



REPORT ON THE STATE OF THE LIFELINE MARKETPLACE

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I. INTRODUCTION

In this Report, the Wireline Competition Bureau (Bureau) provides a summary of the state of the Lifeline marketplace as directed by the Federal Communications Commission (Commission or FCC) in the *2016 Lifeline Order*. This Report informs the Commission about the current state of the Lifeline marketplace, identifies areas for future Commission consideration regarding the continued transition of the Lifeline program from a program that primarily supports Lifeline voice services to one with a greater focus on supporting Lifeline broadband Internet access service, and offers potential considerations relevant to the Lifeline Program's continued ability to ensure that low-income Americans have access to affordable communications services. In developing the Report, the Bureau relied on information about the Lifeline marketplace from the Lifeline administrator, the Universal Service Administrative Company (USAC), publicly available information about general market trends, and comments submitted by various Lifeline stakeholders.

II. BACKGROUND

In the *2016 Lifeline Order* the Commission outlined a shift in the Lifeline program to support robust broadband services for Lifeline eligible consumers.¹ As part of this effort, the Commission detailed minimum service standards for the Lifeline program and a process by which those standards would increase over time to ensure that the supported service would “remain robust as technology improves”² Paired with these minimum service standards was a defined process for the phase-down in voice-only support.³ With this phase-down, the Commission sought to focus funding on supporting broadband Internet access service and adopted a gradual reduction, over the course of 2 years, of the Lifeline support amount for voice-only services from \$9.25 to \$0 after December 1, 2021.⁴ The current reimbursement amount for voice-only support stands at \$5.25 until December 1, 2021.⁵ The Commission allowed for continued support for voice-only services at \$5.25 beyond December 1, 2021 if there was only one Lifeline provider in a specific census block.⁶

The Lifeline minimum service standards took effect on December 2, 2016, with a gradual defined increase in the standards over the next three years.⁷ After this transition period, the Bureau was directed to use a specific formula for calculating further increases in the minimum service standards and to publish those increases on or before July 31 of a particular year, before they took effect on the following December 1.⁸ In both 2019 and 2020, the Bureau granted partial waivers of the rule outlining the Commission's formula for increasing the minimum service standard for mobile broadband data capacity.⁹

¹ See *Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-42, Third Report and Order, Further Report and Order, and Order on Reconsideration, 31 FCC Rcd 3962, 3972-75, paras. 30-37 (2016) (*2016 Lifeline Order*).

² *Id.* at 3988, para. 70.

³ See *id.* at 4003-05, paras. 117-122. References to “voice-only” services throughout this Report shall include voice and broadband bundled services in which only the voice component meets the Lifeline minimum service standards. 47 CFR § 54.403(a)(2).

⁴ See *2016 Lifeline Order*, 31 FCC Rcd at 4003-05, paras. 117-122; 47 CFR § 54.403(a)(2).

⁵ See 47 CFR § 54.403(a)(2)(iii).

⁶ See *2016 Lifeline Order*, 31 FCC Rcd at 4004-05, paras. 119-122; 47 CFR § 54.403(a)(2)(v).

⁷ See 47 CFR § 54.408(b).

⁸ See 47 CFR § 54.408(c).

⁹ See *Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-42, Order, 34 FCC Rcd 11020, 11024, para. 13 (2019); *Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-42, Order, 35 FCC Rcd 12958, 12961-63, paras. 9-15 (2020); 47 CFR § 54.408(c)(ii).

These partial waivers were granted in response to requests from Lifeline stakeholders and to ensure that there was not a drastic increase in the minimum service standard.¹⁰ However, even after these waivers, the formula adopted by the Commission in the *2016 Lifeline Order* setting future minimum service standards for mobile broadband remains in effect.¹¹

In addition to adopting the phase-down in support for voice-only services and the Lifeline minimum service standards, the *2016 Lifeline Order* also tasked the Bureau with developing this Report and submitting it to the Commission by June 30, 2021.¹² Specifically, the Commission directed the Bureau to “review the Lifeline marketplace for the purpose of recommending to the Commission whether the transition set out ... should be completed or whether the Commission should act to continue delaying Lifeline’s transition to chiefly supporting broadband services.”¹³ The Commission further directed the Bureau to consider the “prevalence of subscriptions of various service offerings in the Lifeline program, the affordability of both voice and broadband services, the pace ... at which voice and data usage has changed, and the associated net benefits of continuing to support voice service as a standalone option.”¹⁴ The Bureau sought comment on these and other factors in a Public Notice issued on March 19, 2021.¹⁵

In the five years since the Commission adopted the *2016 Lifeline Order*, the Lifeline program has undergone significant change. For example, in the *2016 Lifeline Order*, the Commission also directed USAC to establish the National Lifeline Eligibility Verifier (National Verifier) as a centralized system for making independent subscriber eligibility determinations for consumers applying for Lifeline service. This represented a departure from the previous approach, in which eligible telecommunications carriers (ETCs) or state administrators were solely responsible for verifying the eligibility of potential Lifeline subscribers. The Commission recognized that the previous approach was complex, burdensome, and had increased potential for waste, fraud, and abuse.¹⁶ USAC deployed the National Verifier in groups of states and territories on a rolling basis beginning in June 2018 and is now fully launched across all 50 states, the District of Columbia, and in 5 territories.¹⁷ Between the initial rollout of the National Verifier in June 2018 and April 30, 2021, consumers submitted more than 8.5 million new Lifeline applications to the National Verifier system.

The National Verifier has automated database connections with 21 states and two federal agencies (the Centers for Medicare and Medicaid Services (CMS) and the U.S. Department of Housing and Urban Development (HUD)), and USAC continues to work with other states and federal agencies

¹⁰ See *Lifeline and Link Up Reform and Modernization et al.*, WC Docket No 11-42, Order, 34 FCC Rcd 11020, 11024, para. 13 (2019); *Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-42, Order, 35 FCC Rcd 12958, 12961-63, paras. 9-15 (2020).

¹¹ See *2016 Lifeline Order*, 31 FCC Rcd at 3995-96, para. 94; 47 CFR § 54.408(c)(ii).

¹² See *id.* at 3987, para. 66.

¹³ See *id.*

¹⁴ See *id.*

¹⁵ *Wireline Competition Bureau Seeks Comment on the State of the Lifeline Marketplace*, WC Docket No. 11-42, Public Notice, DA 21-336, 2021 WL 1116510 (WCB March 19, 2021).

¹⁶ *2016 Lifeline Order*, 31 FCC Rcd at 4007.

¹⁷ In California, Oregon, and Texas, the National Verifier launched with a modified approach where the state or its third party administrator continue to make eligibility determinations, based on the fact that those states had previously opted out of the National Lifeline Accountability Database (NLAD). The National Verifier uses state eligibility data to validate ETCs’ claims for federal Lifeline support in these states.

toward establishing additional connections.¹⁸ Automated database connections enable the National Verifier to check eligibility quickly, without the need for the consumer to submit documentation for manual review. As of mid-January 2021, approximately 71% of eligibility decisions were found to be eligible using automated connections to eligibility databases and without human review of eligibility documentation, including up to approximately 88% of decisions for Lifeline consumers in states where the National Verifier has access to both state and federal database connections and approximately 60% of decisions for Lifeline consumers in states where the National Verifier has connections to federal databases only.¹⁹

Beyond the National Verifier, the Commission and USAC have also worked together to improve the Lifeline program and further protect the program against waste, fraud, and abuse. For the last several years USAC has worked closely with the Bureau to examine instances of waste, fraud and abuse related to ineligible subscribers, oversubscribed addresses, phantom subscribers, deceased subscribers, and duplicates and has taken steps to de-enroll subscribers identified as ineligible. The Commission also directed USAC to create a system to register sales agents and assign a unique identifier so that USAC can monitor actions by these agents for instances of waste, fraud, and abuse.²⁰ In response, USAC created the Representative Accountability Database (RAD) to validate the identities of representatives performing transactions in USAC systems, including the National Verifier and the National Lifeline Accountability Database (NLAD). Beginning in May 2020, all representatives are required to obtain a representative ID through the RAD to perform Lifeline transactions. USAC regularly monitors activity and has authority to lock representative accounts when it suspects suspicious activity and/or misuse of the National Verifier and other USAC systems.

Through orders adopted in 2017 and 2019, the Commission has taken other actions to reform the program. In the *2017 Lifeline Order*, released in December 2017, the Commission took steps to minimize unnecessary document retention burdens for Lifeline providers, clarify which services may be claimed as qualifying broadband services, and eliminate the Lifeline benefit port freeze, which required Lifeline subscribers to remain with their Lifeline service provider for a minimum period of time (60 days for voice service and 12 months for broadband service).²¹ In the *2019 Lifeline Order*, released in November of 2019, the Commission prohibited carriers from paying commissions on Lifeline enrollments to their agents/employees, required eligibility documentation to be collected in certain instances during annual recertification, codified existing USAC processes to prevent fraudulent enrollment of deceased subscribers and ensure carriers cannot claim more subscribers than are recorded in NLAD, and established rules regarding the creation and mandatory use of the RAD.²²

Recent events have underscored how important broadband access is to daily life for most Americans. According to the Pew Research Center, 53% of Americans reported that the internet was

¹⁸ The National Verifier also benefits from the existing database connections Texas and Oregon have with agencies in their states.

¹⁹ USAC, National Verifier Report and Data at 2, 5 (2021), <https://ecfsapi.fcc.gov/file/1020139388159/National%20Verifier%20Annual%20Report%20and%20Data%20January%202021.pdf> (USAC NV Annual Report); USAC, National Verifier Plan at 11 (2021), <https://ecfsapi.fcc.gov/file/1020139388159/National%20Verifier%20Plan%20January%202021.pdf>.

²⁰ *Bridging the Digital Divide for Low-Income Consumers*, WC Docket No. 17-287, Fifth Report and Order, Memorandum Opinion and Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, 34 FCC Rcd 10886, 10918-10922, paras. 78-86 (2019) (*2019 Lifeline Order*).

²¹ *See Bridging the Digital Divide for Low-Income Consumers*, WC Docket No. 17-287, Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking and Notice of Inquiry, 32 FCC Rcd 10475, 10487-92, paras. 32-46 (2017) (*2017 Lifeline Order*).

²² *See 2019 Lifeline Order*, 34 FCC Rcd at 10898, para. 26.

essential during the COVID-19 pandemic.²³ In March of 2020, broadband usage increased significantly as many Americans shifted to online work and school in response to the pandemic. The Wall Street Journal reported that internet traffic increased by 25% in just a few days in March 2020²⁴ and Forbes reported in late March of 2020 that worldwide “total internet hits have surged by between 50% and 70%, according to preliminary statistics.”²⁵ As the pandemic persisted throughout 2020, broadband usage continued to rise significantly. One report indicates that the pandemic increased broadband traffic by 51% during 2020.²⁶

Recognizing the importance of broadband to daily life during the COVID-19 pandemic, Congress took significant steps to help consumers afford broadband by creating the Emergency Broadband Benefit Program (EBB Program). In the Consolidated Appropriations Act (CAA) of 2021, Congress appropriated \$3.2 billion in funding to make broadband access more affordable to low-income consumers during the pandemic through the EBB Program.²⁷ The EBB Program provides a discount on broadband service for qualified consumers of up to \$50 per month and up to \$75 per month for qualified consumers on Tribal lands. It also provides one-time discounts of up to \$100 on certain internet-connected devices purchased through a participating provider.

III. DISCUSSION

Pursuant to the Commission’s directive in the *2016 Lifeline Order*, this Report examines the current prevalence of various service offerings in the Lifeline program, the affordability of Lifeline services, how the pace of adoption of services might have changed over time, and the associated net benefits of continuing to support voice-only service as a standalone option.²⁸ As such, this Report details: the data collection efforts undertaken by the Bureau; the current state of the Lifeline subscriber base; the pace of change in adoption of voice and broadband services; an assessment of the Lifeline minimum service standards; an examination of the phase-down in support for Lifeline voice-only services, including an assessment of the affordability of voice and broadband services; and an initial look at the interconnections between the Lifeline program and the recently launched EBB Program. Throughout this Report, the Bureau identifies issues for Commission consideration regarding these areas of discussion.

On December 23, 2020, the Bureau issued an Order describing cost and usage data it would be requesting from mobile service providers whose subscribership represents a significant portion of the

²³ Pew Research Center, *53% of Americans Say the Internet Has Been Essential During the COVID-19 Outbreak at 4 (2020)*, <https://www.pewresearch.org/internet/2020/04/30/53-of-americans-say-the-internet-has-been-essential-during-the-covid-19-outbreak/>.

²⁴ Lillian Rizzo and Sawyer Click, *How Covid-19 Changed Americans’ Internet Habits*, The Wall Street Journal (Aug. 15, 2020), <https://www.wsj.com/articles/coronavirus-lockdown-tested-internets-backbone-11597503600>.

²⁵ Mark Beech, *COVID-19 Pushed Up Internet Use 70% And Streaming More Than 12% First Figures Reveal*, Forbes (Mar. 25, 2020), <https://www.forbes.com/sites/markbeech/2020/03/25/covid-19-pushes-up-internet-use-70-streaming-more-than-12-first-figures-reveal/?sh=71295f0e3104>.

