

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of

Lifeline and Link Up Reform and  
Modernization

Federal-State Joint Board on Universal Service

Lifeline and Link Up

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WC Docket No. 11-42

CC Docket No. 96-45

WC Docket No. 03-109

**Comments of the Minority Media and Telecommunications Council**

The Minority Media and Telecommunications Council (MMTC) respectfully submits these comments in response to the Commission’s Notice of Proposed Rulemaking.<sup>1</sup> MMTC urges the Commission to extend Lifeline-Linkup support to broadband. MMTC further encourages the Commission to refrain from capping the size of the Lifeline/Linkup program or requiring minimum subscriber fees, and instead seek greater efficiencies and transparency in the Low-Income program through coordinated enrollment, the creation of a database of eligible low-income participants, and public private partnerships.

**I. REFORMING THE LOW INCOME PROGRAM**

**A. Participation in the Lifeline-Linkup Program Should Be Encouraged Because the Program is a Critical Component of Achieving First Class Digital Citizenship.**

The Commission seeks comments on whether to cap the size of the Lifeline/Linkup program<sup>2</sup> or require minimum subscriber fees.<sup>3</sup> MMTC strongly opposes these proposals because they would create additional barriers for low income consumers to become first class participants in the digital society. The Commission should focus on increasing programmatic

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<sup>1</sup> See Lifeline and Link Up, Notice of Proposed Rulemaking, 2011 FCC LEXIS 987, FCC 11-32 (March 4, 2011) (“NPRM”).

<sup>2</sup> See id. at ¶145.

<sup>3</sup> See id. at ¶¶86-89.

efficiencies rather than placing constraints on the Low Income program or requiring minimum consumer charges. While the size of this or any fund is a factor affecting the cost of telephone service to nonsubscribers, we should anticipate that as the economy improves, the fund should see a reduction in those eligible and reduce itself accordingly, as Congress envisions.

Universal service is defined as “an evolving level of telecommunications services...taking into account advances in telecommunications and information technologies and services...”.<sup>4</sup> Broadband is critical to our nation’s development as it empowers users by allowing them to participate in a digital society through increased access to jobs, news, information, government proceedings, and e-commerce.<sup>5</sup> Unfortunately, significant disparities in broadband adoption persist across the digital divide. Even when controlling for geographic and socio-economic factors, a home broadband adoption gap of 10 percentage points for White-Black households and 14 percentage points for White-Hispanic household remains.<sup>6</sup> If not

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<sup>4</sup> 47 U.S.C. §254(c)(1).

<sup>5</sup> See, e.g., Comments of the Minority Media and Telecommunications Council, Innovation in Broadcast Television Bands: Allocations, Channel Sharing and Improvements to VHF, ET Docket No. 10-235, p. 2 (March 18, 2011) (“MMTC Spectrum Comments”). “... [A] majority of African American, Hispanic American, and White American Internet users go online to purchase products, view government websites and band online. However, African Americans and Hispanic Americans are more likely than White Americans to go online to search for ideas for potential online businesses and information on jobs, religion, and government services. *Id.* (citing Jon P. Gant et al., National Minority Broadband Adoption: Comparative Trends in Adoption, Acceptance and Use, Joint Center for Political and Economic Studies, pp. 20-21 (Feb. 2010)).

<sup>6</sup> See Department of Commerce Economics and Statistics Administration and National Telecommunications and Information Administration, Exploring the Digital Nation: Home Broadband Internet Adoption in the United States, pp. 12-13 (Nov. 2010) (“Exploring the Digital Nation”), available at [http://www.ntia.doc.gov/reports/2010/ESA\\_NTIA\\_US\\_Broadband\\_Adoption\\_Report\\_11082010.pdf](http://www.ntia.doc.gov/reports/2010/ESA_NTIA_US_Broadband_Adoption_Report_11082010.pdf) (last visited April 13, 2011). See also Comments of One Economy Corporation, Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42, p. 11 (April 19, 2011) (“One Economy Comments”) (“Rural, inner-city, and minority communities with higher concentrations of non-adopters are more likely to experience poorer educational outcomes, increased dropout rates, and lower wages; features that are critical for enhancing local economies and building vibrant communities”) (internal citations omitted).

solved, these disparities will be “the markers of second-class citizenship...in the Digital Age, which is supplanting very quickly – at Internet speed – the Industrial Age.”<sup>7</sup>

Mobile service and devices have emerged as an important tool for overcoming the digital divide, as minorities disproportionately use wireless devices to connect to the Internet.<sup>8</sup> Pew recently found that just over half of African-Americans and Hispanic Americans use their cell phones to access the Internet, while 18% of African Americans and 16% of English-speaking Hispanic Americans exclusively access the Internet from their cell phone.<sup>9</sup> Full deployment and adoption of mobile and other cost efficient/cost effective technologies is the only way we will ever be successful in reaching the unserved and low income families with broadband.

