn: Cost, Not Relevance, Is Broadband Roadblock; Says low-income residents too proud to admit price is problem (July 2015)

7/30/2015 11:34:00 AM Eastern

By: John Eggerton

FCC commissioner Mignon Clyburn says that lowering the price, not raising the relevance, of broadband for low-income Americans is the key to bridging the ongoing digital divide.

That came in a speech to the National Urban League Thursday, according to a copy of her remarks.

"Broadband is breaking down barriers to achievement for minorities, people with disabilities, and the poor," she said, but added that for too many affordability continues to be the great un-equalizer.

"We have all heard that relevance, not cost, is the reason many do not have broadband. But as community leaders, you know firsthand that when you ask that proud senior on a fixed income whether she wants to sign up for broadband, her dignity will never allow her to admit that she cannot afford it," Clyburn told her audience. "She will tell you that she does not need it, but we know that is just not true."

To her point, Clyburn spotlighted the deal condition in the AT&T/DirecTV merger approval in which the combined company will have to provide stand-alone, high-speed (rather than baseline speed) broadband (10 Mbps) without connection fees or other charges, to low-income families.

Clyburn has been a big supporter of expanding the Lifeline telecommunications subsidy for low-income families to broadband.

Source: <http://www.broadcastingcable.com/news/washington/clyburn-cost-not-relevance-broadband-roadblock/142947>

[ARS TECHNICA] FCC commissioners disagree over whether Internet access is a "necessity"

Mignon Clyburn: Idea that Internet access isn't necessary prevents progress.

by Jon Brodtkin - Jul 9, 2015 3:10pm EDT

When Federal Communications Commission member Michael O'Rielly argued last month that "Internet access is not a necessity or human right," fellow commissioner Mignon Clyburn took notice.

In a speech at a policy conference yesterday (see transcript), she listed numerous reasons why Internet access really is necessary in the modern age:

Not a necessity... during a time when the majority of Fortune 500 companies post new job listings strictly on websites? And where if you are fortunate enough to secure a position, your new boss expects you to have an e-mail address?

Not a necessity... where, in a growing number of states, those who are income-eligible can only apply for benefits or aid online?

Not a necessity... when most colleges and universities post and accept student admissions electronically?

Not a necessity... as the evidence grows daily, on how technology is bridging long-standing gaps when it comes to the delivery, quality of service, and cost efficiencies for access to health care and wellness?

And when you make that face-to-face appointment or conduct business in person, when was the last time you bought or referred to a folded map when you traveled to that destination?

This could be seen as just a debate over semantics. O'Rielly doesn't argue that Internet access is unimportant, rather he says the word "'necessity' should be reserved to those items that humans cannot live without, such as food, shelter, and water."

Clyburn pointed out that the FCC is required to make sure everyone in the US has affordable broadband access. "Not only is the Internet a necessity today, but Congress actually directed the FCC to ensure that everyone, regardless of income, has access to advanced communications services," she said. "Congress also directed that such access should be affordable... we are mandated to close the digital divide."

The FCC is required by Congress to expand broadband access.

O'Rielly is a Republican and Clyburn is a Democrat. In her speech, Clyburn supported a plan to let Lifeline phone subsidies be used for broadband instead. The FCC took a preliminary vote in favor of the plan, with Democrats supporting it and Republicans opposing.

"Let me warn you, any proposed transition will not come easy, for there are those who publicly proclaim that Internet access is "not a necessity," Clyburn said.

"Those who cannot afford broadband can just go to the library, some often say," she continued. "Now, I am proud of the work the FCC has done through our E-rate program to help ensure that our schools and libraries have robust broadband and Wi-Fi. But we should not be satisfied if the library is the sole means by which an entire community can get broadband, particularly when there are no options for connectivity once the library closes for the day."

Source: <http://arstechnica.com/business/2015/07/fcc-commissioners-disagree-over-whether-internet-access-is-a-necessity/>

[BROADCASTING & CABLE] FCC's Clyburn: Broadband Clearly a Necessity (July 2015)

Responds, indirectly, to O'Rielly speech

7/09/2015 10:12:00 AM Eastern

By: John Eggerton

FCC Democratic commissioner Mignon Clyburn responded, though not explicitly, to the suggestion by her fellow commissioner, Republican Michael O'Rielly, that broadband access was not a necessity.

