Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of

Wireline Competition Bureau Seeks Comment on the State of the Lifeline Marketplace WC Docket No. 11-42

COMMENTS OF PUBLIC KNOWLEDGE

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I. SUMMARY & INTRODUCTION

Lifeline was created to give low-income consumers access to the communications tools needed to "connect to jobs, family, and emergency services." Despite its mission, the Lifeline program has not lived up to its name in recent years.

Last year, as COVID spread throughout the country, stay-at-home orders limited our physical contact with the outside world. For those who had access, broadband and voice services became critical lifelines that made it possible to safely work, attend school, connect to others, access life saving information, and even purchase groceries. Those who could not afford access have spent the last thirteen months weathering the COVID crisis without the same broadband and voice lifelines that the rest of the country has relied upon. This ongoing crisis has demonstrated the inadequacies of the current Lifeline program.

As the Wireline Competition Bureau ("WCB" or the "Bureau") considers the state of the Lifeline Marketplace, PK urges the Bureau to make recommendations that will help the Lifeline program actually connect consumers to the critical communication services that will best suit their needs. Specifically, PK urges the Bureau to ask the Commission to (1) provide Lifeline support for both broadband and/or voice services and (2) reverse its decision to increase minimum service standards until the Lifeline program can support no-cost service plans.

Broadband and voice are critical services that are not always substitutes for one another. Instead of deciding for consumers, the Commission should let consumers decide for themselves which service or services will best meet their unique needs. The simplest and most direct way the Commission can increase flexibility and consumer choice in the Lifeline marketplace is to

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reclassify broadband as a Title II service. At a minimum, the Commission must discontinue phasing down Lifeline’s support of standalone voice service.

Additionally, the Bureau should recommend that the Commission reverse its 2021 decision to increase the minimum service standards for mobile broadband, and refrain from further increases that would jeopardize the no-cost options that low-income consumers rely on. For those most in need of a Lifeline subsidy, the only broadband and/or voice service they can afford is the service that costs them nothing. By raising the minimum standards for Lifeline without an increase in the Lifeline subsidy, the Commission makes it practically impossible for providers to continue offering the few no-cost Lifeline programs still available. Without these no-cost options, many of those who turn to Lifeline will end up unsubscribing and forgoing these services altogether. Although PK agrees that all consumers should have access to high quality services, in this particular case, providing even minimal service is better than forcing the members of society most in need to forgo communication services completely.

II. THE FCC MUST PROVIDE LIFELINE SUPPORT FOR BOTH STANDALONE BROADBAND AND/OR VOICE SERVICE.

As PK noted in 2015, consumers must have the “flexibility to choose between standalone voice, broadband, mobile or fixed, or a bundled service based on their needs.”3 This is just as true today, as it was in 2015. Although both broadband and voice are critical services that play distinct roles in our nation’s telecommunications system, neither service is affordable. In order to ensure that our most vulnerable communities have access to the telecommunications services that will best meet their needs, the Commission must give consumers the choice of subsidized voice and/or broadband support; and reverse the phase out of voice-only support from Lifeline. If the

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Commission does not give consumers the option of picking which communication service(s) they need most, low-income consumers will find themselves even farther behind.

A. All Consumers Need Access to Broadband and Voice Because They Are Both Critical Services.

According to the FCC, Americans turn to broadband “for every facet of daily life.” Broadband allows consumers to connect with family and friends, read the news, and access government benefits. During the COVID-19 pandemic, broadband has also been critical in supporting online school and work, access to healthcare, and even vaccine distribution. That is why President Biden has declared that “broadband is the new electricity.” A recent survey from Consumer Reports revealed that 80% of consumers believe that broadband is “as important as water or electricity.” Even Congress considers broadband an essential utility comparable to gas, water and electric. In the CARES Act, Congress included internet access as a utility, stating that a “‘covered utility payment’ means payment for… electricity, gas, water, transportation, telephone, or internet access…” Congressman Jamal Bowman has also introduced a bill that would “include broadband as a utility,” so that it can be subsidized by the Federal government

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for tenants in federally assisted housing. If the Commission does not continue to make broadband support available to low-income consumers, these households will be left behind.