Currently, the Lifeline program has extremely low levels of participation. Despite the fact that eligible telecommunications carriers have to offer Lifeline assistance to those who qualify,<sup>10</sup> and are required to advertise the availability of Lifeline service using media of general distribution,<sup>11</sup> the Universal Service Administrative Company (USAC) found that, in 2009, only 33 percent of low income households participated in the Lifeline program.<sup>12</sup> Further, this is not a consistent percentage throughout the nation, as “some states have participation rates of more than

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<sup>7</sup> David Honig, President and Executive Director, MMTC, *The State of Social Justice in Media, Telecom and Broadband – 2010*, p. 6 (July 19, 2010), available at <http://mmtconline.org/lp-pdf/DHonig%20State%20of%20BBSJ%20AS%20DELIVERED%20071910.pdf> (last visited April 20, 2011).

<sup>8</sup> See MMTC Spectrum Comments at 4.

<sup>9</sup> See Aaron Smith, *Mobile Access 2010*, Pew Internet & American Life Project, p. 10 (July 7, 2010) (“Pew Mobile Access 2010”).

<sup>10</sup> See 47 C.F.R. §54.405(a). In a federal default program, the qualifications are based on household income in relation to the federal poverty guidelines or participation in a qualifying federal assistance program. See 47 C.F.R. §54.309(b).

<sup>11</sup> 47 U.S.C. §214(e)(1)(A).

<sup>12</sup> See NPRM ¶25 (“In 2009, 8.6 million eligible households participated in Lifeline nationwide, which represented 33 percent of the 25.7 million low-income households at the time.”)

75% and others have rates less than 10%.”<sup>13</sup> In 2009, only five states – Alaska, California, Montana, Oklahoma, and Virginia – had more than a 50% participation rate.<sup>14</sup> The Commission’s first priority should be to ensure that low income communities, particularly minority communities,<sup>15</sup> get connected and become comfortable with this transformative technology.

Outreach is an essential component of increasing participation in the Low Income program. Thus, the Commission should expect providers to market the program enthusiastically and incentivize providers to perform outreach.

ETCs are currently required to market Lifeline to potential consumers.<sup>16</sup> While guidelines<sup>17</sup> and a national awareness initiative provide direction for consumer outreach,<sup>18</sup>

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<sup>13</sup> See NPRM at note 454, (quoting the National Broadband Plan Connecting America: The National Broadband Plan, Federal Communications Commission, at 172 (released March 16, 2010), available at <http://download.broadband.gov/plan/national-broadband-plan.pdf> (last visited April 19, 2011) (“National Broadband Plan”).

<sup>14</sup> See NPRM at Chart 2. See also 2009 Lifeline Participation Rates by States, USAC, available at [http://www.usac.org/\\_res/documents/li/pdf/li-participation-rate-map-2009.pdf](http://www.usac.org/_res/documents/li/pdf/li-participation-rate-map-2009.pdf) (last visited April 12, 2011).

<sup>15</sup> In its 2010 Universal Service Monitoring Report, the Federal-State Joint Board on Universal Service (“Joint Board”) found that, when looking at nationwide telephone penetration by age and race, penetration was lowest for the young and the non-White households. See Universal Service Monitoring Report, 2010 FCC Lexis 7567, \*322, Table 6.12 (Dec. 30, 2010) (2010 Universal Service Monitoring Report). Data also illustrated that telephone penetration rates are lowest for the unemployed, particularly the non-White unemployed. See id. at \*322, Table 6.13. Between September of 2009 and September of 2010, the unemployment rates for African Americans hovered above 15%, Hispanic Americans remained around 12%, and the unemployment rate for White Americans remained below 10%. See Unemployment rate demographics, September 2010, Bureau of Labor Statistics (Oct. 13, 2010), available at [http://www.bls.gov/opub/ted/2010/ted\\_20101013\\_data.htm](http://www.bls.gov/opub/ted/2010/ted_20101013_data.htm) (last visited April 12, 2011). See also Aaron Smith, Home Broadband Adoption 2010, Pew Internet and American Life Project, pp. 7-8 (August 11, 2010) (67% of White Americans adopted home broadband in 2010 compared to 56% of African Americans; 87% of households that earned at least \$75,000 compared to 45% of households that earned less than \$30,000 adopted home broadband in 2010), available at <http://www.pewinternet.org/~media/Files/Reports/2010/Home%20broadband%202010.pdf> (last visited April 19, 2011).