Clyburn's response came in a speech July 8 to a National Action Network policy conference.

In his own June 25 speech to the Internet Innovation Alliance, O'Rielly said regulators should not view Internet access as a necessity or a human right.

Clyburn made it clear she was one regulator who was going to treat it as just that, which is why she is pushing for updating the FCC's lifeline program subsidy for broadband to low income households.

Clyburn said access to broadband was an issue not just of connecting homes, but of equality and justice. "Access to the Internet today is essential and never allow anyone to try and convince you otherwise."

In talking about closing the digital divide, she said it would not be easy "for there are those who publicly proclaim that Internet access is 'not a necessity'!"

"Not a necessity... during a time when the majority of Fortune 500 companies post new job listings strictly on websites?"

"And where if you are fortunate enough to secure a position, your new boss expects you to have an e-mail address," she said. "Not a necessity... where, in a growing number of states, those who are income-eligible can only apply for benefits or aid online? Not a necessity... when most colleges and universities post and accept student admissions electronically? Not a necessity... as the evidence grows daily, on how technology is bridging long-standing gaps when it comes to the delivery, quality of service, and cost efficiencies for access to health care and wellness?"

"Not a necessity?" she asked again. "Well I say they are wrong, and I trust you agree."

Source: <http://www.broadcastingcable.com/news/washington/fccs-clyburn-broadband-clearly-necessity/142409>

[BROADCASTING & CABLE] Hill Weighs in on FCC Lifeline Vote; Republicans less than enthused (June 2015)

6/18/2015 01:07:00 PM Eastern

By: John Eggerton

The Hill was quick to react to the FCC's vote to add broadband to its Lifeline subsidy program.

"We share the goal of making sure all Americans can connect to this fundamental tool of economic growth and social connectivity, but we cannot stand by as uncapped spending threatens to undermine the USF and its benefits," said Reps. Fred Upton (R-Mich.), chairman of the House Energy & Commerce Committee, and Greg Walden (R-Ore.), chair of the Communications Subcommittee.

"Unfortunately, it appears the order adopted by the FCC today – which still has not seen the light of day – fails to protect ratepayers from runaway costs and lacks necessary metrics to gauge performance," said Upton and Walden. "We have called time-and-again for the FCC to rein in out of control costs in the USF. The commission has agreed that the program should be put on a budget, but despite this important recognition, there is still no fiscal restraint in sight."

The legislators wanted the fund capped, as did the Republican FCC commissioners who dissented. The "still not seen the light of day" appeared to be a reference to their ongoing push for the FCC to publish items before the FCC votes on them.

The Republican leadership of the Senate bodies with primary FCC oversight had similar concerns.

"Today, the FCC adopted a proposal to expand the Lifeline program to subsidize broadband Internet services for low-income households," said Commerce Committee chairman John Thune (R-S.D.) and Communications Subcommittee chairman Roger Wicker (R-Miss.). "We are not convinced that the measures taken by the FCC to address waste, fraud, and abuse are sufficient to warrant the expansion of the program. At our subcommittee hearing earlier this month, Committee members on both sides of the aisle expressed concern about the FCC fundamentally changing or growing Lifeline without fixing existing problems first. This expansion may be 'too much, too soon' for a program plagued with problems and a lack of accountability in recent years."

They called on the FCC to "adopt critical measures to restore fiscal responsibility to ensure that the program serves those who truly need it. We also reiterate our call for the FCC to conduct a full program evaluation in accordance with GAO's recommendations in its March 2015 report prior to adopting a final order expanding the Lifeline program to broadband."

Anna Eshoo (D-Calif.), ranking member of the Communications Subcommittee, saw it differently, as did Sen. Ed Markey (D-Mass.).

"Access to broadband is the 21st century's lifeline," she said. "It is a pathway to jobs, education, health care and much more. The steps taken by the FCC today to modernize Lifeline and add broadband ensures that low-income Americans will have access to this critical communications tool. It also furthers our nation's progress toward bridging the digital divide."

