

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 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
)	

**COMMENTS OF
VOICES FOR INTERNET FREEDOM MEMBERS**

Voices for Internet Freedom Members (“Voices”)¹ respectfully submit these comments in response to the Federal Communications Commission’s (“FCC” or “Commission”) Public Notice² in the above-captioned dockets. That notice was issued pursuant to a letter³ from 37 organizations, including the parties hereto, requesting reversal of the Wireline Competition Bureau’s order (“*Revocation Order*”) that revoked the designations

¹ Voices for Internet Freedom is a national organizing project led by the Center for Media Justice, Free Press, Color of Change, and National Hispanic Media Coalition. Those four organizations jointly submit these comments.

² See *Wireline Competition Bureau Seeks Comment on Request for Reconsideration Concerning Lifeline Broadband Providers*, WC Docket Nos. 09-197, 11-42, DA 17-213 (rel. Mar. 2, 2017).

³ See Letter from Jessica J. González, Free Press, 18MillionRising.org, AFL-CIO, American Library Association, Appalshop, Inc., Asian Americans Advancing Justice - AAJC, Center for Media Justice, Center for Rural Strategies, Color of Change, Common Cause, Common Sense Kids Action, Communications Workers of America, Fight for the Future, FOOTPRINTS INC, Generation Justice, Global Action Project, human-I-T, Inclusive Technologies, Institute for Local Self-Reliance, Media Mobilizing Project, MetroEast Community Media, Mobile Beacon, Monterey County Office of Education, NAACP, National Consumer Law Center, National Digital Inclusion Alliance, National Hispanic Media Coalition, Native Public Media, New America's Open Technology Institute, Open MIC, Partners Bridging the Digital Divide, Public Knowledge, SPNN, The Benton Foundation, The Greenlining Institute, United Church of Christ, OC Inc., and WinstonNet, Inc., to Chairman Pai, Commissioner Clyburn, Commissioner O’Rielly, FCC, WC Docket No. 11-42 (filed Feb. 23, 2017).

of nine Lifeline Broadband Providers (“LBPs”).⁴ If properly and expediently executed, the modernization of the Lifeline program to support broadband will directly attack the affordability gap, the driving force behind an ongoing digital divide that disproportionately harms poor people and people of color. Contrary to that goal, unfortunately, the *Revocation Order* erodes Lifeline’s promise by eliminating subsidized broadband opportunities and introducing uncertainty into the program – chilling the type of robust competition contemplated in the *Lifeline Modernization Order*. Thus, Voices respectfully requests that the FCC immediately take two integral steps to bridge the digital divide: (1) rescind the *Revocation Order*, reinstating the nine LBPs that it had previously approved; and (2) commit, unequivocally, to immediately implementing the *Lifeline Modernization Order* and rejecting any future attempts to undermine it.⁵

I. THE COMMISSION SHOULD PROMOTE ROBUST OPTIONS FOR LIFELINE SUBSCRIBERS BY REINSTATING THE DESIGNATIONS OF THESE NINE PROVIDERS

The Commission is charged with providing “[c]onsumers in all regions of the Nation, including low-income consumers...access to telecommunications and information services.”⁶ The *Revocation Order* flies directly in the face of this mandate. To fulfill this obligation, the Commission should reinstate the nine LBPs. This would rebuild confidence in the LBP designation process, a critical reform in the *Lifeline Modernization Order* created to encourage competition in the Lifeline broadband marketplace.⁷ In the *Lifeline Modernization Order*, the FCC explicitly stated that “[w]e expect that our actions today will encourage

⁴ See *Telecommunications Carriers Eligible for Universal Service Support, Lifeline and LinkUp Reform and Modernization*, WC Docket Nos. 09-197, 11-42, Order on Reconsideration, DA 17-128 (rel. Feb. 3, 2017) (“*Revocation Order*”).

⁵ *Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-42 *et al.*, Third Report and Order, Further Report and Order, and Order on Reconsideration, 31 FCC Rcd 3962, 4021, para. 167 (2016) (“*Lifeline Modernization Order*”).

⁶ 47 U.S.C. § 254(b)(3).