<sup>16</sup> See 47 U.S.C. §214(e)(1)(B). See also 47 C.F.R. §54.405(b).

providers ultimately decide how best to implement their outreach.<sup>19</sup> The low levels of Lifeline participation indicate that the outreach being performed by some of the providers is insufficient.<sup>20</sup> Certain providers, however, are well known for their extensive outreach to low income communities. For example, TracFone’s aggressive outreach for its wireless service, SafeLink, has resulted in three million Lifeline subscribers.<sup>21</sup> Nexus Communications’ mobile communications centers go into low income communities and the company also works with state and local entities to ensure eligible participants are aware of the Low Income program.<sup>22</sup>

The Commission could also convene a forum of subscribers and providers to identify which aspects of the program are working best and which need improvement. Based on these discussions, the Commission should develop a set of best practices or a code of conduct and expect each provider to adopt them internally. Then, should specific problems arise, the Commission would be able to address them without needing to restructure the entire program.

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<sup>17</sup> See Federal-State Joint Board on Universal Service, Recommended Decision, CC Docket No. 96-45, 25 FCC Rcd 15598, 15618 ¶57 (Nov. 4, 2010) (“Joint Board Recommendation”) (citing Lifeline and Link-Up, Report and Order and Further Notice of Proposed Rulemaking, 19 FCC Rcd 8302, 8326-28 ¶¶45-48 (2004)).

<sup>18</sup> See id., 25 FCC Rcd at 15618 ¶58 (citing Lifeline Across America Working Group, Report of the FCC/NARUC/NASUCA Working Group on Lifeline and Link-Up, p. 1 (2007), available at <http://www.lifeline.gov/LLUReport.pdf> (last visited April 13, 2011) (“Working Group Report”).

<sup>19</sup> See Working Group Report at 4.

<sup>20</sup> See also Joint Board Recommendation, 25 FCC Rcd at 15618 ¶59.

<sup>21</sup> See Letter from F.J. Pollak, President and CEO of TracFone Wireless, Inc. to Hon. Julius Genachowski, Chairman, FCC, re: Federal-State Joint Board on Universal Service, CC Docket No. 96-45 (Aug. 30, 2010), available at <http://fjallfoss.fcc.gov/ecfs/document/view?id=7020910284> (last visited April 13, 2011). In 2010, TracFone’s advertising budget grew to \$41 million. See TracFone, Notice of Ex Parte Presentation, Federal-State Joint Board on Universal Service, CC Docket No. 96-45, at 6 (Dec. 7, 2010), available at <http://fjallfoss.fcc.gov/ecfs/document/view?id=7020922491> (last visited April 13, 2011).

<sup>22</sup> See Comments of Nexus Communications, Inc. Lifeline and Link Up, WC Docket No. 03, 109 (July 14, 2010), available at <http://fjallfoss.fcc.gov/ecfs/document/view?id=7020532377> (last visited April 13, 2011).

**B. The Commission Should Increase Programmatic Efficiency By Creating a Database of Eligible Participants, Seeking Uniform Coordinated Enrollment and Verification, and Leveraging Partnerships.**

There is room for improvement in the Low Income program. The efficiencies and cost savings gained through consistent coordinated enrollment and self-certification, in combination with a database of eligible participants will help offset concerns over waste, fraud, and abuse and allow the Commission to focus on ensuring that eligible consumers are aware of the program and can get connected to life changing technology.

The Commission should identify the providers who were most successful in reaching low income subscribers and convene representatives from these organizations to recommend the most efficient means of incentivizing and holding all providers accountable for outreach. Some level of outreach should be attendant to accessing the information on a national database.<sup>23</sup> The database could be constructed through a system of coordinated enrollment and leveraging partnerships with government and community public, private, and nonprofit groups. NARUC and states that have established databases (e.g. Texas and California) could also provide excellent insight into a database solution. In addition, states are experts through numerous other subsidy programs that they administer for the federal government to assist in the prevention of fraud. Best practices should be established by looking to other programs and how they rein in fraud and abuse. In addition, there are well-established database providers, such as Neustar, which could also provide insights from similar databases such as NANC/number portability.