"I applaud the FCC for moving forward to modernize the Lifeline program," said Senator Markey, a member of the Commerce, Science and Transportation Committee," said Markey. "Lifeline should reflect America's need for broadband access at home for everyday living. The FCC's decision today is an important step towards ensuring that low income Americans will not be left with analog connections to the digital economy. I look forward to continuing to work with the Commission to update the Lifeline program for our increasingly interconnected world."

Source: <http://www.broadcastingcable.com/news/washington/hill-weighs-fcc-lifeline-vote/141869>

[THE HILL] FCC moves forward with broadband Internet subsidy for the poor (June 2015)

By David McCabe - 06/18/15 12:03 PM EDT

The Federal Communications Commission (FCC) on Thursday voted to formally consider a plan that would expand a subsidy program for low-income Americans to include Internet service.

The commission voted 3-2 along party lines to move forward with expanding the Lifeline program, which opponents have dubbed "Obama phone" because it also subsidizes cellphone service.

Under the plan, the program would provide subsidies for broadband in addition to cell and landline phone service. The program is funded by fees paid by service providers that are generally listed on customer's telephone bills.

The proposal that the FCC advanced Thursday sets the subsidy value at \$9.25 for both broadband and phone service.

It would also add measures that supporters say will enhance the program's accountability — including having a third party, instead of phone and Internet providers, decide who is eligible for a subsidy.

Providers will also immediately be required to take a “snapshot” once a month of its customers receiving subsidies.

The FCC is seeking comments on whether the program should have a set budget and what metrics could be used to better judge the efficiency of the program.

“Today begins a proceeding to spend rate payer’s money more wisely, to deliver 21st century benefits to deserving recipients and to get to the heart of the historic issues that have haunted this program’s deficiency,” said Commission Chairman Tom Wheeler.

Supporters say that it’s high time the Lifeline program address the gap in broadband use between rich and poor Americans. Less than half of households making \$25,000 or less have access to broadband.

Democratic Commissioner Mignon Clyburn said that too many Americans are “trapped in digital darkness and abandoned on the wrong side of the digital divide.”

Clyburn and Democratic Commissioner Jessica Rosenworcel said that the expansion would help improve access to healthcare and tools that students need to complete their homework.

Republicans on the commission said that the proposal should include a set budget for the program and take additional steps to target waste.

“We still have a long way to go if we are going to fix this program,” Republican Commissioner Ajit Pai said. “Waste fraud and abuse are still rampant.”

“It is clear that the majority wants to spend as much as it possibly can” before a change in administration, said Pai’s Republican colleague, Michael O’Rielly.

Lawmakers have taken aim at the program as well. Congressional opponents have called for its budget to be capped and for individuals receiving subsidies to be charged co-pays.

“Before again expanding the program, we need to consider what problems remain and how we can address them, since consumers are bearing the cost of funding the program with increasing phone bills,” Sen. Roger Wicker (R-Miss.) said at a hearing last month.

Several Democratic senators have also introduced legislation designed to support the commission’s efforts.

The program was created under former President Reagan, and expanded over time to include mobile phone service.

— This story was corrected at 2:55 to reflect that the FCC voted to formally consider the expansion of Lifeline. A previous version contained incorrect information.

Source: <http://thehill.com/policy/technology/245412-fcc-votes-to-provide-subsidies-for-broadband-internet>

[EDWEEK.ORG] FCC Moves to Add Broadband to 'Lifeline' Program for Needy Households, Students (June 2015)

By Michele Molnar on **June 18, 2015** 4:49 PM

The Federal Communications Commission voted 3-2 Thursday to invite public comments on a proposal that would for the first time fund broadband Internet through the Lifeline program, which subsidizes phone service to low-income households.

The public comment period will lead up to a vote on changes to restructure and modernize the program, which was established in 1985 to help poor Americans access basic communications.

Under FCC Chairman Tom Wheeler's proposal, the Lifeline program would be updated to incorporate broadband services, covering Internet access for low-income families. If eventually approved by the commission, that change could give more students access to the connectivity they often need in their homes to do homework or connect to classrooms.

In Wheeler's proposal, the chairman indicated that almost half of low-income Americans "have had to cancel or suspend smartphone service due to financial hardship."