⁷ See *Lifeline Modernization Order* at 4040-4044.

market entry and increase competition among Lifeline providers, which will result in better services for eligible consumers to choose from and more efficient usage of universal service funds.”⁸ The Commission granted nine LBP designations to carriers in orders released on December 1, 2016⁹ and January 18, 2017.¹⁰ The *Revocation Order* had an immediate negative impact: it harmed existing and potential Lifeline subscribers, generated uncertainty in the LBP marketplace, and relied on outdated and unsupported “waste, fraud, and abuse” claims.

A. Revocation Of Previously Granted LBP Designations Undermines Lifeline’s Promise To Bring Broadband To Poor People And Children

The *Revocation Order* has undermined Lifeline’s promise and directly abridged opportunities for poor people to connect to broadband. The *Revocation Order* has reduced Lifeline options in all fifty states and Puerto Rico, diminishing service options for the nearly 45 million households and over 126 million people eligible for Lifeline.¹¹ In his first speech as Chairman, Ajit Pai stated that one of the Commission’s “core priorities going forward should be to bridge the digital divide” in order “to bring the benefits of the digital age to all Americans.”¹² Yet the *Revocation Order* frustrates efforts to bridge the digital divide, making

⁸ See *id.* at 4040, para. 217.

⁹ See *Telecommunications Carriers Eligible for Universal Service Support, Petitions for Designations as a Lifeline Broadband Provider*, WC Docket Nos. 09-197, 11-42, Order, DA 16-1325 (rel. Dec. 1, 2016). This December order designated Spot On Networks, LLC, Boomerang Wireless LLC, KonaTel Inc., and STS Media, Inc. (d/b/a FreedomPop) as Lifeline Broadband Providers. *Id.*

¹⁰ See *Telecommunications Carriers Eligible for Universal Service Support, Petitions for Designations as a Lifeline Broadband Provider*, WC Docket Nos. 09-197, 11-42, Order, DA 17-87 (rel. Jan. 18, 2017). The January order designated Applied Research Designs, Inc., Kajeet Inc., Liberty Cablevision of Puerto Rico, LLC, Northland Cable Television, Inc., and Wabash Independent Networks, Inc. as Lifeline Broadband Providers. *Id.*

¹¹ Free Press analysis of U.S. Census Bureau March 2016 Current Population Survey.

¹² Remarks of Ajit Pai, Chairman, Federal Communications Commission, Washington, DC (Jan. 24, 2017), http://transition.fcc.gov/Daily_Releases/Daily_Business/2017/db0124/DOC-343184A1.pdf.

it more likely for people in marginalized communities and school-aged children to remain disconnected.

As it stands, the Commission has jeopardized service to 17,538 Boomerang subscribers who were already receiving service prior to the *Revocation Order*.¹³ As Boomerang noted, “[t]hese customers do not have \$9.25 each month to pay for their wireless service and...the vast majority of these more than 17,000 subscribers are unlikely to find an alternative Lifeline provider in 30 days.”¹⁴ This demonstrates that the *Revocation Order* is a step in the wrong direction.

Indeed, the *Revocation Order*’s negative impacts reach far beyond Boomerang’s subscribers, as the eight other companies were also ramping up service offerings for 2017 launches. For instance, AR Designs, a Certified Minority Business Enterprise that had received an LBP designation for Illinois, planned to offer 300 Mbps download/150 Mbps upload speeds for free with the Lifeline subsidy, with no data caps and no contract, with a Wi-Fi enabled device.¹⁵ The company planned to serve a low-income community in south Chicago,¹⁶ and also intended to partner with EveryoneOn/ConnectHome to provide digital literacy training.¹⁷

Another revoked provider, Spot On, had received LBP designation for one zip-code in New York specifically to serve the New York Housing Authority Queensbridge multi-residential housing site, which is the largest public housing complex in the U.S. and

¹³ See Letter from John J. Heitmann and Joshua Guyan, Kelley Drye & Warren LLP, Counsel to Boomerang Wireless, LLC d/b/a enTouch Wireless, to Marlene Dortch, Secretary, FCC, WC Docket Nos. 09-197, 11-42 (filed Feb. 15, 2017).

¹⁴ See *id.*

¹⁵ See *Petition of Applied Research Designs, Inc. for Streamlined Designation as a Lifeline Broadband Provider Eligible Telecommunications Carrier*, WC Docket No. 09-197 (Nov. 30, 2016).