²⁶ OpenVault, *OVBI: COVID-19 Drove 51% Increase in Broadband Traffic in 2020* (Feb. 10, 2021), <https://openvault.com/ovbi-covid-19-drove-51-increase-in-broadband-traffic-in-2020/> (Open Vault Advisory). According to the Open Vault Advisory, “Per-subscriber average data usage for 4Q20 was 482.6 GB per month, a 40% increase over the 344 GB consumed in 4Q 2019 and a 26% increase over the 3Q20 average of 383.8. At the same time, broadband providers saw subscriber increases of 6.5%, creating a net effect of 51% more broadband traffic.”

²⁷ Consolidated Appropriations Act, 2021, H.R. 133, div. N, tit. IX, § 904(b)(1) (2020). Section 904 of Division N—Additional Coronavirus Response and Relief, Title IX—Broadband Internet Access Service, in the Consolidated Appropriations Act established an Emergency Broadband Connectivity Fund of \$3.2 billion and directed the FCC to use that fund to establish an Emergency Broadband Benefit Program.

²⁸ See *2016 Lifeline Order*, 31 FCC Rcd at 3987, para. 66.

Lifeline marketplace.²⁹ The Bureau stated that collecting this data, “. . . will allow the Bureau to assess and make recommendations to the Commission about, among other policy changes, the mobile broadband usage minimum service standard as advocated for by several parties, the phase-out of Lifeline voice support and transition to chiefly supporting broadband services, and Lifeline support amounts.”³⁰ The Bureau sent questionnaires to the ETCs identified in the *Lifeline Data Collection Order*.³¹ Because the Bureau did not receive comprehensive responses from all the ETCs, however, the Bureau is unable to reach or include significant findings in this Report regarding the cost to provide Lifeline services and can only offer limited findings regarding how Lifeline subscribers might use their service. Nevertheless, the Bureau recognizes the importance of providing feedback to the Commission, consistent with the timeline outlined in the *2016 Lifeline Order*. Accordingly, in this Report the Bureau is relying primarily on data available from other sources including publicly available reports issued by the Commission; Lifeline subscriber data available from USAC; and publicly available reports, studies, and analyses developed by third parties.

The data used in this Report were also affected by the Commission’s response to the COVID-19 pandemic and the discovery of a large number of subscribers that should not have continued to receive the Lifeline benefit between 2017 and 2019 because of non-usage of their Lifeline service. Starting in March 2020³² and extending through the issuance of this Report,³³ the Commission took steps to prevent involuntary Lifeline de-enrollments during the COVID-19 pandemic to ensure that Lifeline consumers remained connected to their service.³⁴ These actions are likely to have affected Lifeline subscriber and service type data in 2020. In 2019, as a result of oversight actions undertaken by the Oregon Public Utility Commission, the Commission learned of an issue with Assurance Wireless’s reported subscribers.³⁵ Lifeline subscribers that were not using their Lifeline service were incorrectly counted as active Lifeline subscribers and were part of Assurance Wireless’s claims for Lifeline reimbursement. This resulted in artificially high Lifeline subscriber numbers between June 2017 and August 2019, and Lifeline de-enrollments associated with this discovery resulted in fluctuations in the Lifeline subscriber count starting in August 2019.³⁶ In discussing Lifeline subscribership trends, this Report will attempt to specifically identify any areas where these two matters may have materially affected relevant data.

²⁹ *State of the Lifeline Marketplace Report*, WC Docket No. 20-437, Order, 35 FCC Rcd 14766 (WCB 2020) (*Lifeline Data Collection Order*).

³⁰ *Id.* at 14770, para. 12.

³¹ *Id.* at 14766-67, para. 2, n.7.

³² See *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, Order, 35 FCC Rcd 2950-29501, para. 2 (WCB 2020).

³³ See *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, Order, DA 21-229, 2021 WL 763665, at *1 (WCB Feb. 24, 2021) (*Lifeline COVID-19 Waiver Order*).

³⁴ See *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, Order, 35 FCC Rcd 2950-29501, para. 2 (WCB 2020); *Lifeline COVID-19 Waiver Order* at *1.

³⁵ Press Release, FCC, FCC Learns that Sprint Received Tens of Millions in Lifeline Subsidies – But Provided No Service (Sept. 24, 2019), <https://docs.fcc.gov/public/attachments/DOC-359820A1.pdf>. At the time of the issue, Assurance was part of Sprint Communications but is now part of T-Mobile. See *Assurance Wireless USA, LP (f/k/a Virgin Mobile USA, L.P.), Sprint Corporation, and T-Mobile US, Inc.*, Order, 35 FCC Rcd 12679, 12685-86, para. 12 (EB 2020) (*Assurance Wireless Consent Decree*) (detailing the \$200 million settlement reached between T-Mobile and the Commission on these claims).

³⁶ See *Assurance Wireless Consent Decree*, 35 FCC Rcd at 12685-86, para. 12.

A. The Current State of Lifeline Subscribers

As of June 20, 2021, approximately 6.9 million subscribers were enrolled in the Lifeline program. The Lifeline program is primarily composed of subscribers enrolled in wireless Lifeline offerings, with approximately 94% of all Lifeline subscribers enrolled in a mobile Lifeline offering.³⁷ Figure 1 shows maximum claimable Lifeline subscribers from January 2018 through June 20, 2021. This data is based on the maximum potential subscribers that ETCs can claim in the Lifeline Claims System, USAC's system used by providers to claim subscribers for Lifeline reimbursement.³⁸ This date range is inclusive of subscribers located in the NLAD opt-out states of California, Texas, and Oregon. As shown in Figure 1, the latter half of 2019 saw increased de-enrollments tied to Assurance Wireless's non-usage issues, but enrollment remained relatively steady near the end of 2019 and into early 2020.³⁹ While there was a steady increase of Lifeline subscribers in 2020, we believe that subscriber data during this time period may have been artificially inflated as a result of the Lifeline waivers that the Commission issued in response to the COVID-19 pandemic to prevent involuntary de-enrollments from the Lifeline program.⁴⁰ To that end, the decrease in subscribers starting in May 2021 is primarily the result of the expiration of the waiver of the Lifeline program's non-usage rules, which expired on May 1, 2021.⁴¹ Preliminary data presented in Figure 1 from the first three weeks of June shows that the Lifeline subscriber base may have leveled off after this initial decrease. Once the other COVID-19 waivers fully expire, Lifeline enrollment may be further impacted.

³⁷ FCC, Universal Service Monitoring Report, at 34, Table 2.6 (2020), <https://docs.fcc.gov/public/attachments/DOC-369262A1.pdf> (Universal Service Monitoring Report), which reflects data as of June 2020.

³⁸ The Lifeline Claims System includes claimed Lifeline subscriber data from NLAD and the NLAD opt-out states, offering a more comprehensive picture of the Lifeline subscriber base. See *Wireline Competition Bureau Provides Guidance on the Lifeline Reimbursement Payment Process Based on NLAD Data*, WC Docket No. 11-42, Public Notice, 33 FCC Rcd 128 (WCB 2018).

³⁹ See Press Release, FCC, FCC Learns that Sprint Received Tens of Millions in Lifeline Subsidies – But Provided No Service (Sept. 24, 2019), <https://docs.fcc.gov/public/attachments/DOC-359820A1.pdf>; *Assurance Wireless Consent Decree*, 35 FCC Rcd at 12685-86, para. 12.

⁴⁰ See *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, Order, 35 FCC Rcd 2950-29501, para. 2 (WCB 2020); *Lifeline COVID-19 Waiver Order*, 2021 WL 763665, at *1.

⁴¹ See *Lifeline COVID-19 Waiver Order* at *3-4.

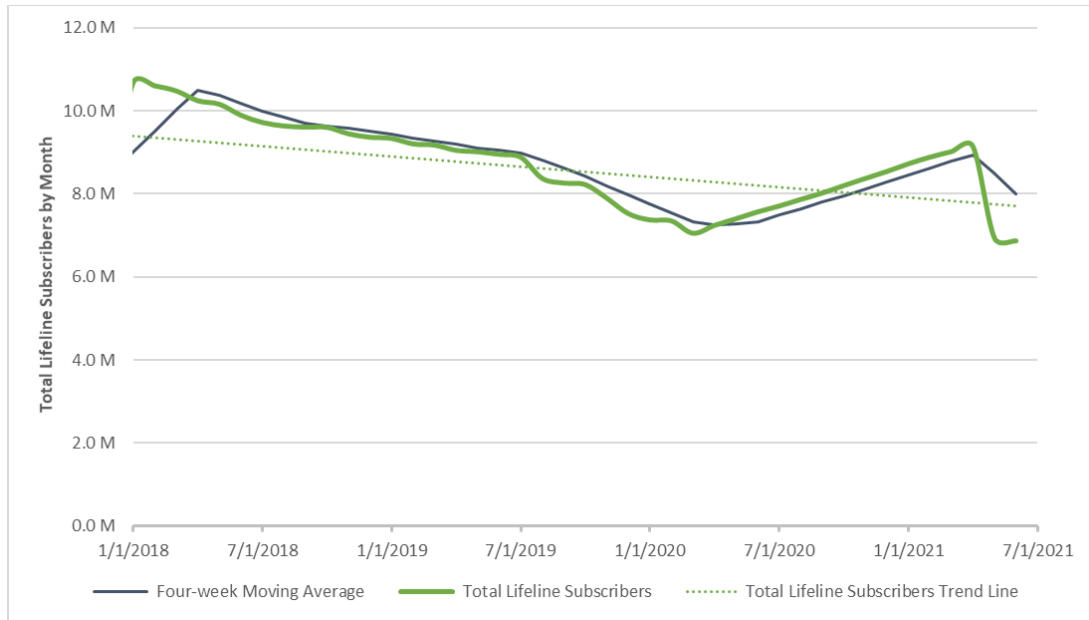


Figure 1: Subscribers in the Lifeline Program

The type of services that Lifeline subscribers receive has changed over this same time period, with subscribers now more likely to participate in plans that have a broadband component. In the *2016 Lifeline Order*, in order to “ensure that future Lifeline offerings are sufficient for consumers to participate in the 21st Century economy,”⁴² the Commission adopted the gradual reduction period described above in the reimbursement amount for voice-only services.⁴³ The categories in Figure 2 below reflect the service that meets the Lifeline minimum service standards to qualify for reimbursement at that time.⁴⁴ As such, “broadband” is a broadband-only service offering that meets the minimum service standard in place for either fixed or wireless broadband, and that approach is the same for “voice.” “Bundled voice” is a service offering with some broadband component but only the voice offering meets the qualifying minimum service standard, and that approach is similar for “bundled broadband,” which has a voice component but only broadband meets the qualifying minimum service standards. “Bundled Voice Broadband” is a service offering where both components meet the respective qualifying minimum service standards. Figure 2 shows that Lifeline subscriber plans often change around the time of a reduction in the reimbursement amount offered for voice-only services, with Lifeline providers adjusting their consumer offerings to offer a qualifying broadband component to receive the higher reimbursement amount. For example, in late 2019, when the reimbursement amount for voice-only services was first decreased from \$9.25 to \$7.25, bundled voice plans went from comprising approximately 17% of the Lifeline subscriber base in November 2019 to approximately 1.4% of the Lifeline subscriber base in December 2019. Similarly, voice-only services decreased from approximately 13.7% of subscriber plans in November 2019 to approximately 12.5% in December 2019. Figure 2 shows that for the May 2021 data month approximately 8% of Lifeline subscribers participate in a voice-only offering and 0.37% participate in a broadband-only offering. The largest service category is the bundled voice and broadband

⁴² *2016 Lifeline Order*, 31 FCC Rcd at 3985, para. 61.

⁴³ *See id.* at 3985-87, paras. 62-66; 47 CFR § 54.403(a)(2) (detailing the multi-year change in voice-only reimbursement amounts from \$9.25 to \$0 effective December 1, 2021).

⁴⁴ *See* 47 CFR § 54.408; *see also* USAC, *Provide High-Speed Broadband – Minimum Service Standards*, <https://www.usac.org/lifeline/get-started/eligible-services/provide-high-speed-broadband/> (last visited June 30, 2021).

category, where both services meet the Lifeline minimum service standards. More than 52% of Lifeline subscribers received this type of offering in May 2021.