But broadband is only one side of the communication services coin—voice is also a critical service that needs the Commission’s continued support. In fact, the FCC itself “take[s] it as given that many consumers have demanded and will continue to demand voice communications.” The evidence of that is clear. Approximately 37% of Americans most often use their phones for making phone calls and the pandemic has led to a huge spike in voice calls—Verizon customers alone were making 800 million calls a day. During the pandemic, calls have also been lasting 15% longer. Consumers use voice service to connect with friends and family, schedule appointments with their doctors, receive customer support, and call emergency services. Without the ability to make voice calls, just like without the ability to connect to broadband, low-income consumers would be left behind.

B. All Consumers Need the Option to Access Both Broadband and Voice Because They Each Play a Unique Role in Our Nation's Telecommunication System.

Although Voice over IP (“VOIP”) products, like Whatsapp, Skype, and Google voice, allow consumers to make phone calls from the internet, these products are not substitutes for

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traditional voice service because they do not provide the same access to public safety services, they are not interconnected, nor are they as widely available or reliable as traditional voice service. Thus, the Commission must continue to regard voice and broadband as distinct services, both of which require support.

First, standalone phone service is particularly important for public safety. For example, you can’t call 911 through Whatsapp\(^\text{13}\) and although two-way Google voice customers can make emergency calls, they "may take longer to connect... than traditional emergency services dialing, may produce a busy signal, or may not connect."\(^\text{14}\) Even if they do connect, the user's location may not be automatically transmitted, making it significantly more difficult for emergency services to respond.\(^\text{15}\)

Second, many individuals don’t have the opportunity to purchase VOIP products, or will have unreliable VOIP service because they live in areas with low-quality or no broadband. According to the 2021 Broadband Deployment Report, which uses data that many (including Public Knowledge) have argued significantly overstates broadband deployment, nearly 15 million Americans lack broadband.\(^\text{16}\) A more realistic estimate is that over 40 million Americans lack broadband.


\(^{15}\)Id.

lack broadband.\textsuperscript{17} Even for those who have broadband, it may not consistently reach its advertised speeds. Thus, it is difficult for some to access VOIP service. In order to ensure that everyone who wants it has access to this critical service, the Commission must support standalone voice service.

\textbf{C. Low-Income Consumers Need Assistance Paying for Both Broadband and Voice Services Because Neither Are Affordable.}

In the United States, both voice service and broadband are prohibitively expensive for many low-income consumers. In order to ensure that consumers can access these vital services, the Commission must subsidize both as standalone and/or bundled services.

As President Biden has noted, “Americans pay too much for the internet.” Broadband in America is amongst the most expensive in the world. According to New America’s Open Technology Institute, the average monthly price for cable internet is $66.13/month in the U.S, and just $41.45 in Europe.\textsuperscript{18} The cost of fiber broadband averages $79.92 in the U.S, compared to $66.47 in Asia, and just $47.63 in Europe.\textsuperscript{19} In addition, ancillary fees (like modem rental fees, data overages, and early termination fees) can add up to an additional 75\% to the cost of monthly internet service.\textsuperscript{20}

The high cost of broadband is one of the primary reasons why the United States has such a staggering digital divide. A recent survey of American households found the cost of broadband

\begin{itemize}
\item \textsuperscript{17} John Busby, et al., \textit{FCC Reports Broadband Unavailable to 21.3 Million Americans, Broadband Now Study Indicates 42 Million Do Not have Access}, Broadband Now (Apr. 4, 2021), https://broadbandnow.com/research/fcc-underestimates-unserved-by-50-percent.
\item \textsuperscript{18} New America, Cost of Connectivity 2020 (2020).
\item \textsuperscript{19} Id. at 4.
\item \textsuperscript{20} Id. at 1.
\end{itemize}
to be among the top reasons for not subscribing to broadband services.\textsuperscript{21} That is why 35\% of low-income households with school aged children do not have high-speed internet.\textsuperscript{22}

Additionally, contrary to the FCC’s 2016 assertion that there is “a large variety of reasonably priced voice options,” fixed and wireless voice service are also unaffordable.\textsuperscript{23} According to JD Power and Associates, the average American cell phone bill for a household is $157/month.\textsuperscript{24} According to the 2021 Urban Rate survey for Fixed Voice and Broadband Services, fixed voice service in urban areas averages $33.73 a month.\textsuperscript{25} Thus, both broadband and voice service are too expensive for low-income consumers.