The item adopted by the FCC Thursday proposes maintaining the \$9.25-per-month subsidy that has been used for phone services—funds that should be used "as efficiently and effectively as possible" to deliver modern communication services. The commission is also seeking comments on the following parts of the proposal as well:

Adopting minimum service standards for both voice and broadband service;

Whether broadband should be a required offering of Lifeline providers;

How to encourage more competition to drive down prices and improve service; and

How to encourage more participation by the states.

The Lifeline program came under scrutiny several years ago when it was discovered that more than in some low-income households, more than one person had been receiving the subsidy, which was intended as a "one-per-household" benefit.

In 2012, several reforms were introduced in an attempt to prevent waste, fraud, and abuse, including the establishment of a national database to avoid duplication of services. This week's proposal would build on those reforms by taking the process of verifying consumer eligibility out of providers' hands.

Reactions to the Proposal

The "digital divide and homework gap are both unfair and unhealthy," said Jim Steyer, president of Common Sense, a kids' advocacy organization, in a statement after the decision.

The organization pointed to the Republican roots of the original plan, indicating that it was established by President Ronald Reagan in 1985, and expanded by President George W. Bush to cover cell service.

Recent votes by the FCC have split along partisan lines, with the two Republican commissioners—Ajit Pai and Michael O'Rielly—voting against the Democratic majority of Chairman Wheeler, Mignon Clyburn, and Jessica Rosenworcel on both a recent overhaul and expansion of the E-rate program, the federal program that supports technology in schools and libraries; and new rules to support net neutrality, described by supporters as the idea of preserving open access to the Internet.

High-speed Internet access is "good for our economy, our education, and our health," said Steyer, pointing to studies that show household incomes rise with greater Internet penetration, and referring to what he said were reduced healthcare costs through telemedicine.

The American Library Association also supports the proposal, releasing a statement that highlighted the disparities between the 92 percent or more of households with incomes of \$100,000 or more that have home broadband, compared to 47 percent of households with less than \$25,000 in income.

"[B]roadband access is essential to connecting people with educational and economic opportunity, as well as enabling full civic participation," the organization's president, Courtney Young, said in a statement.

Source:

http://blogs.edweek.org/edweek/DigitalEducation/2015/06/fcc_moves_to_add_broadband_to_1.html

[CIVILRIGHTS.ORG] Lifeline Principles Letter (June 2015)

Advocacy Letter - 06/10/15

Source: The Leadership Conference on Civil and Human Rights

Recipient: Chairman Wheeler

Chairman Wheeler
Federal Communications Commission
445 Twelfth Street, SW
Washington DC 20554
Dear Chairman Wheeler,

On behalf of The Leadership Conference on Civil and Human Rights^[1] and leading public interest, labor organizations, health providers, and consumer advocates, we urge you to move rapidly to expand the Lifeline program to support broadband Internet access for low-income people. We strongly support your statements, and those of Commissioners Clyburn and Rosenworcel, outlining steps to update the Lifeline program for the 21st century and align it with the modernization the Federal Communications Commission has already addressed in the three other universal service programs. **Given the urgent need, we urge the Commission to adopt an Order on Lifeline modernization this year.**

The Commission's National Broadband Plan's statement about the importance of broadband is as accurate today as it was five years ago:

Broadband is a platform for social and economic opportunity. It can lower geographic barriers and help minimize socioeconomic disparities—connecting people from otherwise disconnected communities to job opportunities, avenues for educational advancement and channels for communication.^[2]

Not only is broadband access essential for individuals and families, it is also critical to increase our national competency in science, technology, engineering, and math (STEM) careers. And yet disparities in broadband adoption continue, depriving historically disadvantaged communities of the very opportunities they need to participate fully in America's success.