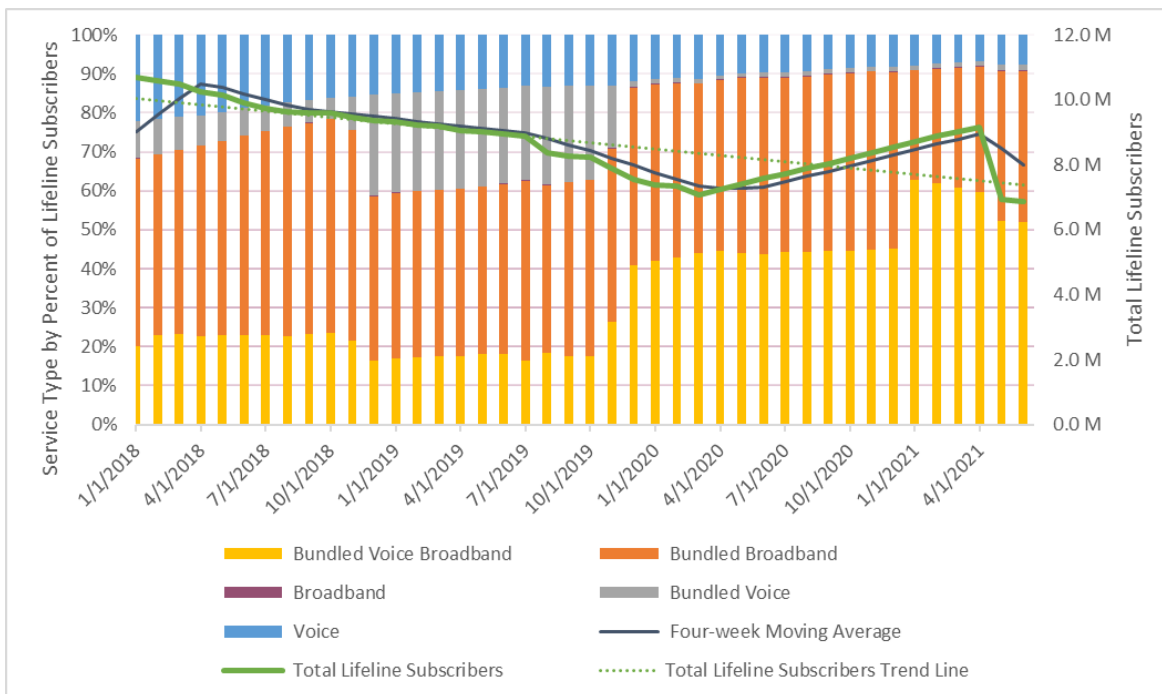


Figure 2: Total Lifeline Subscribers and Subscribers by Qualifying Service Type

The trends in Lifeline subscribership, showing an increase in broadband subscribership and relatively stagnant voice subscribership, track similar consumer trends in the broader telecommunications marketplace. For instance, between 2016 and 2019 mobile broadband usage increased by more than 170%,⁴⁵ and over the same time period voice services were roughly flat.⁴⁶ While Lifeline subscriber trends are partly driven by providers changing their offerings to adjust for new Lifeline minimum service standards and the ongoing reduction in voice support, these broader market trends point to an increase in wireless broadband subscribers and relatively stagnant voice usage across all American consumers.

B. Pace at which Voice and Data Usage and Broadband Adoption Have Changed Since 2016

In the *2016 Lifeline Order*, the Commission directed the Bureau to examine the pace at which voice and data usage has changed since adoption of the *2016 Lifeline Order*.⁴⁷ The usage trends examined below were based on broader trends in the communications marketplace, since available Lifeline-specific data does not include usage information. The Bureau also examined the pace at which broadband adoption had changed in the broader communications marketplace.

Mobile Broadband and Mobile Voice. According to the FCC’s most recent *Communications Marketplace Report*, from year-end 2018 to year-end 2019, monthly data usage per smartphone subscriber rose to an average of 9.2 Gigabytes (GB) per month by year-end 2019, an increase of

⁴⁵ See FCC, *Communications Marketplace Report* at 19, Fig. II.A.9 (2020), <https://docs.fcc.gov/public/attachments/FCC-20-188A1.pdf> (citing CTIA Year-End Wireless Industry Indices Report at 13, Chart 2) (*2020 Communications Marketplace Report*).

⁴⁶ See *id.* at 101-103, paras. 145-148.

⁴⁷ *2016 Lifeline Order*, 31 FCC Rcd at 3987, para. 66.

approximately 39%.⁴⁸ This represents a 136% increase over the monthly data usage in 2016.⁴⁹ The total network annual data usage increased by approximately 30% from 2018 to 2019, and the total annual minutes of voice use (MOUs) increased 29%.⁵⁰ As with monthly data usage per smartphone subscriber, a comparison of total network annual data usage from 2016 to 2019 shows an even more dramatic increase in data usage. As Figure 3 below shows, total network annual data usage, measured in annual Megabytes (MB) of data, was 13.7 trillion MBs in 2016 compared to 37.1 trillion MBs in 2019 – representing an increase of 171% in three years.⁵¹ By comparison, mobile voice usage increased at a much slower pace during the same timeframe increasing from 2.76 trillion MOUs in 2016 to 3.08 trillion MOUs in 2019, an increase of 12% over three years.⁵²

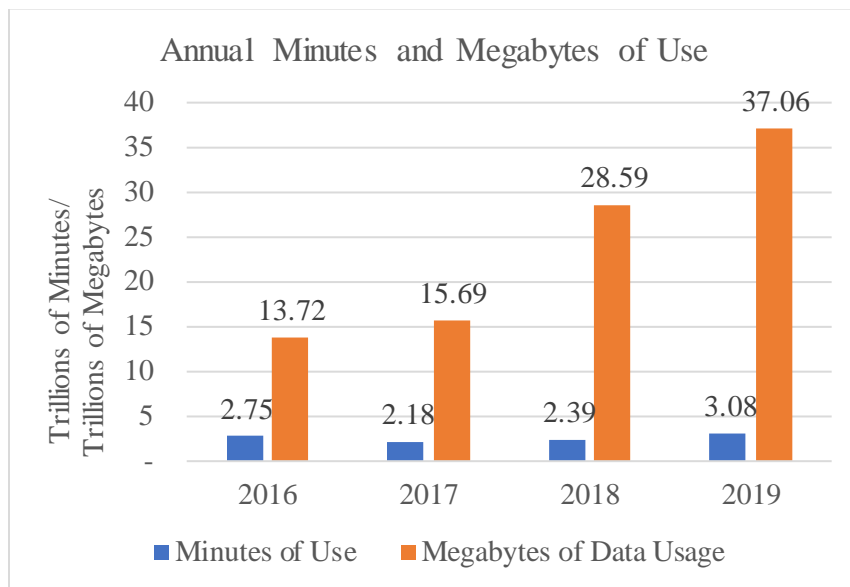


Figure 3: Annual Minutes and Megabytes of Use

Recent data shows that a growing number of consumers rely either exclusively or primarily on their smartphones for broadband access, and the number of households with only fixed broadband service has declined. As the Commission reported in its *2020 Communications Marketplace Report*, using U.S. Census Bureau, American Community Survey estimated data for households with just one type of internet service, the number of households with mobile-only broadband increased from 13.2% in 2016 to 14.1% in 2019, while the number of households with fixed-only broadband decreased from 14.3% in 2016 to 8.5% in 2019.⁵³

Pew Research Center has shown that Americans are increasingly relying on smartphones, which may be indicative of their greater reliance on wireless plans with mobile broadband packages as has occurred in the Lifeline program. In 2019, Pew data showed that 81% of all Americans owned a

⁴⁸ See *2020 Communications Marketplace Report* at 18, para. 27 (citing CTIA Year-End 2019 Mobile Industry Indices Report at 15).

⁴⁹ See *id.* at 19, Figure II.A.8 (showing mobile traffic over time back to 2010).

⁵⁰ *Id.* at 18, para. 27 (citing CTIA Year-End 2019 Mobile Industry Indices Report at 13).

⁵¹ *Id.* at 19, Fig. II.A.9.

⁵² *Id.*

⁵³ *Id.* at 96, Fig. II.B.32. The total of all households with just one type of service (including “satellite only” and “other only” service) declined from 28.7% in 2016 to 23.5% in 2019.

smartphone and 71% of Americans making less than \$30,000 a year owned a smartphone.⁵⁴ Pew also noted that 37% of Americans indicated that they mostly go online through their smartphones, up from 19% six years ago.⁵⁵ The Pew study showed that 17% of adults are smartphone-only broadband users,⁵⁶ and that about one in four low-income adults (earning \$30,000 or less annually) are smartphone-only internet users.⁵⁷ Between 2013 and 2019 smartphone dependency for internet access grew from 12% to 26% for low income consumers earning \$30,000 or less annually – a 117% increase – compared to a change from 5% to 6% for consumers earning \$75,000 or more annually.⁵⁸ The Pew research showing that low-income households disproportionately subscribe only to mobile broadband is consistent with USAC data showing that 94% of Lifeline consumers are enrolled in mobile wireless plans.⁵⁹

The COVID-19 pandemic had a significant impact on mobile voice and data usage in 2020. Preliminary industry reports showed that during 2020, both mobile voice and data usage surged as Americans increasingly engaged in telework and remote learning during the COVID-19 pandemic. CTIA reported that voice traffic increased from between 20-40% and data traffic increased by nearly 20% on mobile networks.⁶⁰ In addition, Verizon reported that, as of March 27, 2020, it had seen a huge spike in cell phone calls, higher than peak times like Mother’s Day or New Year’s Eve. According to Verizon, it was handling 800 million calls a day, and these calls were 33% longer in duration.⁶¹

Overall, these reports and findings show that mobile broadband is in high demand and that mobile broadband usage has increased substantially year-over-year since 2016, at a rate that far outpaces the overall increase in usage for mobile voice. A growing number of consumers, particularly those who are low-income, rely exclusively on smartphone devices for broadband access. Nevertheless, data from 2020 also shows that in times of crisis – in this case during the COVID-19 pandemic – consumers rely heavily on mobile voice to meet their communications needs.

Fixed Broadband. Recent industry studies provide insight on changes in fixed broadband data usage rates and the significant uptick in usage associated with the COVID-19 pandemic. In its 2020 Industry Metrics and Trends report, USTelecom showed that IP traffic per internet user rose from 109 GB

⁵⁴ Pew Research Center, *Mobile Technology and Home Broadband 2019*, at 4 (2019), https://www.pewresearch.org/internet/wp-content/uploads/sites/9/2019/06/PI_2019.06.13_Mobile-Technology-and-Home-Broadband_FINAL2.pdf. By comparison, in the Spring of 2016, Pew estimated that approximately 72% of Americans owned a smartphone. See Pew Research Center, *Mobile Fact Sheet* (Apr. 7, 2021), <https://www.pewresearch.org/internet/fact-sheet/mobile/>.

⁵⁵ Pew Research Center, *Mobile Technology and Home Broadband 2019*, at 2 (2019), https://www.pewresearch.org/internet/wp-content/uploads/sites/9/2019/06/PI_2019.06.13_Mobile-Technology-and-Home-Broadband_FINAL2.pdf.

⁵⁶ Pew Research Center, *Mobile Technology and Home Broadband 2019*, at 5 (2019), https://www.pewresearch.org/internet/wp-content/uploads/sites/9/2019/06/PI_2019.06.13_Mobile-Technology-and-Home-Broadband_FINAL2.pdf.

⁵⁷ Pew Research Center, *Mobile Technology and Home Broadband 2019*, at 5 (2019), https://www.pewresearch.org/internet/wp-content/uploads/sites/9/2019/06/PI_2019.06.13_Mobile-Technology-and-Home-Broadband_FINAL2.pdf.

⁵⁸ Pew Research Center, *Mobile Fact Sheet* (April 7, 2021), <https://www.pewresearch.org/internet/fact-sheet/mobile/#who-owns-cellphones-and-smartphones?menuItem=011fca0d-9756-4f48-b352-d58f343696bf>.

⁵⁹ Universal Service Monitoring Report at 34, Table 2.6.

⁶⁰ CTIA, *How Wireless Kept Americans Connected During COVID-19* at 2 (2020), <https://www.ctia.org/news/report-how-wireless-kept-americans-connected-during-covid-19>.

⁶¹ Taylor Locke, CNBC, *Verizon Customers Making 800 Million Calls a Day Now – Double the Amount on Mother’s Day* (Mar. 30, 2020), <https://www.cnbc.com/2020/03/27/verizon-ceo-amid-covid19-cell-calls-hit-highs-only-seen-at-peak-times.html>.

per month in 2016 to 131 GB per month in 2017⁶² and projected that by 2022, U.S. IP traffic per capita would be 305 GB per month.⁶³ Open Vault reported that the monthly weighted average data consumed by subscribers in the fourth quarter of 2020 was 482.6 GB, up 40% from 344 GB during the fourth quarter of 2019.⁶⁴ Taking the increase in usage coupled with a 6.5% increase in the number of subscribers and looking at the net effect, OpenVault reported that traffic on broadband networks increased 51% due to the COVID-19 pandemic.⁶⁵ Fixed broadband usage has continued to increase substantially over the last five years and can be expected to increase further.

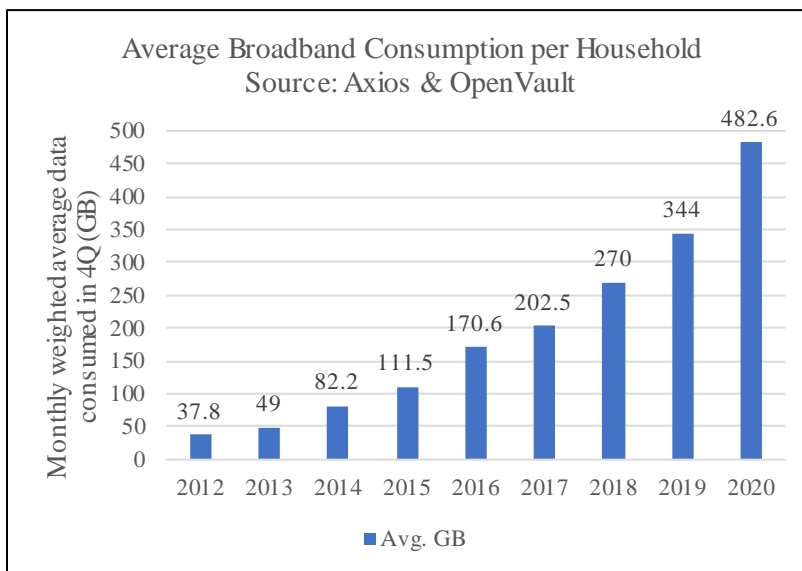


Figure 4: Average Broadband Consumption per Household⁶⁶

Fixed Voice. The number of households subscribing to fixed voice-only service has been rapidly declining. Recent data indicates that just 37% of U.S. households have a landline phone.⁶⁷ According to

⁶² USTelecom, Industry Metrics and Trends 2020: Update at 31 (2020), <https://www.ustelecom.org/research/ustelecom-industry-metrics-and-trends-2020-update/> (USTelecom Industry Metrics and Trends 2020).