¹⁶ See *id.*

¹⁷ See *id.*

accommodates nearly 7,000 people.¹⁸ The Spot On broadband plan would have offered customers 20 Mbps download and 20 Mbps upload speeds for up to five devices, with no data caps for \$9.75 with no contract or additional fees required.¹⁹

Finally, Kajeet had received LBP designation nationwide and planned to partner with schools to offer Lifeline-eligible students free 6 GB hot spots with 4G connectivity.²⁰ Kajeet's offering would have focused on closing the "homework gap" that exists for students who simply cannot complete their homework because of a lack of broadband access at home.

The *Revocation Order* also harms poor people by removing competition and choice from the Lifeline broadband marketplace. It undermines Lifeline's promise by introducing uncertainty in the LBP designation process, chilling participation from the nine LBPs directly affected and others considering whether to enter the marketplace. If the Commission is earnestly committed to bridging the digital divide and to promoting competition to increase the value of the subsidy, it should reinstate these providers and swiftly decide pending LBP petitions, as the *Lifeline Modernization Order* process reforms require.

B. The Record Does Not Support And The Commission Has Not Adequately Explained The *Revocation Order*'s "Waste, Fraud, and Abuse" Claims

The *Revocation Order* relies, in large part, on generalized claims of "waste, fraud, and abuse," to justify rescinding the nine LBPs designations.²¹ Yet that order cites no evidence of waste, fraud, and abuse in the Lifeline program by these nine companies. Instead, the *Revocation Order* rehashes broad concerns about the LBP vetting process that were fully addressed in a robust notice and comment period leading up to the adoption of the *Lifeline*

¹⁸ See *Spot On Networks, LLC Petition for Streamlined Designation as a Lifeline Broadband Provider Eligible Telecommunications Carrier*, WC Docket No. 09-197 (Oct. 26, 2016).

¹⁹ See *id.*

²⁰ See *Kajeet Inc. Petition for Streamlined Designation as a Lifeline Broadband Eligible Telecommunications Carrier*, WC Docket No. 09-197 (Oct. 11, 2016).

²¹ See *Revocation Order* at para. 7-8.

Modernization Order. The *Revocation Order* states that “[w]e find that reconsidering the above-listed petitions for designation as an LBP would promote program integrity by providing the Bureau with additional time to consider measures that might be necessary to prevent further waste, fraud, and abuse in the Lifeline program.”²² The lingering narratives of rampant waste, fraud, and abuse in the Lifeline program have been dispelled numerous times, and this proffered justification ignores the fact that FCC enforcement processes are in place to address such abuse.

Waste, fraud, and abuse claims are overblown and not relevant to certification of these nine providers. In July 2016, an Energy & Commerce Democratic Staff Report concluded that the FCC had already implemented process reforms that were successful in reining in “a billion dollars in waste, fraud, and abuse.”²³ Indeed, the Commission has successfully implemented several process reforms to ensure the health and integrity of the Lifeline program. A March 2015 Government Accountability Office Report on Lifeline found that the FCC adopted eleven reforms in 2012 “to increase accountability and strengthen internal controls.”²⁴ The Commission itself has recognized the success of these reforms, noting that the “Universal Service Administrative Company (USAC)...disbursed more than \$2.1 billion in Lifeline support payments,” and acknowledged that the 2012 reforms “reduced disbursements by nearly a third, with Lifeline support payments dropping below \$1.5 billion in 2015.”²⁵ The Commission created additional process reforms in the *Lifeline Modernization Order* designed

²² See *id.* at para. 7.

²³ See U.S. House of Representatives Committee on Energy and Commerce, Ranking Member Frank Pallone, Jr., Democratic Staff Report, *The Lifeline Program: Examining Recent Allegations of Waste, Fraud, and Abuse* (July 2016), [https://democrats-energycommerce.house.gov/sites/democrats.energycommerce.house.gov/files/Lifeline%20Oversight%20Report%20\(7.12.2016\).pdf](https://democrats-energycommerce.house.gov/sites/democrats.energycommerce.house.gov/files/Lifeline%20Oversight%20Report%20(7.12.2016).pdf).

²⁴ United States Government Accountability Office, *FCC Should Evaluate the Efficiency and Effectiveness of the Lifeline Program at Highlights page & 9-10*, GAO-15-335 (Mar. 2015), <http://www.gao.gov/assets/670/669209.pdf>.

