

**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
	)	

**Comments of  
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American Federation of Labor-Congress of Industrial Organizations**

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The Communications Workers of America (“CWA”) submits these comments in response to the Federal Communications Commission’s (“FCC” or “Commission”) *Second Further Notice of Proposed Rulemaking (“FNPRM”)* on the modernization of the Lifeline program.<sup>1</sup> CWA represents 700,000 workers in communications, media, airlines, manufacturing, and public service. CWA has long advocated for the expansion of the Lifeline program to support broadband service to assist low-income households in overcoming the economic barriers to purchasing this critical communications service.<sup>2</sup> CWA supports the Commission’s general proposal to modernize the Lifeline program by promoting the affordability of broadband services for low-income families.

High-speed broadband service is as essential to modern life today as telephone service was in the last century. When the Commission first expanded the Lifeline program in 1985, the Commission’s Order explained that “access to telephone service has become crucial to full participation in our society and economy which are increasingly dependent upon the rapid exchange of information. In many cases, particularly for the elderly, poor, and disabled, the telephone is truly a lifeline to the outside world.”<sup>3</sup> Today, access to broadband service has become crucial to full participation in our society and economy, and the Lifeline program must be updated to acknowledge the fundamental reality that Internet access is “truly a lifeline to the outside world.” As President Obama recently emphasized: “Today, high-speed broadband is not just a luxury, it’s a necessity.”<sup>4</sup>

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<sup>1</sup> See *Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order*, WC Docket Nos. 11-42, 09-197, 10-90, FCC 15-71 (Rel. June 22, 2015).

<sup>2</sup> See <http://www.speedmatters.org>

<sup>3</sup> See *MTS and WATS Market Structure, and Amendment of Part 67 & 69 of the Commission's Rules and Establishment of a Joint Board*, Report and Order, 50 Fed. Reg. 939 (Jan. 8, 1985).

<sup>4</sup> See Barack Obama, *Remarks by the President on Promoting Community Broadband* (Jan. 14, 2015): <https://www.whitehouse.gov/the-press-office/2015/01/14/remarks-president-promoting-community-broadband>

For many, however, economic factors are significant barriers to broadband adoption. As the Commission recognized in its *FNPRM*, “computer ownership and Internet use strongly correlate with household income.” 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 incomes below \$25,000.<sup>5</sup> This discrepancy results in further pressures and inequities in other areas of modern society, including employment, health, and education. The job market increasingly requires reliable Internet access, and a 2014 survey found that 49 percent of respondents said their employer expects them to have home Internet access.<sup>6</sup> The same study found that 53 percent of respondents said their health insurance companies expect them to have Internet service, and 83 percent said their child’s school expected students to have online access at home. In addition, the Pew Research Center found that “low-income homes with children are four times more likely to be without broadband than their middle or upper-income counterparts.”<sup>7</sup>

The homework gap is a clear example of how the lack of affordable broadband access becomes a broader social problem. Commissioner Jessica Rosenworcel summarized the issue in her response to the Pew Research Center study. “There was a time when doing basic schoolwork required no more than a little bit of quiet, a clear workspace, and a pencil. No more,” she wrote. “Today, 7 in 10 teachers assign homework that requires Internet access.

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<sup>5</sup> 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, Table 1 (2014) (ACS 2013) available online at: <http://www.census.gov/history/pdf/2013computeruse.pdf> (November 2014 Census Report).

<sup>6</sup> See John B. Horrigan, *The Essentials of Connectivity: Comcast’s Internet Essentials Program and a Playbook for Expanding Broadband Adoption and Use in America* (Mar. 2014): [http://corporate.comcast.com/images/Final\\_IE\\_Research\\_Full\\_Paper.pdf](http://corporate.comcast.com/images/Final_IE_Research_Full_Paper.pdf) The survey focused on users of Comcast’s Internet Essential program, a low-cost broadband option “targeted at low-income families with school-age children who do not have home broadband service.”