D. The FCC Should Classify Broadband as Title II to Allow Consumers More Options to Connect to Both Broadband and Voice.

As PK and many others have argued, the best way to ensure that consumers are able to direct the Lifeline support they qualify for to the service that best meets their needs, whether broadband only, voice only, or a combination of both, is to reclassify broadband as a Title II


service.\textsuperscript{26} The \textit{Mozilla} Court made it clear that a telecommunications provider can only qualify as a Lifeline provider if they are classified as a common carrier under the FCC’s title II authority.\textsuperscript{27} Given the \textit{Mozilla} Court’s finding that “[a]s a matter of plain statutory text, the 2018 Order’s reclassification of broadband… facially disqualifies broadband from inclusion in the Lifeline Program,”\textsuperscript{28} the FCC’s claim on remand that ETCs who happens to offer broadband in addition to voice could use the Lifeline benefit for standalone-broadband service\textsuperscript{29} is hardly on sound legal ground.

When the FCC denied its authority to regulate broadband as a Title II service, it significantly limited the number of options Lifeline recipients have to connect to broadband and voice services by eliminating broadband-only providers and significantly undercutting the authority for ETCs to offer standalone broadband service as part of the Lifeline program. Not only does this limit the ETCs consumers can choose from, it also means that consumers who want broadband may have to bundle it with a voice service that they may not want or need.

The simplest way to provide consumers with meaningful choice regarding their Lifeline provider and which services they want to use their subsidy for is to reclassify broadband as a Title II service. Not only will this give consumers more options, it also has the potential to lower overall costs on Lifeline by increasing competition in the Lifeline marketplace. The more options consumers can choose from, in terms of providers and plans, the more likely they are to receive

\begin{itemize}
  \item \textsuperscript{27} Mozilla v. FCC, 904 F. 3d 1, 69 (D.C. Cir. 2019) (“[B]roadband's eligibility for Lifeline subsidies turns on its common-carrier status.”).
  \item \textsuperscript{28} Id.
\end{itemize}
competitive pricing, which could ultimately lower the funding needed for a meaningful Lifeline subsidy.

E. Regardless, the FCC Must Stop Phasing Out Voice Because it Unnecessarily Limits Consumers from Accessing the Telecommunications Services That Best Meet Their Needs.

As PK has noted throughout this section, the Commission must support both standalone broadband and voice service. Unfortunately, in 2016 the FCC adopted an order that will phase down voice-only support to $0 by Dec. 1, 2021.\(^{30}\) In order to ensure that consumers have the flexibility to choose the services that are best-suited for their needs, the Commission should reinstate standalone voice support through the Lifeline program.\(^{31}\)

The FCC justified its phase down of voice-only support because it predicted that Lifeline providers “will be responsive to [the consumer demand for voice service] by bundling voice with data offerings,” and that such bundled packages would be affordable.\(^{32}\) However, bundled packages are not affordable for many low-income consumers—with some costing as much as $85 a month, well above the current support level in the Lifeline program.\(^{33}\)

In addition, bundled packages might force low-income consumers to pay for a service they don’t want, or can’t use. Many low-income consumers don’t have a device, or the skills needed to access the internet. These consumers might not want to pay more for a bundled package, in order to get voice service. Forcing these consumers to subscribe to bundled service because they can’t get subsidized standalone voice service could cause them to unenroll from the


\(^{31}\) Or, the Commission should create a new program should Lifeline transition to a broadband-only subsidy.

\(^{32}\) Id. at 23.