⁶³ USTelecom Industry Metrics and Trends 2020: Update at 30 (2020), <https://www.ustelecom.org/research/ustelecom-industry-metrics-and-trends-2020-update/>. IP traffic per capita is slightly different from IP traffic per internet user. Given, however, that the IP traffic per capita, tends to be lower than IP traffic per internet user, comparing these two numbers when looking at overall growth provides a slightly underestimated growth value.

⁶⁴ OpenVault, *OVBI: COVID-19 Drove 51% Increase in Broadband Traffic in 2020* (Feb. 10, 2021), <https://openvault.com/ovbi-covid-19-drove-51-increase-in-broadband-traffic-in-2020/>. The weighted average considers the average usage for flat rate billing (FRB) and usage rate billing (URB).

⁶⁵ According to OpenVault, “Per-subscriber average data usage for 4Q20 was 482.6 GB per month, a 40% increase over the 344 GB consumed in 4Q2019 and a 26% increase over the 3Q20 average of 383.8. At the same time, broadband providers saw subscriber increases of 6.5%, creating a net effect of 51% more broadband traffic.” OpenVault, *OVBI: COVID-19 Drove 51% Increase in Broadband Traffic in 2020* (Feb. 10, 2021), <https://openvault.com/ovbi-covid-19-drove-51-increase-in-broadband-traffic-in-2020/>.

⁶⁶ Axios, *Broadband Will Keep Growing Post-Pandemic* (May 4, 2021), <https://www.axios.com/broadband-usage-post-pandemic-increase-32d0858b-9f54-4065-aa9b-b1716dcf6c2f.html> (reporting data from OpenVault).

⁶⁷ Felix Richter, *Landline Phones are a Dying Breed* (Mar. 17, 2021), <https://www.statista.com/chart/2072/landline-phones-in-the-united-states/> (citing the Centers for Disease Control biannual National Health Interview Survey);

(continued...)

USTelecom, between 2000 and 2020, the number of dedicated wired voice lines have decreased by 89 million and legacy landlines have fallen by 157 million, “as consumers switch from traditional phone service to competitive wireless and Internet-based alternatives.”⁶⁸ USTelecom projected that by the end of 2020, legacy landline voice connections would fall to 5% of all U.S. voice connections while wireless voice connections would increase to 79% of all U.S. voice connections.⁶⁹ Data from the Commission’s Voice Telephone Services Reports show there was a 45% decrease in consumer switched access lines from 2015 to 2019.⁷⁰

The dynamics of how consumers use fixed voice has changed, with alternative technologies to the traditional Public Switched Telephone Network now widely available. In its recent analysis of the fixed voice market outlined in the *2020 Communications Marketplace Report*, the Commission reported that, “As of December 2019, residential fixed voice connections were about 30% switched access and 70% interconnected VoIP, with residential switched access connections comprising only 14.4% of all fixed retail voice connections.”⁷¹ The Commission also reported an overall decrease in the number of fixed retail switched-access lines over the past three years at a compound annual rate of 13% and an overall increase in the number of interconnected VoIP subscriptions at a compound annual growth rate of 3%. Compared with other service offerings available to Lifeline consumers, fixed voice usage - in particular, legacy landline phone service - has decreased significantly.

Broadband Adoption. The number of Americans reporting that they do not use the Internet has declined since 2015. In 2015, 15% of Americans surveyed reported not using the internet compared to just 7% in 2021.⁷² In the communications marketplace generally, broadband adoption rates have increased substantially since 2016. The Commission has evaluated fixed broadband adoption by speed tier looking at the United States as a whole (excluding the U.S. Territories), urban and non-urban core areas (by census tracts), and Tribal lands (by census tracts).⁷³ Looking at the speed tier of at least 25/3 Megabits per second (Mbps) service, the data shows that in 2016 the adoption rate for the United States as a whole was 53.5% in 2016 compared with 69.4% in 2019. The rate of adoption in this speed tier varied depending on whether the area was urban core, non-urban core, or Tribal. For example, the adoption rate in urban core areas was 56.9% in 2016 and 73.3% in 2019. In non-urban core areas, the adoption rate was

National Center for Health Statistics, National Health Interview Survey Early Release Program, *Wireless Substitution: Early Release of Estimates from the National Health Interview Survey, January-June 2020* (National Health Interview Survey), <https://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless202102-508.pdf>. According to the National Health Interview Survey, “[i]n the first six months of 2020, 62.5% of adults (about 157 million) and 73.6% of children (nearly 54 million) lived in households that did not have a landline telephone but did have at least one wireless telephone.”

⁶⁸ USTelecom Industry Metrics and Trends 2020 at 33.

⁶⁹ *Id.* at 37.

⁷⁰ FCC, Voice Telephone Service: Status as of June 30, 2019, at 10, Table 1 (2021), available at <https://www.fcc.gov/voice-telephone-services-report>; FCC, Voice Telephone Service: Status as of June 30, 2015, at 9, Table 1 (2016), available at <https://www.fcc.gov/voice-telephone-services-report>. Based on local exchange service, consumer grade service. In June 2015 there were 29,767,000 lines compared to 16,469,000 in June 2019.

⁷¹ *2020 Communications Marketplace Report* at 102, para. 147.

⁷² Andrew Perrin and Sara Atske, *7% of Americans Don’t Use the Internet. Who Are They?* (Apr. 2, 2021), <https://www.pewresearch.org/fact-tank/2021/04/02/7-of-americans-dont-use-the-internet-who-are-they/>.

⁷³ *2020 Communications Marketplace Report* at 71, Figure II.B.12. A census tract is designated as “Urban Core” if it has a land area less than three square miles and a population density of at least 1,000 people per square mile. A census tract is designated as “Non-Urban Core” if we have not designated the census tract as Urban Core. *Id.* at 70, n.328.

48.9% in 2016 and 64.5% in 2019. The adoption rate was much lower in Tribal areas: 33.4% in 2016 compared with 46.5% in 2019.⁷⁴

| Year | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-------------|-------------|-------------|-------------|-------------|
| U.S. Non-Urban Core | 43.2% | 48.9% | 55.1% | 59.9% | 64.5% |
| Tribal Non-Urban Core | 28.5% | 30.3% | 34.5% | 38.7% | 40.6% |
| U.S. Urban Core | 51.5% | 56.9% | 64% | 69.2% | 73.3% |
| Tribal Urban Core | 37.1% | 39.4% | 45.1% | 56.1% | 61.8% |
| Totals Across Urban and Non-Urban Areas | | | | | |
| United States | 48.1% | 53.5% | 60.2% | 65.1% | 69.4% |
| Tribal Lands | 31.7% | 33.4% | 37.9% | 44% | 46.5% |

Figure 5: Overall Adoption Rate for Fixed Terrestrial Services for 25/3 Mbps

Fixed broadband adoption rates at the county level have been found to vary substantially by income and by whether the area was rural or urban. Looking at the county-level adoption rate for fixed terrestrial broadband by speed from 2019, for counties in the quartile with the highest poverty rate (the Fourth Quartile), the average rate of household adoption for 25/3 Mbps was 31.1%, while the average rate of household adoption for counties in the quartile with the lowest poverty rate (the First Quartile) was 55.9%.⁷⁵ Comparing rural and non-rural areas when looking at the county-level adoption rate for fixed terrestrial broadband by speed, in counties with the highest rural population (the Fourth Quartile), the average rate of household adoption for 25/3 Mbps was 31.5% and in counties with the lowest rural population (the First Quartile), the average rate of household adoption for 25/3 Mbps was 62.3% in 2019.⁷⁶

⁷⁴ See *id.* at 71, Figure II.B.12. As speed tiers went up, overall adoption rates were lower. However, the percentage of change in adoption rates at the higher tiers since 2016 are noteworthy. At the speed tier of 50/5 Mbps, for example, the data shows that in 2016 the adoption rate for the United States as a whole was 44.4% in 2016 compared with 64.8% in 2019. The adoption rate was 46.7% in 2016 in urban core areas and 67.7% in 2019 in urban core areas. The rate was 41.2% in 2016 in non-urban core areas and 60.9% in 2019 in non-urban core areas. The adoption rate in Tribal areas in this speed tier was 28.9% in 2016 compared with 42.4% in 2019.

⁷⁵ *Id.* at 73, Fig. II.B.13.

⁷⁶ *Id.*

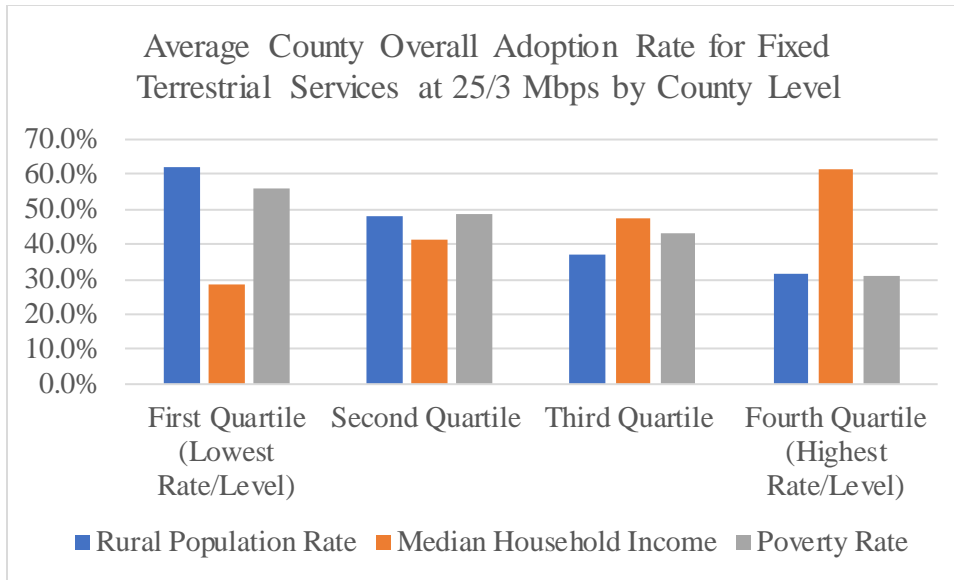


Figure 6: Average County Overall Adoption Rate for 25/3 Fixed Terrestrial Service

For low-income consumers, high-speed data adoption rates are much lower than they are for households that are not low-income. In addition to the data from the *2020 Communications Marketplace Report* referenced above, the Commission has also reported that in 2019, 86.4% of Americans had high-speed data but only 64.2% of households with an annual income of \$20,000 or less had high-speed data service.⁷⁷ “High-speed data,” for purposes of that report, included all Internet service other than dial-up and, as a result, included both mobile and fixed services.

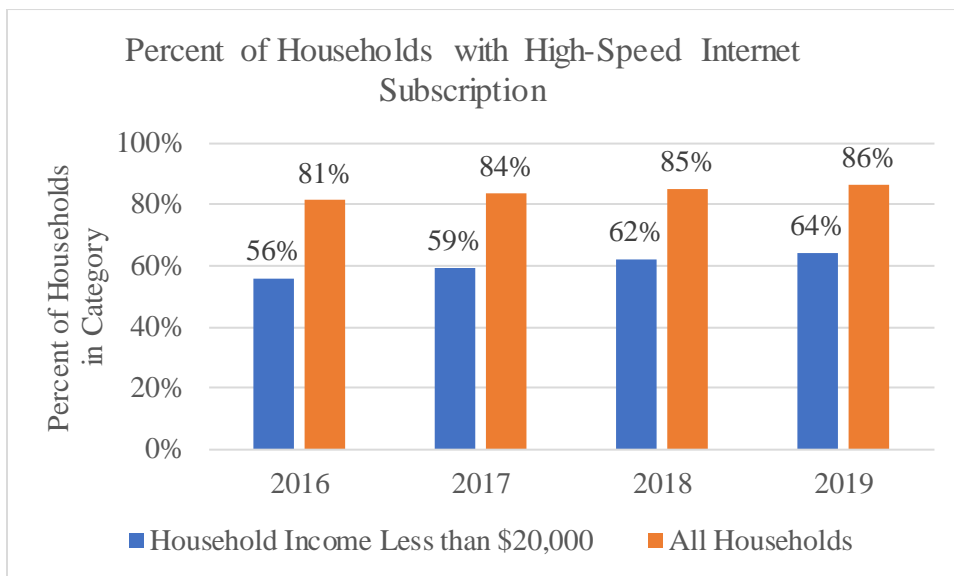


Figure 7: Percentage of Households with High-Speed Internet Subscription

Technology advances in the mobile wireless industry. A majority of Lifeline subscribers are mobile wireless subscribers and, as such, they stand to benefit from technological advances in the mobile wireless industry. For instance, the *2020 Communications Marketplace Report* noted “that from the initial deployment of 4G LTE networks in 2010 through the end of 2019, the average 4G download speed

⁷⁷ Universal Service Monitoring Report at 64, Table 6.9.

has increased by a factor of 31, from 1.3 megabits per second to 41 megabits per second.”⁷⁸ These advances are highly relevant to the Lifeline program since roughly one-in-four lower-income adults in the U.S. are “smartphone only” internet users.⁷⁹ Consumers rely on their smartphones for remote learning, telehealth, obtaining employment and staying connected to friends and family. 4G LTE technology is ten times faster than 3G technology and 5G is expected to be at least ten times faster than 4G technology.⁸⁰ 5G networks are expected to bring even more significant advances and will allow for greater efficiencies in many fields, including telemedicine.⁸¹

Smartphone use for advanced services and applications increased during the COVID-19 pandemic as more Americans stayed home and engaged in remote learning and telework. For example, CTIA reported that, “[o]ne nationwide provider found customers were using their mobile device’s hotspot nearly 40% more than average to share that mobile data connection with other devices.”⁸² In addition, CTIA reported that, “[t]he Cleveland Clinic saw monthly telehealth visits jump from 3,400 to over 60,000—an increase of more than 1,700%. Traffic volume for Cisco’s WebEx web/video conferencing service spiked 24x above normal. One nationwide provider saw a 1,200% increase in online collaboration tools, and educational app traffic jumped nearly 150%.”⁸³ With respect to mobile usage specifically, it has been reported that mobile app usage grew 25% in the third quarter of 2020 and that mobile phone users spent more than 180 million hours on apps during each month of the third quarter of 2020.⁸⁴ This increase in mobile app usage during the pandemic comes as no surprise since consumers used mobile apps for numerous purposes during the pandemic while spending more time at home, including for financial transactions, placing grocery and restaurant orders, video calling for both work and personal reasons, and telehealth appointments. Advanced services and applications, many of which rely on video, will continue to drive the need for faster data speeds.