<sup>7</sup> See John B. Horrigan, Pew Research Center, *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/>

Kids may be connected in the classroom, but if they are disconnected at home getting basic schoolwork done is hard.”<sup>8</sup> In Hamilton County, Tenn., school officials replaced students’ textbooks with tablet computers in an attempt to increase educational performance and prepare students for the modern, technological world. But they found that the brand-new tablets were largely ineffective tools for low-income students who lacked broadband access at home.<sup>9</sup> In Citronelle, Ala. and Harrison, Mich., students huddle around laptops and other devices in nearby fast-food restaurants because those are the few places with free Wi-Fi service after the local libraries close.<sup>10</sup> Teachers are left facing a difficult tension in deciding whether or not to assign Internet-based homework: consider the circumstances of low-income students or prepare their students for a world that runs on technology.

The Commission has the legal authority and civic responsibility to expand Lifeline to include broadband. Section 254(c) of the 1996 Telecommunications Act defines universal service as “an evolving level of telecommunications service,” and updating the program to include broadband as a Lifeline service is consistent with the criteria in section 254(c)(1)(A)-(D), which define “services that are supported by Federal universal service support mechanisms”:<sup>11</sup> (A) as discussed above, access to broadband is essential to modern educational practices and health services; (B) more than 83 percent of all American adults

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<sup>8</sup> See Jessica Rosenworcel, “Commissioner Rosenworcel Statement on Pew Homework Gap Findings” (Apr. 20, 2015): <https://www.fcc.gov/document/commissioner-rosenworcel-statement-pew-homework-gap-findings>

<sup>9</sup> Joan Garrett McClane and Tom Omarzu, “Lack of Internet access hinders students with school-provided iPads,” TimesFreePress.com, (Dec. 23, 2014): <http://www.timesfreepress.com/news/local/story/2014/dec/23/if-you-give-kid-ipadeven-when-schools-hand-ou/279439/>

<sup>10</sup> Anton Troianovski, “The Web-Deprived Study at McDonald’s,” *The Wall Street Journal* (Jan. 28, 2013): <http://www.wsj.com/articles/SB10001424127887324731304578189794161056954>

<sup>11</sup> See U.S.C § 254(c)(1)(A-D): “The Joint Board in recommending, and the Commission in establishing, the definition of services that are supported by Federal universal service support mechanisms shall consider the extent to which such telecommunications services – (A) are essential to education, public health, or public safety; (B) have, through the operation of market choices by customers, been subscribed to by a substantial majority of residential customers; (C) are being deployed in public telecommunications networks by telecommunications carriers; and (D) are consistent with the public interest, convenience, and necessity.”

access the Internet through the operation of market choices;<sup>12</sup> (C) broadband is being deployed in public telecommunications networks by telecommunications carriers; and (D) as discussed throughout these comments and emphasized by President Obama, access to broadband service is consistent with the public interest, convenience, and necessity. Therefore, the Commission should amend its rules to include broadband Internet access service, defined consistent with the *Open Internet Order*,<sup>13</sup> as a supported service in the Lifeline program.<sup>14</sup>

In response to questions posed in the *FNPRM*, CWA provides the following recommendations on ways to structure the Lifeline for broadband program to promote universality, excellence, choice and competition, innovation, and accountability.<sup>15</sup>

**Service.** The Commission should set standards for Lifeline-supported broadband service consistent with other universal service programs. For example, the required minimum speed to receive Connect America funding – 10 Mbps downstream/1 Mbps upstream – should also be the required minimum speed carriers must provide to customers receiving Lifeline subsidies. Service should be the highest quality possible to enable customers to apply for jobs, access digital health resources and civic materials, complete academic assignments, and access the video- and data-intensive applications on the Internet. Further, it is critical that the Commission continue to support standalone voice services, including mobile voice services,

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<sup>12</sup> See Andrew Perrin and Maeve Duggan, Pew Research Center, *Americans' Internet Access: 2000-2015* (June 2015): [http://www.pewinternet.org/files/2015/06/2015-06-26\\_internet-usage-across-demographics-discover\\_FINAL.pdf](http://www.pewinternet.org/files/2015/06/2015-06-26_internet-usage-across-demographics-discover_FINAL.pdf)

<sup>13</sup> See *Open Internet Order*, 80 Fed. Reg. at 19764, para. 187.