Current data illustrate the urgency of increasing broadband adoption. While 92 percent of households with incomes between \$100,000 and \$150,000 have broadband service, the adoption rate is only:

47 percent for households with income below \$25,000;^[3]

64 percent for African Americans and 53 percent for Hispanics;^[4]

63 percent for people with disabilities;^[5]

51 percent for people with limited English proficiency;^[6]

38 percent for households that prefer Spanish.^[7]

Most alarming, the rate of change in broadband adoption is actually slowing down and, in fact, *posted a decline* for the lowest income households in 2013.^[8] The problem is widespread. The Pew Research Center recently found that five million households with school-age children do not have high-speed Internet service at home, constituting nearly 20 percent of families with children

between six and 17 years.^[9] Cost is a significant factor. Half of Americans who rely on smartphones for broadband access have had to cancel their cell phone service because of financial hardship.^[10]

A rapid and bold effort to update the Lifeline program for broadband is necessary to address the serious gap in broadband adoption among low-income communities. We believe the following principles are essential to ensuring a quality Lifeline program for broadband support and should form the basis of your work to modernize the program:

Universality. The Lifeline program must provide sufficient resources and be designed to ensure that all eligible households receive the support they need to afford the high-quality broadband services that are essential for participation in our nation’s economic, social, and political life.^[11]

Excellence. As Commissioner Clyburn has noted, we need a Lifeline program for broadband that delivers maximum “bang for our buck.” Broadband Lifeline must support Internet connections of sufficient capacity to enable people who use it to perform a full range of online activities, including access to digital education, health care, social services, applying for jobs, performing job-related functions, closing the homework gap, reaching out for emergency services, accessing diverse and independent media, and participating as citizens in civic discourse. Substandard services are not worthy of federal support through the Lifeline program. For example, the Connect America Fund universal service program has adopted a 10 megabits per second downstream/one megabit per second upstream standard as the minimum speed qualifying as broadband. But minimum standards are not enough. A quality Lifeline for broadband program must aid users throughout the eligibility certification process.

Choice and competition. A strength of the current Lifeline program is that it leverages marketplace competition. The Commission should maintain this feature as it upgrades Lifeline for broadband. A Lifeline for broadband program should adopt mechanisms that will increase users’ knowledge of their choices and enhance their ability to compare products. A portable Lifeline benefit will encourage companies to improve offerings to compete for Lifeline customers. Centralized eligibility determinations are a crucial part of permitting consumers to seamlessly move from one carrier to another and enticing carriers that are not currently participating in the program.

Innovation. The Commission should structure the Lifeline for broadband program to support continuous innovation to improve program design and efficient operations. The Commission’s Lifeline broadband pilot projects are only a first step in experimentation to improve the program. Rather than delay these critical reform efforts, the Commission should integrate innovation into the Lifeline program itself. For example, the program should offer financial incentives to provide above-average services or achieve program objectives such as high participation rates; dedicate funding to engage local community organizations in outreach efforts to boost broadband adoption through a continuum of digital learning; and provide incentive grants to state governments to find the best ways to centralize eligibility databases that will boost enrollment, improve efficiency, and reduce fraud.^[12]

Efficiency, transparency, accountability. The Commission has already made considerable progress in reforming the Lifeline program to conform to the highest ethical standards. The Commission must continue its vigilance to protect consumers’ pocketbooks and their privacy. We support continued use of the Lifeline strike force, audits, and enforcement actions, including penalties and fines, for carrier fraud. Furthermore, we urge the Commission to increase its data collection and analysis of the program’s effectiveness, which will help ensure accountability. We hope to see reports on successful carriers and states, data on participant choices, service offerings, enrollment numbers, and more. The civil rights community is particularly interested in data identifying whether the communities it represents are being well-served. Finally, the Commission should make continuous service for eligible households a priority in the design of the enrollment and annual verification processes. This will reduce avoidable and harmful churn in program participation.

Broadband has become an essential service in modern life. It is as important now as electricity was during the last century. We urge you to move swiftly and take the necessary steps to expand the Lifeline program to support broadband within the year. If you have any questions, please contact Cheryl Leanza, United Church of Christ, OC Inc. at 202-904-2168 or cleanza@alhmail.com or Corrine Yu, Leadership Conference Managing Policy Director at 202-466-5670 or yu@civilrights.org.