After establishing privacy controls, the Commission should provide third parties with enough general information from the database to effectively perform marketing and outreach in low income communities. The Commission should also encourage providers to work with local nonprofit and development centers to market Lifeline/Linkup services.<sup>24</sup> Extensive outreach will

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<sup>23</sup> See One Economy Comments at 17-18.

<sup>24</sup> See id.

ensure the populations that need to be connected in the first instance will have the opportunity to get comfortable with the technology and have access to communications for jobs, information, healthcare, and education.

As the Commission oversees the development a national database,<sup>25</sup> it should be mindful of the potential for improper use and human error. Previous attempts have been made to use databases to cure issues surrounding fraud and have failed due to either discrimination or human error. A recent example is the voter registration database for the 2008 Presidential Election. Leading up to the election, eligible voters were encountering roadblocks when their registration forms were not identical to the database.<sup>26</sup> Disturbingly, one analysis in Florida found that of “more than 14,000 people whose voter registrations were disputed by the state because they didn’t match other databases; about 75% are minorities.”<sup>27</sup> To guard against actual or potential misuse and prevent eligible participants from being denied service, the Commission should assign the creation of a database to an independent third party and periodically require audits of the database.

Once the database is in place, coordinated enrollment could further increase accuracy and efficiency by leveraging partnership with agencies to certify eligibility in the national database, and notify ETCs and consumers of their eligibility.<sup>28</sup>

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<sup>25</sup> See, e.g. One Economy Comments at 16-18. The administrator of the database “should collect the data from the agencies that oversee the various programs, aggregate it into a single database, and provide ISPs who meet the ETC criteria or are pursuing a legitimate broadband adoption program with verification information. By setting up the USAC as a third-party database company, ISPs never have to “touch” the individual data; rather, they can provide the necessary criteria to USAC in terms of geographic boundary and eligibility criteria.” See id. at 17

<sup>26</sup> See Richard Wolf, Legal voters thrown off rolls, USA Today (Jan 2, 2008), available at [http://www.usatoday.com/news/politics/election2008/2008-01-01-voting-rolls\\_N.htm](http://www.usatoday.com/news/politics/election2008/2008-01-01-voting-rolls_N.htm) (last visited April 13, 2011).

<sup>27</sup> Id. (citing to Gannett News Service analysis).

<sup>28</sup> See One Economy Comments at 17. See also, e.g., Comments of TracFone Wireless, Inc., Federal-State Joint Board on Universal Service, CC Docket No. 96-45, pp. 5-6 (July 15, 2010)

Consumers should be able to continue to self-certify their eligibility status during enrollment and verification. Enrollment and verification procedures should not be additional barriers to subscribership. Requiring participants to provide proof of their eligibility through qualified assistance programs can be challenging for subscribers who may not have the proof required or the means to copy, fax, or scan the documents to send.<sup>29</sup>

Lifeline-Linkup modernization efforts should also include partnerships with public, private, and nonprofit entities. The barriers to broadband adoption are more complex than cost of service alone and efforts to ensure that low income consumers are connected to today's essential technology should also address digital literacy, hardware costs, and relevant content.<sup>30</sup> The Commission can stretch Lifeline-Linkup funds by working with entities that work with underserved communities.<sup>31</sup>

## **II. IMPROVING LIFELINE PROGRAMS BY SUBSIDIZING BROADBAND AND BUNDLED SERVICES**

The Commission should expand the Lifeline/Linkup program to encompass bundled services<sup>32</sup> and broadband. The President has made “connecting every part of America to the

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(“TracFone Comments”) (advocating for competitively neutral automatic enrollment by states with quick notification to ETCs as to which consumers are choosing their service).

<sup>29</sup> See TracFone Comments at 7.

<sup>30</sup> See Exploring the Digital Nation at 17 (citing lack of relevance, cost of service, and lack of adequate hardware as main reasons for non adopting home broadband.) See also Joint Center Report at 29-30 (citing lack of relevance, cost of service, lack of access, and lack of digital literacy as main reasons for not using the Internet). One of the organizations the Commission should partner with for research is Joint Center for Political and Economic Studies. See Ying Li et al., Does Place Really Matter? Broadband Availability, Race and Income, JC MTI Working Paper – 01, The Joint Center for Political and Economic Studies (April 4, 2011) (explaining the initial results of three case studies based on NTIA broadband availability data and indicating that more research should be done on the cost of service, type of service, and speed of service).