<sup>14</sup> See 47 C.F.R. §§ 54.401-54.503 for a definition of the supported service in the Lifeline program and an explanation of how that support amount should be allocated to a subscriber's package.

<sup>15</sup> See Letter from The Leadership Conference on Civil and Human Rights, to Chairman Wheeler, Chairman, FCC, WC Docket No. 11-42 (filed June 10, 2015).

which are particularly important to low-income people.<sup>16</sup> More consumer options among providers, platforms, and services will ensure a more effective program.

**Affordability.** The current \$9.25 per month program subsidy will help reduce the economic barriers of broadband adoption for low-income households, but will likely prove to be insufficient to overcome the full cost of broadband service. While some providers offer \$10 per month Internet access service to some low-income households, these offers are not available in all communities, nor are they available to all low-income households. There are also additional costs for broadband access, such as connection charges for fixed service and the cost of computer equipment. The Commission, therefore, should provide Lifeline customers that purchase a fixed residential service a one-time reimbursement to cover any up-front broadband connection charges. In addition, the Commission should also monitor the cost and availability of broadband products intended for low-income customers, and consider providing Lifeline customers with a partial reimbursement to offset the cost of purchasing equipment.<sup>17</sup>

**Eligibility determination.** The Commission should establish a national, neutral, centralized eligibility verifier for the modernized Lifeline program. Such an entity could review consumer documentation to verify eligibility, provide a more secure environment for the sensitive personal information of Lifeline customers, create a more efficient enrollment

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<sup>16</sup> See Aaron Smith, Pew Research Center, *U.S. Smartphone Use in 2015* (Apr. 2015):

[http://www.pewinternet.org/files/2015/03/PI\\_Smartphones\\_0401151.pdf](http://www.pewinternet.org/files/2015/03/PI_Smartphones_0401151.pdf) The report found that 13 percent of Americans with an annual household income of less than \$30,000 per year are “smartphone dependent” – they are without fixed broadband access and have relatively few options for getting online. Of that 13 percent, nearly half (48 percent) “have had to cancel or shut off their cell phone service for a period of time because the cost of maintaining that service was a financial hardship.”

<sup>17</sup> See *Cost as a Barrier to Broadband Adoption: Structuring Subsidy Programs That Work*, Connect South Carolina (Oct. 2012): [http://www.connectsc.org/sites/default/files/connected-nation/South%20Carolina/files/sc\\_willingness\\_finaloct032012.pdf](http://www.connectsc.org/sites/default/files/connected-nation/South%20Carolina/files/sc_willingness_finaloct032012.pdf). This regional study found that of the 32 percent of South Carolina residential non-adopters who listed cost as their main barrier to broadband adoption, more than twice as many considered equipment cost (10 percent) a greater barrier than activation and connection fees (4 percent). The study also found that the optimal monthly broadband subsidy to incent low-income South Carolina households to adopt broadband was \$27.

and verification process for both customers and providers, and promote competition by more easily allowing customers to change companies if they find a better Lifeline-supported service. The Commission should look to California, where the institution of a third-party verifier has reduced waste, fraud, and abuse from the Lifeline program,<sup>18</sup> and partner with states to centralize enrollment and verification. CWA urges the FCC to move forward with this process as expeditiously as possible without disrupting Lifeline customers.

***Budget.*** The Lifeline program has never achieved full participation rates by eligible populations. CWA strongly opposes capping the Lifeline budget. Capping the program could depress participation, prevent eligible customers from benefiting from the program, and would counteract the Commission’s goal of promoting modern services for low-income families. Any budget should, rather, be flexible and responsive to the countercyclical nature of the program and support the goal of growing legitimate participation. The Commission should ensure that any proposed budget increases low-income families’ access to vital telecommunications services, in the spirit of the program.

Respectfully Submitted,

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<sup>18</sup> See *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, Order, 28 Rcd 2012 (Wireline Comp. Bur. 2013): para 414, including n.1066, which reads, in part: “The California Lifeline program is an example of how a centralized administrator can assume responsibility for annual verifications even without access to state systems that contain eligibility information.”