²⁵ See *Lifeline Modernization Order* at 3975, para. 36.

to protect the program from waste, fraud, and abuse when it established the National Eligibility Verifier and numerous other measures.²⁶

In short, absent any specific evidence of wrongdoing relevant to the LBP certification process, the Commission should reinstate these nine LBPs, while continuing to monitor the program for potential waste, fraud, and abuse using the well-established enforcement mechanisms in place. Stalling all LBP designations in the name of preventing hypothetical and unproven waste, fraud, and abuse defies the congressional mandate and the FCC's own expressed desire to make communications available to all people and bridge the digital divide.

II. SWIFT IMPLEMENTATION OF THE FCC'S *LIFELINE MODERNIZATION ORDER* IS CRITICAL TO BRIDGING THE DIGITAL DIVIDE

Rescinding the *Revocation Order* would be a good first step for the Commission to address the digital divide, but to see real results the Commission must swiftly implement the process reforms in the *Lifeline Modernization Order* and adhere to the LBP designation process. Every day of delay in so doing is another missed opportunity to connect poor people to broadband. Expanding the Lifeline program to support broadband explicitly illustrates the Commission's understanding that a digital divide exists across our nation and that internet access is critical to ensure that everyone can fully participate in our economy, and have access to employment and educational opportunities.

The digital divide disproportionately impacts low-income people and communities of color. Currently, 81 percent of non-Hispanic Whites are connected to home broadband,

²⁶ See *id.* at 4006-4021; see also Universal Service Administrative Co., Lifeline National Verifier Plan (Jan. 2017), available at https://www.usac.org/_res/documents/li/pdf/nv/Draft-National-Verifier-Plan.pdf (explaining that the National Verifier will conduct "independent eligibility verification[s], with more automatic checks, conducted directly by USAC to reduce waste, fraud, and abuse").

compared to only 70 percent of Hispanics and 68 percent of Blacks.²⁷ Only 49 percent of households with annual family incomes below \$20,000 have internet in the home, compared to nearly 90 percent of households with incomes above \$100,000.²⁸ But income inequality alone does not explain the disparity in home broadband adoption between Whites and people of color. Free Press’s report *Digital Denied* concludes that the “racial and ethnic adoption gap persists [even] among the poorest households”²⁹ suggesting that “structural racial discrimination or other structural factors beyond simple income differences” are to blame for the disparity in home broadband adoption.³⁰ *Digital Denied* found that, “58 percent of [] low-income Whites have home internet access, versus just 51 percent of Hispanics and 50 percent of Black people in the same income bracket.”³¹

Affordability is the most important factor in understanding whether low-income families are connected to home internet, and this is a population particularly vulnerable to being forced to drop service in the face of financial stress.³² Furthermore, the data indicates that increasing the affordability of pre-paid broadband services in particular would have a substantial impact on adoption in low-income communities of color.³³ Thus “all efforts that reduce the price of home internet access and increase its affordability will help overcome the impacts of income inequality and systemic discrimination in other areas of American society.”³⁴ As the only federal program that addresses the affordability barrier to home

²⁷ See S. Derek Turner, Free Press, *Digital Denied: The Impact of Systemic Racial Discrimination on Home-Internet Adoption* at 27 (Dec. 2016). We use the term “Hispanic” here because that term was used to collect the underlying data.

²⁸ See *id.* at 4.

²⁹ See *id.* at 63.

³⁰ See *id.*

³¹ See *id.* at 4, 53.

³² See *id.* at 95.

³³ See *id.* at 77.

³⁴ See *id.* at 76.

broadband adoption, Lifeline is positioned to increase adoption and provide a pathway out of poverty for millions of people, opening doors that would otherwise be closed to economic and educational opportunities.³⁵

CONCLUSION

For these reasons, we respectfully request that the Commission reconsider the Wireline Competition Bureau's *Revocation Order* that rescinded LBP designations for nine providers prepared to offer Lifeline broadband services, and that the Commission commit unequivocally to implementing the *Lifeline Modernization Order* swiftly while avoiding any future efforts to undermine it.

Respectfully Submitted,

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³⁵ See, e.g., Comments of the National Hispanic Media Coalition, WC Docket Nos. 11-42, 09-197, and 10-90 (filed Aug. 31, 2015); *Lifeline: Improving Accountability and Effectiveness Hearing Before the Subcommittee on Communications, Technology, Innovation and the Internet of the Senate Committee on Commerce, Science, and Transportation*, 114th Congress (2015) (statement of Jessica J. González, National Hispanic Media Coalition).