C. Assessing the Lifeline Minimum Service Standards

As part of the *2016 Lifeline Order*, the Commission adopted rules to set minimum service standards for both fixed and mobile Lifeline providers.⁸⁵ These rules were meant to ensure that Lifeline supported service would “remain robust as technology improves . . .”⁸⁶ The minimum service standards started on December 2, 2016 and gradually increased over the next three years as prescribed by the *2016*

⁷⁸ *2020 Communications Marketplace Report* at 38, para. 52 (citing CTIA 4G Decade Report).

⁷⁹ See Pew Research Center, *Mobile Technology and Home Broadband 2019*, at 5, https://www.pewresearch.org/internet/wp-content/uploads/sites/9/2019/06/PI_2019.06.13_Mobile-Technology-and-Home-Broadband_FINAL2.pdf.

⁸⁰ See Clare Duffy, *What is 5G: Your Questions Answered*, CNN (Mar. 6, 2020), <https://www.cnn.com/interactive/2020/03/business/what-is-5g/>; see also Verizon, *NetworkSpeeds 101: What’s the Difference Between 3G and 4G LTE?*, <https://www.verizon.com/articles/network-speeds-101-comparing-3g-and-4g-lte/> (last visited June 30, 2021).

⁸¹ Tom Hui, *5G Will Transform Healthcare Delivery*, Forbes (Oct. 22, 2020), <https://www.forbes.com/sites/forbestechcouncil/2020/10/22/5g-will-transform-healthcare-delivery/?sh=453cee173478>.

⁸² CTIA, *How Wireless Kept Americans Connected During COVID-19* at 3 (2020), <https://www.ctia.org/news/report-how-wireless-kept-americans-connected-during-covid-19>.

⁸³ *Id.*

⁸⁴ Audrey Conklin, *Mobile app usage surged 25% in Q3 as coronavirus keeps people home*, Fox Business (Oct. 8, 2020), <https://www.foxbusiness.com/technology/mobile-app-usage-up-25-q3-2020-covid> (citing a recent report from App Annie).

⁸⁵ See *2016 Lifeline Order*, 31 FCC Rcd at 3988-4002, paras. 69-113; 47 CFR § 54.408.

⁸⁶ *2016 Lifeline Order*, 31 FCC Rcd at 3988, para. 70.

Lifeline Order.⁸⁷ Starting in 2019, the Commission directed the Bureau to use a defined formula for calculating annual increases in broadband data capacity for fixed and mobile Lifeline offerings and for increases in speed offered by fixed Lifeline providers.⁸⁸ In both 2019 and 2020, the Bureau granted partial waivers of the approach outlined by the Commission’s formula for increasing the minimum service standard for mobile broadband data usage allowance.⁸⁹ With both of these partial waivers, the Bureau determined that the annual increase arrived at through the formula for calculating increases in the minimum service standard for the mobile broadband data usage allowance was “unexpectedly large” and that an adjustment to the new standard was necessary to avoid increases in the standard that would have quadrupled, or nearly quadrupled the then-current standard.⁹⁰ The current standard is set at 4.5 GB per month.⁹¹

For fixed services, the speed standard is 25 Mbps down and 3 Mbps up, with the usage allowance currently at 1,024 GB per month.⁹² There is an exception to the Lifeline minimum service standard for fixed broadband providers. The Lifeline discount may be applied for fixed broadband service that does not meet the minimum service standards if the ETC in a given area: (1) does not offer any fixed broadband service that meets the minimum service standards for fixed broadband service; (2) offers a fixed broadband service of at least 4 Mbps down and 1 Mbps up in that given area; (3) in that area the fixed broadband provider may receive Lifeline funds for the purchase of its highest performing generally available residential offering (ranked by download bandwidth, upload bandwidth, and usage allowance); and (4) the fixed broadband provider must certify compliance with the minimum service standard

⁸⁷ See 47 CFR § 54.408(b); *2016 Lifeline Order*, 31 FCC Rcd at 3992, 3995 paras. 85-87, 93.

⁸⁸ Increases to the standard for fixed broadband speed are updated on an annual basis, and are the 30th percentile, rounded up to the nearest Megabit-per-second integer of subscribed fixed broadband downstream and upstream speeds. The 30th percentile is determined by analyzing FCC Form 477 Data. 47 CFR § 54.408(c)(1)(i). Increases to the standard for fixed broadband data usage allowance are also updated on an annual basis and are the greater of the amount the Bureau deems appropriate based on what a substantial majority of American consumers already subscribe to, after analyzing the Urban Rate Survey and other relevant data, or the minimum standard for data usage allowance for rate-of-return fixed broadband providers set in the Connect America Fund. 47 CFR § 54.408(c)(1)(ii)(A)-(B). Annual increases to the minimum service standard for mobile broadband data capacity are determined by: dividing the total number of mobile-cellular subscription in the United States, as reported in the *Mobile Competition Report* by the total number of American households, as determined by the US Census Bureau in order to determine the number of mobile-cellular subscriptions per American household. This number is rounded to the hundredths place and then multiplied by; the percentage of Americans who own a smartphone, according to the *Mobile Competition Report*. This number is rounded to the nearest hundredths place and then multiplied by; the average data used per mobile smartphone subscriber, as described in the *Mobile Competition Report*. This number is then rounded to the hundredths place and then multiplied by; Seventy percent, the result of which is then rounded up to the nearest 250 MB interval to provide the new monthly minimum service standard for mobile broadband data usage allowance. 47 CFR § 54.408(c)(2)(ii)(A)-(D). The Commission also adopted minimum service standards for mobile voice service offerings but did so without an annual requirement to update those standards after they reached 1,000 minutes per month on December 1, 2018. See *2016 Lifeline Order*, 31 FCC Rcd at 3998-99, paras. 99-102; 47 CFR § 54.408(b)(3).

⁸⁹ See *Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-42, Order, 34 FCC Rcd 11020, 11024, para. 13 (WCB 2019) (*2019 Minimum Service Waiver*); *Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-42, Order, 35 FCC Rcd 12958, 12961-63, paras. 9-15 (WCB 2020) (*2020 Minimum Service Waiver*).

⁹⁰ See *2019 Minimum Service Waiver*, 34 FCC Rcd at 11020, para 2; see also *2020 Minimum Service Waiver*, 35 FCC Rcd at 12958, para. 2.

⁹¹ See *2020 Minimum Service Waiver*, 35 FCC Rcd at 12962-63, para. 15.

⁹² See *Wireline Competition Bureau Announces Updated Lifeline Minimum Service Standards and Index Budget Amount*, WC Docket No. 11-42, 35 FCC Rcd 8121, 8121-22 (WCB 2020).

requirements and be subject to the Commission’s audit authority.⁹³ The Commission has received petitions for action on the minimum service standards for fixed Lifeline services, but has not acted to date.⁹⁴

To develop this Report, the Bureau sought data to explore the impact of the Lifeline minimum service standards.⁹⁵ While the Bureau did not receive cost data sufficient to assess the cost of service provided and how such costs might impact an ETCs’ ability to meet increases to the Lifeline minimum service standards over time, we did, however, receive sufficient information regarding Lifeline subscriber data usage.⁹⁶ From that information, which was weighted to account for varying sizes in the subscriber bases of respondents, it appears that 93% of the Lifeline subscriber population uses less than 4 GB of data per month, with 76% of all reported Lifeline subscribers using less than 1 GB per month.

As seen above in Figure 2, the number of Lifeline subscribers in the months leading up to and just after December 2019 and December 2020, when minimum service standard changes took effect, were consistent with overall trends in Lifeline subscriber numbers. While the data does not indicate the minimum service standards have resulted in decreased Lifeline enrollment, commenters are generally supportive of the Commission taking some action to address the Lifeline minimum service standards, particularly for mobile service. Several commenters expressed concern that the minimum service standards may make Lifeline service unaffordable, with ETCs forced to pass on increased costs associated with higher minimum standards to Lifeline subscribers.⁹⁷ And the Bureau has seen examples of this as well.⁹⁸ Some commenters specifically called for increasing the Lifeline reimbursement amount in order to accommodate higher Lifeline minimum service standards.⁹⁹ Commenters also requested that the Commission consider that Lifeline broadband subscribers with disabilities may require data-intensive and high-speed video conferencing services.¹⁰⁰ Other commenters asserted that the Commission’s prior waiver approach to address the high minimum service standards for broadband data capacity resulting from the current formula was “arbitrary”¹⁰¹ and the Commission should act to eliminate this type of

⁹³ 47 CFR § 54.408(d).

⁹⁴ See, e.g., Petition of NTCA – The Rural Broadband Association for Action Regarding Lifeline Minimum Service Standards for Fixed Wireline Broadband Providers, WC Docket No. 11-42 at 1-3 (filed July 29, 2019), <https://ecfsapi.fcc.gov/file/10729296429929/07.29.2019%20NTCA%20Lifeline%20Waiver%20WC%20Dkt%2011-42.pdf>.

⁹⁵ See, e.g., *State of the Lifeline Marketplace Report*, WC Docket No. 20-437, Order, 35 FCC Rcd 14766 (2020).

⁹⁶ Responses to the *Lifeline Data Collection Order* did not provide sufficient information that would allow for the public release of anonymized and aggregated cost data, consistent with the Commission’s obligation to protect the confidential nature of such cost data. See *Lifeline Data Collection Order*, 35 FCC Rcd at 14766-67, para. 2, n.7

⁹⁷ See, e.g., Competitive Carriers Association Comments at 4; Next Century Cities Comments at 4, 7-8; National Lifeline Association (NaLA) Comments at 5; Public Knowledge Comments at 10-11; Internet Society Reply Comments at 10; Open Technology Institute Reply Comments at 3-4.

⁹⁸ See, e.g., SafetyNet Wireless, *SafetyNet Lifeline Plans*, <https://safetynetwireless.com/lifeline-plans-other-states/> (last visited June 30, 2021).

⁹⁹ See TDI et al. Comments at 8 (calling on the Commission to “vastly increase” the minimum service standards to better accommodate high-bandwidth applications for deaf and hard of hearing community); see also National Consumer Law Center et al. Comments at 8 (arguing for an unlimited minimum service standard through at least 2021 with the reimbursement amount adjusted accordingly).

¹⁰⁰ TDI et al. Comments at 7 (noting that people who are deaf, deafblind, hard of hearing, or have speech disabilities often rely on broadband video conferencing for purposes of learning, working, obtaining healthcare, and communicating in general).

¹⁰¹ Free Press Comments at 5; NaLA Reply Comments at 7-8 (concurring with Free Press’s characterization).

uncertainty.¹⁰² The Bureau did not receive a significant number of comments addressing the Commission's minimum service standard for fixed wireline broadband services, but one commenter noted that such service would benefit from an even higher speed and data capacity standard, beyond the current 25/3 Mbps speed standard and 1,024 GBs per month.¹⁰³

Issues for Commission Consideration. The current formula for calculating updates to minimum service standards for mobile broadband data capacity will continue to yield increasingly high results given broader market increases in mobile broadband data consumption and the greater prevalence of unlimited data plans. The Commission could consider several options to address this situation. The Commission could take no action and allow the minimum service standard for mobile broadband data capacity to increase in accordance with the current formula. Alternatively, the Commission could pause, for some period of time, any future increases and seek further comment on this specific issue. As another alternative, the Commission could revise the current formula for calculating increases in the minimum service standards for mobile broadband data capacity. Looking beyond the Lifeline marketplace, we do see a reduction of approximately 14% from January 2016 to January 2021 in the price of wireless telephone services in urban areas.¹⁰⁴ So, it may be logical to assume that the cost to provide these services has also fallen. However, the data provided to the Bureau does not offer sufficient information to determine what type of formula may make the most sense for further increases in the Lifeline minimum service standard for mobile broadband data capacity.