Lifeline program. Thus, the Commission must reinstate stand-alone voice service so that consumers have the flexibility to pick the service or services that best fit their needs and budgets.

III. THE FCC SHOULD NOT INCREASE MINIMUM SERVICE STANDARDS FOR MOBILE BROADBAND IF IT WILL ELIMINATE NO-COST OPTIONS FOR SUBSCRIBERS.

The Commission should reverse its most recent decision to increase the minimum service standards for mobile broadband, and should not increase the minimum service standards again until it increases the Lifeline subsidy amount or determines that increasing the minimum service standards won’t force consumers to pay a copay.34 In the 2016 Lifeline Order, the Commission phased-in increased minimum service standards for mobile broadband over multiple years, and directed the Commission to update the standard thereafter to 70% of the average household mobile data usage.35 However, recognizing that standard would lead to a nearly four-fold increase, and that such a significant increase “risks making Lifeline service prohibitively expensive” for some subscribers, the Commission chose instead to increase the minimum service standards more gradually.36 Thus, as of December 1, 2020, the new minimum service standard for mobile broadband is 4.5 GB.37

However, even that smaller increase will make Lifeline prohibitively expensive for many low-income consumers. As we (and other public interest groups) noted before, if the Commission increased “the minimum service standards by 50% without increasing the Lifeline support amount, [it] would jeopardize the availability of no-cost products.”38 And, indeed, the

35 Id at 34.
37 See Id.
38 Public Interest Commenters, Joint Public Interest Comments in Support of NALA Petition of Waiver of Lifeline Mobile Broadband Minimum Standard and Voice Support Phase-Down, WC
increase has forced a number of Lifeline providers to institute a copay for Lifeline subscribers. According to NaLa, TruConnect, SafetyNet Wireless, and Assist Wireless have all instituted copays ranging from $15-$25.\textsuperscript{39}

The unfortunate reality is that for many Lifeline customers, any copay, no matter its size, could cause them to unenroll in the program. Many Lifeline subscribers lack the infrastructure to pay a copay. Nearly ⅔ of Lifeline subscribers do not have a checking or savings account, and 60% lack a credit or debit card.\textsuperscript{40} Most Lifeline subscribers also can’t afford a copay. Over 80% of Lifeline subscribers say that they cannot afford a monthly copay, no matter its amount.\textsuperscript{41} That is why NaLa reported that prior to the increase, “94[%] of Lifeline subscribers rely on no-cost service.”\textsuperscript{42}

The Lifeline program exists to make communications services affordable for low-income consumers. While low-income consumers deserve high quality service, the majority of those enrolled in the program cannot afford the copays that were caused by the increased minimum service standards. Given the statutory requirement that “quality services should be available at

\begin{itemize}
  \item \textsuperscript{41} Id.
  \item \textsuperscript{42} NALA Application for Review, \textit{supra} note 40 at 17.
\end{itemize}
just, reasonable, and affordable rates,” the Commission must revert to its 2019 minimum service standards.43

Moving forward, the Commission should not increase the minimum service standards unless it can mitigate the need for copays. To do this, the Commission can increase its subsidy amount, or evaluate if an increase in standards will lead providers to charge a copay.

IV. CONCLUSION

PK urges the Bureau to recommend that the Commission give consumers the flexibility to use their Lifeline subsidies to purchase the service or services that best meet their needs. The simplest and most direct way to achieve this end is to urge the Commission to reclassify broadband as a Title II service. At a minimum, the Bureau should recommend that the Commission discontinue its plan to phase down Lifeline support for standalone voice service. Additionally, PK urges the Bureau to recommend that the Commission reverse its recent order to increase the minimum standards for Lifeline mobile broadband services. Although all consumers, regardless of their financial status, deserve access to high quality mobile broadband, increasing Lifeline’s minimum standards will likely result in the most financially vulnerable Lifeline subscribers dropping service completely as providers eliminate no-cost Lifeline plans to accommodate these increased standards. While these recommendations will not solve all of the problems with Lifeline, they will allow the Commission to move the needle one step closer to a program that actually lives up to its name.

Respectfully submitted,

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