<sup>31</sup> See One Economy Comments at 28-32.

<sup>32</sup> See NPRM at ¶258 (The Commission seeks comments on “amending the Commission’s rules to adopt a uniform federal requirement that Lifeline and Link Up discounts may be used on any Lifeline calling plan offered by an ETC with a voice component, including bundled service packages combining voice and broadband



digital age” through wireless deployment a priority in his administration.<sup>33</sup> This is significant because wireless is providing the means to overcome the broadband adoption gap, as minorities are more likely than White Americans to adopt wireless Internet.<sup>34</sup> Thus, wireless will be instrumental in providing all consumers with the opportunity to be a part of our digital society and participate in the digital economy.

In a recent speech, Chairman Genachowski illustrated the importance of the mobile industry, noting that the mobile application industry “is projected to generate \$38 billion in annual sales by 2015.”<sup>35</sup> Recognizing that the United States is seeking to position itself as a leader in the mobile economy,<sup>36</sup> in addition to spectrum and deployment policies, the U.S. has to continue to prioritize broadband adoption. The Commission should seek to ensure that Lifeline-Linkup policies and partnerships address multiple adoption barriers including cost of service, cost of equipment, digital literacy, and relevant content.<sup>37</sup> To advance the goals of the National Broadband Plan, the Commission could also work with partners to incentivize consumers to adopt broadband through greater discounts for participating in programs that further the national purpose sections of the Plan.<sup>38</sup>

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<sup>33</sup> President Barack Obama, State of the Union Address (Jan. 26, 2011) (announcing a five year plan to bring wireless to 98 percent of the population).

<sup>34</sup> See MMTC Spectrum Comments at 3-4. “Sixty-four percent of African Americans and 63 percent of English-speaking Hispanic Americans have adopted wireless Internet, as compared to 57 percent of White Americans.” *Id.* (citing Pew Mobile Access 2010 at 8-9).

<sup>35</sup> See Chairman Julius Genachowski, Remarks on Spectrum Prepared for The White House, p. 1 (April 6, 2011).

<sup>36</sup> See, e.g., *id.* at 3 (Addressing another component of a first rate mobile economy – spectrum reallocation – the Chairman noted, “[o]ther countries – our global competitors – are focused on mobile opportunities. It’s essential that we move quickly... We have an incredibly bright mobile future ahead of use, if we seize it.”)

<sup>37</sup> See One Economy Comments at 19-21.

<sup>38</sup> See e.g. One Economy Comments at 34 (these discounts could be offered by providers upon “children maintaining a certain grade point average, unemployed persons receiving subsidies contingent on completing online job-training, or senior citizens receiving subsidies for cutting down on paper usage by completing transactions online...”).

MMTC supports the Commission's development of Lifeline/Linkup broadband pilot programs and endorses One Economy's pilot program proposals. One Economy's proposals envision bridging the digital divide by commencing a reverse auction process, creating 4G public-private partnerships,<sup>39</sup> and offering shared wireless in public or multi-dwelling housing.<sup>40</sup> In the reverse auction, providers would compete against each other for the ability to serve low-income communities. The winner would be the provider with the best offer for low cost, high speed Internet and digital literacy training.<sup>41</sup> The 4G public-private partnership pilot would provide broadband to urban areas.<sup>42</sup> The pilot proposal for a shared wireless services in HUD public and affordable multi-dwelling units would leverage One Economy's success with its AccessAll partnership to continue providing free WiFi Internet service to eligible housing units for two years and low-cost shared service afterwards.<sup>43</sup>

Broadband access, adoption, and informed use are pre-requisites to full participation in our increasingly digital society. The Commission should make connecting low-income communities to this transformative technology a priority to ensure those most in need have access to information on jobs, government services, health care, and education.

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<sup>39</sup> See One Economy, Notice of Ex Parte, Lifeline and Link Up, Docket 03-109 (Feb. 10, 2011) ("OE Ex Parte"). See also One Economy Comments at 22-25.

<sup>40</sup> See One Economy Comments at 22.

<sup>41</sup> See OE Ex Parte. See also One Economy Comments at 24.

<sup>42</sup> See OE Ex Parte. See also One Economy Comments at 23.

<sup>43</sup> See One Economy Comments at 24. MMTC is assisting One Economy and other organizations in a national campaign to promote broadband adoption. The campaign is supported by NTIA's BTOP Program.

Respectfully submitted,

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