While the Bureau did not receive a significant number of comments regarding minimum service standards for fixed Lifeline service providers, parties have raised issues about these standards in the past.¹⁰⁵ The minimum service standards for speed and data capacity have continued to increase gradually over the years. However, the structure of the rule may create a situation where a consumer could be forced into a higher-priced plan in order to receive Lifeline service. The Commission may wish to revisit this approach in the future. Finally, while the Commission considers the issue of mobile and fixed Lifeline minimum service standards for broadband service, the Bureau anticipates that on or before July 31, 2021, it will release a Public Notice updating those standards in accordance with the current formula to comply with the process detailed in the *2016 Lifeline Order*.¹⁰⁶

D. Lifeline Service in Tribal and Rural Areas

Tribal Areas. According to the 2020 Universal Service Monitoring Report, at the end of 2019 there were approximately 229,000 Lifeline Subscribers in Tribal areas.¹⁰⁷ This number had declined from 2016 when there were approximately 360,000 Lifeline Subscribers in Tribal areas. While this decrease appears substantial, overall subscribership in the Lifeline program has also decreased. The proportion of Tribal subscribers compared with the overall Lifeline subscriber base has remained fairly steady and has

¹⁰² Free Press Comments at 7-8.

¹⁰³ See TDI et al. Comments at 5-6 (calling for an increase to a symmetric 50 Mbps speed standard with greater data capacity).

¹⁰⁴ See U.S. Bureau of Labor Statistics, *Measuring Price Change in the CPI: Telecommunications Services*, <https://www.bls.gov/cpi/factsheets/telecommunications.htm> (last visited June 30, 2021).

¹⁰⁵ See, e.g., Petition of NTCA – The Rural Broadband Association for Action Regarding Lifeline Minimum Service Standards for Fixed Wireline Broadband Providers, WC Docket No. 11-42 at 1-3 (filed July 29, 2019), <https://ecfsapi.fcc.gov/file/10729296429929/07.29.2019%20NTCA%20Lifeline%20Waiver%20WC%20Dkt%2011-42.pdf>.

¹⁰⁶ See *2016 Lifeline Order*, 31 FCC Rcd at 3994, 3997 paras. 89-90, 97.

¹⁰⁷ Universal Service Monitoring Report at 28, Table 2.1.

even increased in proportion to overall Lifeline subscribership.¹⁰⁸ Recent Lifeline Program data shows that the majority of Tribal Lifeline consumers subscribe to either bundled broadband or bundled voice broadband service.¹⁰⁹ About 8% of Tribal Lifeline consumers subscribe to voice only service and a smaller percentage still subscribe to broadband only or bundled voice service.¹¹⁰ As seen in Figure 2 above, these adoption rates are consistent with the overall Lifeline subscriber base.

Universal Service Monitoring Report data shows that as of 2019, 77.9% of the Native American population had high speed internet compared to 86.4% of the overall U.S. population.¹¹¹ Consumers in Tribal areas face unique challenges including challenges due to many Tribal consumers being located in remote areas, where costs are higher. Commenters have observed that prices for broadband services are much higher on Tribal lands. According to the Open Technology Institute, on Navajo Nation lands, monthly internet service was priced on average \$44.10 above the monthly average in the rest of the United States and was significantly higher than the \$25 enhanced Lifeline subsidy in Tribal areas covers.¹¹²

The Commission has found that the availability of high-speed data service has lagged behind in rural Tribal areas, in particular. The *Tribal Lands Broadband Access Deployment Report*, submitted to Congress by the Wireline Competition Bureau in May of 2019, showed that while deployment to Tribal lands has increased in recent years, Tribal lands experience lower rates of both fixed and mobile broadband deployment as compared to non-Tribal areas of the United States, particularly in rural areas.¹¹³ In the Commission's most recent *Broadband Deployment Report*, the Commission recognized the unique challenges associated with broadband deployment in rural Tribal areas.¹¹⁴ In the *2020 Communications*

¹⁰⁸ See USAC, FCC Filings, 2016-2021 First Quarter Filings Appendices LI08, available at <https://www.usac.org/about/reports-orders/fcc-filings/>.

¹⁰⁹ Based on NLAD data for the May 2021 data month. "Bundled broadband" is a service offering which has a voice component but only broadband meets the qualifying Lifeline minimum service standards. "Bundled voice broadband" is a service offering where both components meet the qualifying minimum service standards.

¹¹⁰ "Bundled voice" is a service offering with some broadband component but only the voice offering meets the qualifying Lifeline minimum service standard

¹¹¹ Universal Service Monitoring Report at 64, Table 6.9, (citing data from the Census Bureau American Community Survey, Table B28009C). "Native American" for purposes of this data includes Alaska Natives but not Native Hawaiians and other Pacific Islanders.

¹¹² Open Technology Institute Comments at 1.

¹¹³ FCC, Report on Broadband Deployment in Indian Country, Pursuant to the Repack Airwaves Yielding Better Access for Users of Modern Services Act of 2018 at 1 (2019), <https://docs.fcc.gov/public/attachments/DOC-357269A1.pdf> (*Tribal Lands Broadband Access Deployment Report*). For example, the *Tribal Lands Broadband Access Deployment Report* showed that, while there was approximately a six percentage point difference in 25/3 Mbps deployment between urban Tribal and urban non-Tribal housing units (for fixed broadband services), that difference jumped to over 26 percentage points when comparing deployment to rural Tribal and rural non-Tribal housing units. *Tribal Lands Broadband Access Deployment Report* at 6-7, Figure 5. With respect to mobile broadband, the *Tribal Lands Broadband Access Deployment Report* showed that, "... mobile broadband deployment on Tribal lands lags behind mobile broadband deployment on non-Tribal lands, with 4G LTE coverage reaching a smaller percentage of the population and road miles on Tribal lands than on non-Tribal lands." *Tribal Lands Broadband Access Deployment Report* at 8.

¹¹⁴ FCC, *2020 Broadband Deployment Report* (Apr. 24, 2020), 35 FCC Rcd 8986, at 8996, para. 22; see also referencing Inquiry Concerning Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, Fifteenth Broadband Deployment Report Notice of Inquiry, GN Docket No. 19-285, 34 FCC Rcd 10092 (2019) at 10096-97, paras. 14-15; *Tribal Lands Broadband Access Deployment Report* at 2, 19; Rural Digital Opportunity Fund; Connect America Fund, WC Docket Nos. 10-90, 19-126, Report and Order, 35

(continued...)

Marketplace Report the Commission found that, based on FCC Form 477 data, “[d]eployment on rural Tribal lands continues to lag behind urban Tribal lands, with only approximately 65% of all Tribal lands in rural areas having deployment of both services, as compared to 95% of Tribal lands in urban areas.”¹¹⁵

The Bureau recommends that the Commission consider continuing to support efforts directed toward improving broadband access in rural Tribal areas and consider exploring other ways of improving access in these areas. In its recent review of the National Verifier, the Government Accountability Office (GAO) made specific recommendations for improving Lifeline outreach to Tribal organizations.¹¹⁶ Improving outreach to Tribal organizations could ultimately help increase awareness of the Lifeline program, which could help encourage broadband adoption in Tribal areas. The Bureau is working closely with USAC toward implementing these recommendations.

Rural Areas. Consumers in rural areas who have difficulty affording essential services may look to the Lifeline program to defray the cost of voice and/or broadband service. Data suggest that the disparity between broadband adoption by low-income rural Americans and higher-income rural Americans is significant. Based on the 2020 Universal Service Monitoring Report, the percentage of the U.S. population with high-speed internet access in rural areas is 82.3% and in urban areas is 87.4%.¹¹⁷ Pew Research Center data suggests the gap for rural consumers is wider and indicates that many rural consumers are relying on smartphones for broadband access. According to a recent Pew Research Center report, 63% of rural consumers have home broadband (compared to 75% in urban areas and 79% in suburban areas) while 71% of rural consumers have smartphones (compared with 83% in urban and suburban areas).¹¹⁸ In addition, while 17% of Americans are smartphone-only internet users, that number is 20% for consumers in rural areas.¹¹⁹

FCC Rcd 686 (2020) (*Rural Digital Opportunity Fund Order*) (creating a Rural Digital Opportunity Fund to target support to areas that lack access to 25/3 Mbps broadband service, including prioritizing bids to serve Tribal lands).

¹¹⁵ 2020 *Communications Marketplace Report*, at para. 292; see also Fig. III.A.9.

¹¹⁶ GAO, FCC Has Implemented the Lifeline National Verifier but Should Improve Consumer Awareness and Experience, GAO-21-235 at 26-29, 42 (2021) (GAO Report).

¹¹⁷ Universal Service Monitoring Report, Table 6.9.

¹¹⁸ Pew Research Center, *Mobile Technology and Home Broadband 2019* at 4, https://www.pewresearch.org/internet/wp-content/uploads/sites/9/2019/06/PI_2019.06.13_Mobile-Technology-and-Home-Broadband_FINAL2.pdf.

¹¹⁹ *Id.*

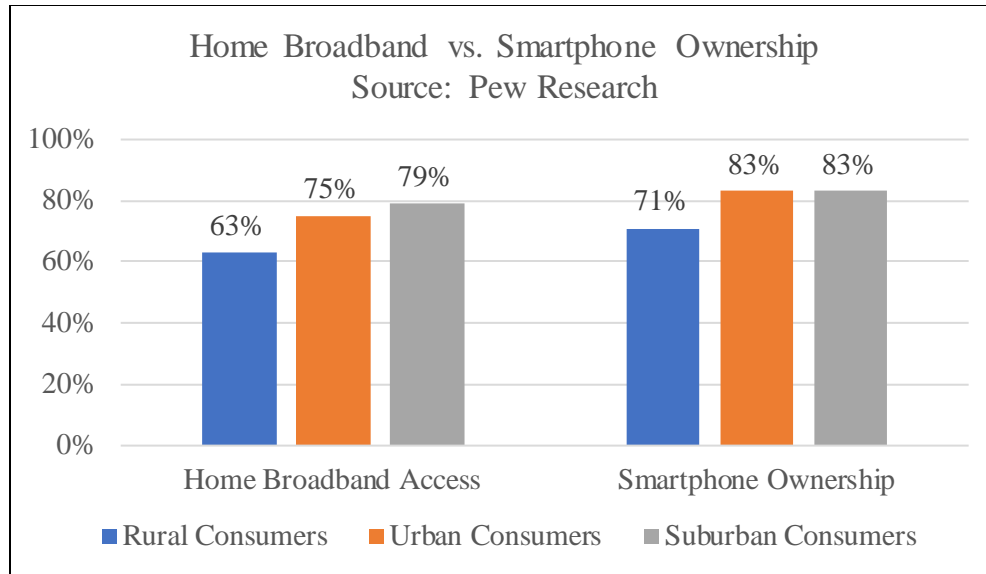


Figure 8: Home Broadband vs. Smartphone Ownership

As the Commission looks to take action to improve broadband access and adoption in rural areas, the Commission may also wish to consider ways to improve awareness of the Lifeline program for the eligible population in rural areas.

E. Support to Voice Service as a Standalone Option

In the *2016 Lifeline Order*, the Commission sought to prioritize Lifeline support for broadband services, and as part of that effort implemented a gradual phase-down in support for voice-only Lifeline service.¹²⁰ The rules adopted in the *2016 Lifeline Order* set a current baseline that decreases the support for voice-only services from \$5.25 to \$0 starting December 1, 2021, unless the service is offered by the only ETC providing Lifeline service in a specific census block.¹²¹ One of the purposes of this Report is to assess the efficacy of that transition and whether or not the phase-down should continue.¹²²

While the majority of Lifeline subscribers have shifted to broadband-focused Lifeline plans, a persistent minority of Lifeline subscribers opt for voice-only Lifeline plans. As seen in Figure 2, approximately 8% of Lifeline subscribers still subscribe to either a voice-only plan or a bundled plan that only qualifies for reimbursement because it has met the voice minimum service standard. This data seems to indicate that those subscribers still value the voice service to which they subscribe as those plans are only eligible for the lower voice reimbursement amount that is currently set at \$5.25. Responses to the *Lifeline Data Collection Order* show that 73% of Lifeline subscribers use less than 250 minutes of voice service per month.¹²³ A further 12% of Lifeline subscribers use between 250 and 500 minutes, and a further 9% of subscribers use between 500 and 1,000 minutes per month. Approximately 6% of reported Lifeline subscribers use more than 1,000 minutes per month. This data reflects all voice service offerings, including voice service offered as part of a bundled service, so it may reflect the current state of free-to-the-user bundled Lifeline plans, which may cap such free service at 250 minutes.

¹²⁰ See *2016 Lifeline Order*, 31 FCC Rcd at 3985-87, paras. 62-66.

¹²¹ See 47 CFR § 54.403(a)(2)

¹²² See *2016 Lifeline Order*, 31 FCC Rcd at 3987, para. 66.

¹²³ Weighted to account for the varying sizes in the subscriber bases of respondents.

Looking at the broader marketplace, voice service continues to play an important role for consumers. Only 1% of surveyed American adults indicated that they live in a home with neither fixed nor mobile voice service, and mobile-only voice subscribers comprise more than 60% of households.¹²⁴ As mentioned above, consumer reliance on voice services was shown to be even more evident during the COVID-19 pandemic. Verizon reported historic numbers in wireless phone calls, and AT&T saw a 35% increase in such traffic.¹²⁵ We also know that voice services allow subscribers to maintain critical connections to emergency services, often connected through 911 and 988, and other community resources.¹²⁶ Given this evidence, it is clear that voice service remains a desired service for both Lifeline subscribers and the general American consumer.