Sincerely,

Access El Dorado (ACCEL)

Access Humboldt

American Civil Liberties Union

American Federation of Teachers

American Library Association

Arizona Community Action
Association

Asian & Pacific Islander American
Health Forum

Asian Americans Advancing Justice
| AAJC

The Benton Foundation	The Leadership Conference on Civil and Human Rights	Pacific Asian Counseling Services
The California Endowment	Low Income Utility Advocacy Project	Pennsylvania Utility Law Project
CA Seniors United	Media Alliance	Prometheus Radio Project
California Primary Care Association	Media Mobilizing Project	Public Justice Center
California Telehealth Network	NAACP	Public Knowledge
The Center for APA Women	National Consumer Law Center, on behalf of its low-income clients	Redwoods Rural Health Center
Center for Media Justice	National Council of La Raza	Riverside San Bernardino County Indian Health, Inc.
Children's Hospital Los Angeles	National Digital Inclusion Alliance	Rural Broadband Policy Group
Children's Hospital of Philadelphia	National Disability Rights Network	The Utility Reform Network
colorofchange.org	National Education Association	UCSF Benioff Children's Hospital Oakland
Colorado Telehealth Network	National Hispanic Media Coalition	United Church of Christ, OC Inc.
Common Cause	National Queer Asian Pacific Islander Alliance (NQAPIA)	Writers Guild of America, East
Common Sense Kids Action	National Urban League	Writer's Guild of America, West
Communications Workers of America	New America's Open Technology Institute	X-Lab
Consumer Action	New Mexico Telehealth Alliance	cc:
Consumer Federation of America	Northeastern Rural Health Clinics	Commissioner Mignon Clyburn
Energy Coordinating Agency	OCA - Asian Pacific American Advocates	Commissioner Jessica Rosenworcel
The Greenlining Institute	Open Access Connections	Commissioner Ajit Pai
Healthy Communities, Inc.		Commissioner Michael O'Rielly
Kings View		
La Clínica de La Raza		

[POLITICO] 'Obamaphone' fight pivots to Internet (May 2015)

The FCC is readying a proposal to extend the controversial subsidy program to broadband.

By BROOKS BOLIEK 5/28/15 5:06 AM EDT Updated **5/29/15 10:12 AM EDT**

Conservatives have reserved their worst epithet for the Lifeline program, which provides discounted phone service to low-income families: "Obamaphone."

Liberals call it a vital source of empowerment for the poor.

Now the Federal Communications Commission is readying a proposal to extend the subsidies to the Internet, setting up a new battle with Republicans who already want to shut down the effort.

Lifeline currently pays carriers to reduce the cost of phone service by \$9.25 a month for low-income households. Funded by a universal service fee on consumer phone bills, it's drawn criticism over cases of fraud and misuse — with conservatives dubbing it Obamaphone even though the program dates back to the Reagan administration.

But the agency's Democratic majority wants to broaden the program to pay for Internet service to give more people access to broadband and close the nation's "digital divide." Chairman Tom Wheeler circulated his proposal to the other commissioners on Thursday so they can vote on it at the agency's June 18 meeting.

Wheeler said he wants to "'reboot' Lifeline for the Internet age."

"[A]s communications technologies and markets evolve, the Lifeline program also has to evolve to remain relevant," he wrote in a blog post. "Americans need broadband to keep a job, as companies increasing require basic digital literacy skills. We rely on broadband to manage and receive healthcare, and to help our children do their homework."

The expansion plan is not sitting well with some GOP opponents of Lifeline who want to kill the program entirely.

"Even after a GAO report questioned the effectiveness of Lifeline and the FCC's promises of 'sweeping reforms,' we continue to have regular reports of fraud and abuse," said Sen. David Vitter (R-La.). "The free government cell phone program is beyond reform and should be ended."

FCC action on Lifeline would mark the agency's latest effort to shape the future of broadband. The commission's Democratic majority in February approved new net-neutrality rules that treat broadband like a utility, a move that enraged Republicans and telecom giants who warn of overregulation. And the FCC raised doubts about Comcast's acquisition of Time Warner Cable over concerns it would concentrate too much of the nation's broadband service in one company's hands. Comcast ended up dropping the deal last month.

Democratic FCC Commissioner Mignon Clyburn, a strong advocate of expanding Lifeline subsidies to Internet service, said it simply recognizes the reality of how people communicate today, with text messages replacing telephone calls and important business like applying for a job being conducted entirely online.

"It's important for us to look at this program and really synch it up to what we know are critical needs in this country," she said in an interview.