Affordability of Voice-Only Services. In the *2016 Lifeline Order*, the Commission asserted that affordability was a “central touchstone” of the Lifeline program, but that Lifeline resources should be focused on supporting those services that were otherwise unaffordable to consumers.¹²⁷ As far back as 2017, the Commission has sought to obtain cost data from Lifeline service providers to help it assess the affordability of services in the Lifeline marketplace.¹²⁸ Most recently, the Bureau released its *Lifeline Data Collection Order*, which sought data from nine Lifeline service providers on their costs to provide service, and more generally, how their service is used by Lifeline subscribers.¹²⁹ However, the Bureau has not received adequate responses to these inquiries from which to draw conclusions that could be released publicly and continues to lack clear insights into the costs of providing affordable quality Lifeline service to subscribers. Such information would allow the Bureau to better understand the need for continued support for voice-only service offerings.

Based on responses to the annual Urban Rate Survey, the Commission determined that the 2021 urban average monthly rate for fixed voice service is \$33.73, and the Commission considers a comparable benchmark for all fixed voice services to be two standard deviations above the urban average, at \$54.75.¹³⁰ However, multiple major Lifeline providers offer voice services in bundled packages at minimal rates, which suggests that costs for voice services are not a large burden to these providers. For instance, Assurance Wireless offers a free plan for eligible Lifeline subscribers in the District of Columbia that not only meets the minimum service standard for broadband data capacity but also meets the minimum service standard for voice service, offering 4.5 GBs of data and 1,000 voice minutes per

¹²⁴ Stephen J. Blumberg, Ph.D., and Julian V. Luke, National Center for Health Statistics, *Wireless Substitution: Early Release of Estimates from the National Health Interview Survey, January – June 2020*, at 3, Table 1 (2020), <https://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless202102-508.pdf>.

¹²⁵ Cecilia Kang, *The Humble Phone Call Has Made a Comeback* (Apr. 9, 2020), <https://www.nytimes.com/2020/04/09/technology/phone-calls-voice-virus.html>.

¹²⁶ See NaLA Comments at 10-11; National Consumer Law Center et al. Comments at 7-8; Next Century Cities Comments at 5; Public Knowledge Comments at 4-5; NTCA Reply Comments at 5

¹²⁷ See *2016 Lifeline Order*, 31 FCC Rcd at 3984, para. 57.

¹²⁸ See *Bridging the Digital Divide for Low-Income Consumers at al.*, WC Docket No. 17-287, Fourth Report and Order, order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking, and Notice of Inquiry, 32 FCC Rcd 10475, 10500, para 72 (2017) (seeking comment on costs borne by Lifeline resellers and the pass through of the Lifeline reimbursement to ensure that it was being used for facilities and services).

¹²⁹ See *State of the Lifeline Marketplace Report*, WC Docket No. 20-437, Order, 35 FCC Rcd 14766-67, 14770-73, paras. 2, 16-27 (WCB 2020).

¹³⁰ See *Wireline Competition Bureau and Office of Economics and Analytics Announce Results of 2021 Urban Rate Survey for Fixed Voice and Broadband Services, Posting of Survey Data and Explanatory Notes, and Required Minimum Usage Allowance for Eligible Telecommunications Carriers*, WC Docket No. 10-90, Public Notice, 35 FCC Rcd 1367 (2020).

month.¹³¹ A similar plan is offered by i-wireless, doing business as Access Wireless, in Florida.¹³² ETCs are not required to offer this level of voice service to receive the full \$9.25 Lifeline reimbursement for which they are eligible by meeting the minimum service standard for broadband data capacity at 4.5 GBs of data per month.

According to commenters, affordability of these broadband service offerings and bundled services may become increasingly relevant were the Lifeline program to no longer offer reimbursement for voice-only support, leaving customers reliant on bundled service offerings.¹³³ The Benton Institute points to research that indicates consumers are often willing to pay for broadband services but they are unable to pay for broadband services, and the Benton Institute urges the Commission to consider changes to the Lifeline program based on consumer's ability to pay.¹³⁴ The Benton Institute also indicates that low-income consumers can often only afford to pay approximately \$10 per month for broadband.¹³⁵ Free Press indicated that at the end of 2019 approximately 20% of households had no Internet service and 41% of households living in poverty had no Internet service, indicating that low-income Americans were twice as likely than higher income people to lack Internet access.¹³⁶ Public Knowledge also pointed out that the average American cell phone bill for a household is \$157 per month.¹³⁷ While that is not a direct comparison to the plans typically present in the Lifeline program, it does point to costs in the broader marketplace that may be higher than what a typical Lifeline subscriber can afford to pay. As such, the removal of Lifeline support for voice-only services may push some Lifeline consumers into bundled plans that they are unable to afford.

Issues for Commission Consideration. Commenters identified a number of areas of consideration with respect to the continued phase-down in support for voice-only Lifeline services. Many commenters support some level of continued reimbursement for Lifeline voice-only services, beyond the limited exception for continued support in Census blocks where there is only one ETC.¹³⁸ Several commenters

¹³¹ See Assurance Wireless, *District of Columbia Lifeline Program*, <https://www.assurancewireless.com/lifeline-services/states/district-of-columbia-lifeline-free-government-phone-service> (last visited June 30, 2021).

¹³² See Access Wireless, *The Lifeline Program*, <https://www.accesswireless.com/lifeline/state?zipcode=33330> (last visited June 30, 2021).

¹³³ See Next Century Cities Comments at 6-7 (discussing how without a voice-only service option potential Lifeline subscribers may find the cheapest bundled service options to be unaffordable).

¹³⁴ Benton Institute Comments at 5-6 (citing Colin Rhinesmith, *Digital Inclusion and Meaningful Broadband Adoption Initiatives* (2016) <https://www.benton.org/sites/default/files/broadbandinclusion.pdf>); see also Competitive Carriers Association at 2 (urging the Commission to give greater weight to consumer affordability).

¹³⁵ Benton Institute Comments at 7-8 (citing Sharon Stover, Brian Whitacre, Colin Rhinesmith, and Alexis Schrubbe, *The Digital Inclusion Role of Rural Libraries: Social Inequalities Through Space and Place* (2019), <https://journals.sagepub.com/doi/10.1177/0163443719853504>).

¹³⁶ Free Press Comments at 3 (citing previously filed comments of Free Press and Access Now, WC Docket No. 20-445, at 1 (filed Jan. 25, 2021)).

¹³⁷ Public Knowledge Comments at 7 (citing to Press Release, J.D. Power, *Smartphones Become Preferred Channel for Buying New Wireless Devices*, J.D. Power Finds (Feb. 15, 2018), <https://www.jdpower.com/business/press-releases/2018-us-wireless-purchase-experience-studies-volume-1>).

¹³⁸ See Asian Americans Advancing Justice et al. Comments at 2-3 (arguing that not all communities have the digital literacy necessary to access Internet services and that voice-only support remains a critical tool for such consumers); CTIA Comments at 9; Massachusetts Department of Telecommunications and Cable Comments at 2-4 (arguing that the voice-only services are often the only reliable option in rural areas and should continue to be supported by the Lifeline program); National Association of Regulatory Utility Commissioners (NARUC) Reply Comments at 3; Next Century Cities Comments at 5; Open Technology Institute Comments at 6; Public Knowledge Comments at 4; Public Service Commission of District of Columbia at 1-3; USTelecom Comments at 2.

urge the Commission to not only continue Lifeline support for voice-only services but also increase the reimbursement amount beyond the current \$5.25.¹³⁹ Commenters also point out that some populations, such as seniors, may prefer to receive voice-only services because it is easier to use and allows them to accomplish all that they need.¹⁴⁰ Finally, as the Bureau recognizes, several commenters point out that voice-only services, particularly for those populations that do not have an interest in receiving broadband services, are often Lifeline subscribers only connection to their communities and emergency services, which is more pronounced during national emergencies such as the COVID-19 pandemic.¹⁴¹

While these commenters raised concerns with the phase-down in support for voice-only services, they did not provide much information as to the cost to provide voice-only Lifeline services or the affordability of voice-only services without a Lifeline discount. As noted above, some Lifeline subscribers continue to see value in receiving voice-only services as demonstrated by the small minority of subscribers that continue to subscribe to voice-only Lifeline plans. However, based on the available data, it remains unclear if those customers would be able to find affordable voice-only services absent their Lifeline discount given the variation in plans offered at different locations. Given this feedback from Lifeline stakeholders, the Commission may wish to consider some modification to the current phase-down in support for voice-only Lifeline services.

F. Lifeline's Intersection with the Emergency Broadband Benefit Program

As part of the recently adopted CAA, Congress appropriated \$3.2 billion to make broadband adoption more affordable to low-income consumers during the pandemic through the EBB Program. The EBB Program benefit provides up to \$50/month standard discount for qualified consumers for broadband service and associated equipment rentals and up to \$75/month for qualified consumers on Tribal lands. It also provides a discount on certain internet-connected devices (one per household, up to \$100) purchased through a participating provider if the household contributes between \$10-\$50 toward the purchase price. While there are some similarities between the Lifeline program and the EBB Program, there are also noteworthy differences. The EBB Program is designed to support broadband service and cannot be used for standalone voice services. In addition, the EBB Program offers a more substantial discount than the Lifeline program. The EBB Program is also temporary in nature. The program will end once the program funds are exhausted, or six months after the Department of Health and Human Services declares an end to the pandemic, whichever comes first. The EBB Program is expected to complement the Lifeline program and provide much-needed additional funding to consumers at a time when many have suffered adverse financial impacts as a result of the pandemic.¹⁴²

Many Lifeline program participants, both subscribers and service providers, are expected to participate in the EBB Program. Consumers currently receiving Lifeline service are automatically

¹³⁹ See, e.g., Free Press Comments at 8; Michigan Public Service Commission Comments at 6-7; NaLA Reply Comments at 15-16.

¹⁴⁰ See, e.g., Massachusetts Department of Telecommunications and Cable Comments at 3-4; Michigan Public Service Commission Comments at 2; NaLA Comments at 9 (citing a NaLA-commissioned subscriber survey to assert that 67% of respondents valued voice, text, and data services equally); Public Knowledge Comments at 9-10; Public Service Commission of District of Columbia Comments at 4 (concerned without a voice-only option Lifeline subscribers will be forced into more costly options that provide services they do not need or want); TDI et al. Comments at 9 (arguing that deaf and hard of hearing people often rely on voice-only services); Telecommunications Equipment Distribution Program Association (TEDPA) Comments at 1-2; Open Technology Institute Reply Comments at 5.

¹⁴¹ NaLA Comments at 10-11; National Consumer Law Center et al. Comments at 7-8; Next Century Cities Comments at 5; Public Knowledge Comments at 4-5; NTCA Reply Comments at 5.

¹⁴² A qualified consumer can use their Lifeline benefit and EBB Program benefit toward the same service. In cases where both discounts are applied to the same service, the Lifeline discount is applied first.

qualified to participate in the EBB Program. In addition, a significant number of new subscribers and providers that have not previously participated in the Lifeline program are expected to participate in the EBB Program. For several reasons, the range of participants in the EBB Program will be broader than in the existing Lifeline program. The rules related to provider participation and associated obligations are more streamlined, due to emergency nature of the program. The EBB Program also has expanded eligibility programs beyond those that qualify consumers for the Lifeline program. For instance, participants in the National School Lunch program and recipients of Pell Grant funding are eligible. The EBB Program has also been able to build on digital inclusion efforts that some states and localities began during the pandemic using CARES Act funding.

The EBB Program began accepting enrollments on May 12, 2021.¹⁴³ As a result, there is limited data available as of the date of this Report. During the first five weeks that the Program has been operating, a total of 2,768,541 households were enrolled in the EBB Program.¹⁴⁴ Several commenters have highlighted the fact that the design of the EBB Program is more conducive to encouraging a variety of providers and service offerings, which will ultimately benefit consumers.¹⁴⁵ Commenters also point to the higher subsidy amount as more realistic for supporting broadband service.¹⁴⁶ Some commenters have noted that the EBB Program can help inform the analysis being conducted as part of this Report and have requested that the report be delayed to incorporate findings related to the EBB Program.¹⁴⁷ The Bureau recognizes that there will likely be useful information gained in the EBB Program that may ultimately benefit future evaluations of the Lifeline program. However, delaying this Report significantly would not allow it to be considered by the Commission in advance of upcoming changes in the Lifeline program, as mandated and envisioned by the *2016 Lifeline Order*.

Accessible Devices and Service Plans for People with Disabilities. In the *2016 Lifeline Order*, the Commission recognized that to access and adopt advanced telecommunications services, households require devices that can enable them to bridge the digital divide.¹⁴⁸ To that end, the Commission required Lifeline providers that provide supported mobile broadband service to make available Wi-Fi enabled devices when providing such devices for use with the Lifeline-supported service.¹⁴⁹ The Commission imposed the same obligation on fixed broadband Lifeline providers that provide devices to their customers.¹⁵⁰ With respect to accessibility, the Commission did not require accessible equipment to be

¹⁴³ News Release, FCC, Emergency Broadband Benefit Starts Today (May 12, 2021), <https://docs.fcc.gov/public/attachments/DOC-372389A1.pdf>.