In a nod to criticism of the program's history of abuses, Wheeler wants to make some changes. Phone providers have long had the role of determining who qualifies for the subsidies — an arrangement that's been at the root of many of the problems. The chairman is proposing a new system, like putting a neutral third party in charge. Clyburn, for her part, suggests that a person eligible for food stamps or free school lunches should automatically qualify for Lifeline.

The full text of Wheeler's proposal won't be available until commissioners vote on it next month, but even then, there may be a number of unknowns. Senior FCC officials said Thursday they are looking for input from industry and the public about what speed of Internet service would qualify for the program, whether the Lifeline budget should be capped, and whether Americans would have to pay more on their phone bills to fund it. Low-income consumers would only be eligible for a phone or Internet subsidy, but not both, the officials said.

Lifeline began almost three decades ago and was initially aimed at helping low-income people pay for higher phone bills following the breakup of the mammoth Bell System, known as Ma Bell. The program became part of the FCC-administered Universal Service Fund in 1996.

During President George W. Bush's administration, the FCC began allowing subsidies for cellphone in addition to traditional landline service, and let prepaid wireless providers participate in the program. The shift sparked tremendous growth in Lifeline and made it a magnet for misuse. The number of households taking part swelled from 7 million in 2008 to 17 million in 2012, before dropping to 12 million last year after the FCC instituted some reforms to tighten eligibility and avoid duplication, according to the agency.

The FCC has taken a number of actions to combat misuse of the Lifeline program. In the latest example, it reached a nearly \$11 million settlement last month with AT&T and Southern New England Telephone for overbilling the program. The Justice Department has also targeted cases of alleged Lifeline fraud.

Despite these efforts, the program has struggled to shed its reputation for misuse and its misleading Obamaphone moniker, which emerged several years ago amid false rumors the administration was handing out free cellphones.

President Barack Obama recently complained about the talk of Obamaphone, which he called part of a broader campaign by outlets like Fox News to portray the poor in a bad light.

"I think that the effort to suggest that the poor are sponges, leeches, don't want to work, are undeserving, got traction. And look, it's still being propagated," Obama said. "And I have to say, if you watch Fox News on a regular basis, they will find folks who make me mad. I don't know where they find them! They'll find folks who say, 'I don't want to work, I just want a free Obamaphone!'"

Still, any FCC effort to extend the subsidy program to broadband is likely get a frosty reception on Capitol Hill.

"Lifeline obviously is kind of a controversial program and one that doesn't enjoy a lot of support up here, at least from Republicans," said Senate Commerce Committee Chairman John Thune (R-S.D.). "An expansion of the program is probably not something there's going to be a lot of support for."

The program also has its critics in the House.

"Depending upon how they do it, how much they're looking at spending, you can't have a blank check, and that's something we've got to keep an eye on," said Rep. Greg Walden (R-Ore.), chairman of the House Energy & Commerce telecom subcommittee. "This is still taxpayer, ratepayer money, and I think it's important for us to do some oversight in that area, to look at how it's being spent, who's getting it, what are the controls."

Walden praised the FCC for reining in some abuses but asked: "Have they gone far enough? I don't know, that's what we've got to look at."

At the FCC itself, GOP Commissioner Michael O'Rielly contends the agency needs to do more to get the program's house in order.

"The Commission is still grappling with the consequences of its previous expansion, so we need to be very cautious about further changes," O'Rielly wrote in a blog post in February. "Moreover, there is a legitimate debate whether the Lifeline program should be abolished or significantly scaled back rather than expanding its mission."

He floated the idea of a cap on Lifeline, which made \$1.66 billion in disbursements in 2014, down from \$2.18 billion in 2012.

But Clyburn argues that to cap the program would go against the universal service doctrine at the core of the 1934 Communications Act.

"I don't see anything in the Communications Act that says all these benefits should accrue to everyone but poor people," she said. "It's needs-based. If there's no demand, there's no expenditure. If the budget goes up, then that's a canary in a coal mine for the economy."

Kate Tummarello and Alex Byers contributed to this report.

Source; <http://www.politico.com/story/2015/05/obamaphone-fight-pivots-to-internet-118347.html>

[NATIONAL JOURNAL] FCC Aims to Subsidize Internet Service for the Poor The agency wants to expand its Lifeline subsidy, which is derisively referred to as the "Obamaphone" program. (March 2015)

BY BRENDAN SASSO

FCC Commissioner Mignon Clyburn testifies before the Senate Commerce, Science, and Transportation Committee. (T.J. Kirkpatrick/Getty Images)

March 11, 2015 The Federal Communications Commission plans to soon begin working on a proposal to subsidize Internet service for low-income consumers by expanding its Lifeline program, which is mocked by conservatives as the "Obamaphone" program.

All three Democrats on the five-member commission have publicly said they want to use federal money to help ensure that all Americans can afford to get online. Lifeline—which despite the Obamaphone nickname was created during the Reagan administration—currently subsidizes only phone service.

"The Lifeline program, established in the mid '80s, has been stuck in the mid '80s," Democratic FCC Commissioner Mignon Clyburn told National Journal during an interview Wednesday on C-SPAN's The Communicators. Clyburn said she is hoping the agency will unveil a proposal by this summer to expand the program to cover Internet access.

Lifeline subsidizes about \$10 of phone service per month for qualifying consumers. Under Clyburn's plan, that amount wouldn't necessarily increase, but consumers could choose to have it cover the data on their smartphone or their home broadband connection.

FCC Chairman Tom Wheeler indicated at a public meeting last December he agrees that Lifeline should cover Internet costs, and Jessica Rosenworcel, the other Democratic commissioner, is particularly focused on ensuring that children from poor families have Internet access at home so they can do their online homework.

But subsidizing broadband access for the poor has the potential to explode into another partisan controversy. The money for Lifeline comes from government fees on consumers' monthly phone bills, and conservatives have decried the program as a wasteful government handout.

Last Congress, 67 House Republicans co-sponsored a bill that would have curbed the program to only cover landline phones, and 44 House Republicans signed a letter calling for the program to be scrapped altogether. "Obamaphone welfare symbolizes how the culture of government dependency is weakening America," Rep. Marsha Blackburn of Tennessee said at the time.

Even supporters of the \$1.7 billion program admit that it has been plagued by fraud and abuse. The FCC and the Justice Department have tried to crack down in recent years on companies scamming the program.

During the C-SPAN interview, Clyburn argued that the FCC should overhaul the program so that the phone and Internet providers aren't the ones responsible for determining if customers are eligible for the subsidies. That system encourages the companies to lie to receive more subsidies, she argued.

"This program is literally what it says," she said. "It is a lifeline, an opportunity for those who have significant financial challenges to be able to keep in touch with their doctors, with their educators, with their communities, with their loved ones. And it is vital that we reform that to meet the current needs of our most vulnerable citizens."

She said she believes it's possible to cover broadband service without increasing the overall size of the program—which would avoid increasing the fees on consumers' phone bills.

There is some hope that overhauling Lifeline could be a bipartisan issue. Michael O'Rielly, one of the two Republican FCC commissioners, outlined his own plan last month for updating the program to include broadband. He would also impose a variety of restraints and oversight mechanisms to keep down costs.

But in the wake of the bitterly partisan fight over net neutrality, there might not be much goodwill left between the FCC's Democrats and Republicans.

Source: <http://www.nationaljournal.com/tech/the-future-of-broadband/fcc-aims-to-subsidize-internet-service-for-the-poor-20150311>

Withdrawal Marker

Obama Presidential Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Presentation	The Mission: Access	19	08/18/2015	P5;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

National Economic Council (NEC)

SERIES:

Edelman, Ross David - Subject Files

FOLDER TITLE:

Binder - Lifeline Reform 08/17/2015 [Binder 2]

FRC ID:

7950

FOIA IDs and Segments:

22-17899-F

OA Num.:

7396

NARA Num.:

6589

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal Marker

Obama Presidential Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Draft	Lifeline Reform Structure	11	08/04/2015	P5;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

National Economic Council (NEC)

SERIES:

Edelman, Ross David - Subject Files

FOLDER TITLE:

Binder - Lifeline Reform 08/17/2015 [Binder 2]

FRC ID:

7950

FOIA IDs and Segments:

22-17899-F

OA Num.:

7396

NARA Num.:

6589

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