¹⁴⁴ See FCC, Emergency Broadband Benefit Program Enrollment and Claims Tracker, <https://www.usac.org/about/emergency-broadband-benefit-program/emergency-broadband-benefit-program-enrollments-and-claims-tracker/> (last visited June 30, 2021).

¹⁴⁵ ACA Connects Reply Comments at 3; NTCA Comments at 4.

¹⁴⁶ Asian Americans Advancing Justice et al. Comments at 3; Benton Institute Comments at 10; CTIA Comments at 9.

¹⁴⁷ ACA Connects Reply Comments at 8; CTIA Comments at 9-10; USTelecom Comments at 3; T-Mobile Reply Comments at 5; Verizon Comments at 1.

¹⁴⁸ See *Lifeline and Link Up Reform and Modernization; Telecommunications Carriers Eligible for Universal Service Support; Connect America Fund*, WC Docket Nos. 11-42, 09-197, and 10-90, Third Report and Order, Further Report and Order, and Order on Reconsideration, 31 FCC Rcd 3962, 4095, para. 366 (2016) (*2016 Lifeline Order*).

¹⁴⁹ See *id.* at 4095, para. 366. The Commission also required that offered devices be equipped with hotspot functionality. See *id.*

¹⁵⁰ See *id.* at 4095, para. 366.

made available through the Lifeline providers, but encouraged providers to explore options for offering accessible devices to consumers with disabilities.¹⁵¹

In orders implementing both the EBB Program and the ECF Program, the Commission recently stated its expectations that connected devices for bridging the digital divide and closing the homework gap should be accessible to and usable by individuals with disabilities.¹⁵² The Commission may wish to consider whether a similar expectation that Lifeline providers that provide mobile or fixed broadband services and devices similarly will provide devices that are accessible to and usable by individuals with disabilities.¹⁵³ Publicly available resources, such as the Global Accessibility Reporting Initiative (GARI) database¹⁵⁴ and state equipment distribution programs for individuals with disabilities,¹⁵⁵ are available to help Lifeline providers determine which equipment to offer users and which equipment to support through their respective “bring your own devices” programs.¹⁵⁶ While the Commission has reported on the accessibility gaps in some equipment made available through Lifeline, such as feature phones,¹⁵⁷ manufacturers are required to make their equipment accessible and usable, and such equipment should be fully available to Lifeline providers who request equipment for their customers.¹⁵⁸ Moreover, given that individuals with disabilities may need certain service plans and communications technologies to accommodate their disabilities, the Commission may also wish to consider the need for Lifeline providers to make a variety of services available, such as bundled services, voice-only plans, and data-focused plans.¹⁵⁹

Further, some individuals with disabilities depend on adequate broadband connectivity and speed in order to communicate via videophones, and concerns were raised previously about the adequacy and

¹⁵¹ See *id.* at 4006, para. 125.

¹⁵² See *Emergency Broadband Benefit Program*, WC Docket No. 20-445, Report and Order, FCC 21-29, 2021 WL 792753, at *35, para. 82 (Feb. 25, 2021) (*EBB Program Order*); *Establishing Emergency Connectivity Fund to Close the Homework Gap*, WC Docket No. 21-93, Report and Order, FCC 21-58, 2021 WL 1921632, *10, para. 30 (May 10, 2021) (*ECF Program Order*). The Commission also required that connected devices contain technologies and services necessary for all participants to use advanced telecommunications. *EBB Program Order* at para. 82 (“We adopt our proposal that a connected device supported by the EBB Program should be expected to support video conferencing platforms and other software essential to ensure full participation in online learning, should be Wi-Fi enabled, and have video and camera functions.”).

¹⁵³ See 47 U.S.C. §§ 255, 617 (requiring equipment that provides telecommunications and advanced communications services to be accessible).

¹⁵⁴ See Global Accessibility Reporting Initiative, <https://www.gari.info/> (last visited June 30, 2021).

¹⁵⁵ TEDPA Comments at 2 (noting that state equipment distribution programs “offer those with specified disabilities a variety of mobile devices to continue distance communications”).

¹⁵⁶ TEDPA Comments at 2.

¹⁵⁷ See *Biennial Report to Congress as Required by the Twenty-First Century Communications and Video Accessibility Act of 2010*, CG Docket No. 10-213, Report, 35 FCC Rcd 11227, 11234-35, paras. 15-17 (CGB 2020) (*2020 CVAA Report*). Feature phones include phones used primarily or exclusively for voice communications and phones used for voice communications and text messaging, with little or no computing capabilities. The record in that proceeding did not identify a feature phone accessible to people who are blind. See *2020 CVAA Report* at 11234, para. 16.

¹⁵⁸ See 47 U.S.C. §§ 255, 617. Equipment manufacturers, among other requirements, must file a annual recordkeeping compliance certifications and contact information in the Recordkeeping Compliance Certification and Contact Information Registry of their efforts taken to implement sections 255, 617, or 619. See 47 U.S.C. § 618.

¹⁵⁹ See TDI et al. Comments at 9-10.

scope of Lifeline assistance for users of American Sign Language.¹⁶⁰ Since the *2016 Lifeline Order*, the Commission “encourage[s] providers to explore options for increasing usage allowances for Lifeline consumers who are deaf, hard of hearing, deaf-blind, or have a speech disability and rely on video connection for Video Relay Services and point-to-point calls and other bandwidth-intensive accessibility functionalities.”¹⁶¹

The comments here show that Lifeline users who rely on data-intensive video communications may find their communications needs unmet once they meet the monthly data cap. For example, people who are deaf, deafblind, hard of hearing, or have speech disabilities often rely on video conferencing for purposes of learning, working, and obtaining healthcare, among other things.¹⁶² In particular, Video Relay Services (VRS) users require a large amount of data to communicate as much and as effectively as a person using voice services and purchasing additional gigabytes of monthly data may not be a realistic financial option for Lifeline users.¹⁶³ As TDI explains:

To conduct a Zoom call at a moderate data quality, the minimum data usage for a one-hour conversation is approximately 1.35 GBs. Over the course of one month, a person using his or her mobile device to access Zoom would be limited to a mere four hours of connectivity before reaching his or her data limit. In some documented cases, students sit through as much as six-and-a-half hours of online classes per day. If that same student had to use a mobile device to access online course material, in less than one full day of class work, the student would reach the monthly data limit. If that student were to require access to VRS to understand the video lessons being conveyed, additional bandwidth would be necessary, causing the student to reach the monthly data cap even faster.¹⁶⁴

TDI also proposes that the FCC’s method of setting minimum speeds should take into account the needs of individuals with disabilities.¹⁶⁵ For example, in requesting that the Commission move the limit upward to 50/50 Mbps, TDI states that real-time apps such as Telecommunications Relay Services (TRS) may require increased speed.¹⁶⁶ Based on these comments, the Commission may wish to consider ways to

¹⁶⁰ See TDI et. al March 23, 2016 Comments at 1. (“Requiring unlimited mobile voice service while failing to incentivize or require commensurate data-only mobile broadband service specific to deaf and hard of hearing consumers is a disservice to our community. That particular aspect of the proposed Order is not functional equivalency for deaf and hard of hearing consumers participating in Lifeline. Given that deaf and hard of hearing individuals rely on mobile broadband service to make telephone calls, this disparity in requirements is burdensome to deaf and hard of hearing consumers. Moreover, the disparity is exacerbated by the extremely low floor of 500 MB per month, which according to measurements from the Rehabilitation Engineering Research Center on Technology for the Deaf and Hard of Hearing (DHH-RERC)’s research, would only get a deaf or hard of hearing consumer **about an hour’s worth of videophone and VRS usage.**” (emphasis in original))

¹⁶¹ *2016 Lifeline Order*, 31 FCC Rcd at 3993, n.248.

¹⁶² See TDI Comments at 7.

¹⁶³ *Id.* at 4-5.

¹⁶⁴ *Id.* at 6-7.

¹⁶⁵ *Id.* at 6 (stating that “the Commission should more closely scrutinize what the average consumer needs”).

¹⁶⁶ *Id.* (“In the case of a person who is deaf or hard of hearing, particular attention must be paid to accessible applications that connect users to TRS and VRS, which are real-time services and require substantially more bandwidth than applications used by other eligible participants. The current methodology skews consideration for speed requirements based on what providers provide, not what consumers really need.”); see *id.* (“The Commission should adopt a minimum speed requirement of 50/50 Mbps download/upload speed requirement for home broadband use.”).

craft Lifeline broadband support that accounts for these types of uses. Such an approach, however, may be best informed by the lessons learned from a completed EBB Program.

G. Performance Measures

The recent GAO Report related to the deployment of the National Verifier¹⁶⁷ and the recent independent Program Evaluation¹⁶⁸ conducted pursuant to the *2016 Lifeline Order* both recommended adoption of performance measures for different aspects of the Lifeline program. In light of these recommendations, it may be appropriate for the Commission to consider setting more specific performance measures to track the National Verifier’s progress in delivering value as well as broader performance measures to track certain aspects of the Lifeline program’s overall success.

In its January 2021 report regarding the deployment of the National Verifier, GAO recommended that, “[t]he Chairman of FCC should identify and use performance measures to track the Verifier’s progress in delivering value to consumers.”¹⁶⁹ In its response to the GAO Report, the Bureau and Office of Managing Director (OMD) referenced the Program Evaluation and indicated that, “[t]he results of the program evaluation, including any additional performance measures the FCC adopts for the National Verifier, will be incorporated, as appropriate, into the forthcoming State of the Lifeline Marketplace Report that the FCC’s Wireline Competition Bureau will submit to the Commission in June 2021.”¹⁷⁰ The Program Evaluation was conducted in response to the Commission’s directive in the *2016 Lifeline Order* that the Bureau work with USAC to “conduct a program evaluation of the newly reformed program so that the Commission and the public may have better information about the operation and effectiveness of the program.”¹⁷¹ While the Program Evaluation does not provide specific formulas or methodologies to use for these performance measures, it does contain findings and recommendations that could be used to further evaluate program performance in the areas of availability, affordability, consumer burden, and cost effectiveness.¹⁷² Other approaches may also be useful in evaluating program performance in these areas.

Availability. In the *2012 Lifeline Order*, the Commission established the program goals of (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.¹⁷³ The Commission has measured availability by looking at the narrowing of the gap between voice and broadband penetration of low-income households and the next highest income group, and data regarding these numbers has been included in the Universal Service Monitoring reports released by the Commission. The Universal Service Monitoring Reports issued from 2017-2020 contain data comparing the percentage of low-income households with telephone/Internet service in Low-Income

¹⁶⁷ GAO Report at 42.

¹⁶⁸ See Grant Thornton Public Sector, LLC, Universal Service Administrative Co. Lifeline Program 2020 Evaluation (Feb. 5, 2021) (Program Evaluation).

¹⁶⁹ GAO, *FCC Has Implemented the Lifeline National Verifier but Should Improve Consumer Awareness and Experience*, GAO-21-235 (Jan. 2021), pg. 42.

¹⁷⁰ *Id.*

¹⁷¹ *2016 Lifeline Order* at 4111, para. 404. A draft of the Program Evaluation was received in December 2020, meeting the deadline established in the *2016 Lifeline Order*, and a final version was received in February 2021.

¹⁷² Program Evaluation at Appendix A.

¹⁷³ *2012 Lifeline Order*, 27 FCC Rcd at 6670-6680, paras. 24-50.

Group One and Low-Income Group Two.¹⁷⁴ That data shows that the penetration gap for both Internet and voice service for Low-Income Group One and Low-Income Group Two has been shrinking.

The recent Program Evaluation includes a number of findings and recommendations related to availability but does not propose specific formulas or methodologies for measuring progress. One of the key findings in the Program Evaluation states, “[t]he penetration rate for broadband has been increasing for the low-income consumer group however, program participation rates have been decreasing over the same time period. There is no evidence to support whether or not the Lifeline program has improved access to voice and broadband services for low-income consumers.”¹⁷⁵ Other findings relate to consumer awareness of the program; the effectiveness of the Companies Near Me Tool; whether the National Verifier has been successful in enhancing consumer choice; whether the Lifeline program has been effective in addressing challenges in the low-income community such as the “Homework Gap” among school aged children, the digital divide, or socio-economic mobility in low-income families; and how the phase-down of voice support may impact existing Lifeline subscribers.¹⁷⁶ The Program Evaluation discusses a number of steps that could be taken to further improve and evaluate availability.¹⁷⁷ Recommendations made in the Program Evaluation include: enhancing penetration rate reporting and monitoring with the establishment of key performance indicators; revising administrative processes to establish a formal process and oversight capability for carrier advertising and outreach; developing a targeted outreach approach and prioritize with populations that have higher concentration of consumers at or below 135 percent of the federal poverty level; evaluating the USAC Companies Near Me tool and underlying data for effectiveness and use to consumers; clarifying how consumer choice as a dimension of access to services is defined and measured; developing a survey to understand why carriers choose not to participate in Lifeline; seeking to understand the composition and utilization of services by household members (i.e., school aged children, those who telecommute for telecommuting employment, etc.); monitoring the impact of the phase-down of voice only service on Lifeline program subscribers; and developing outreach content for ETCs to help them transition voice-only subscribers to different plans that are eligible for the full subsidy.¹⁷⁸

Affordability. In the *2016 Lifeline Order*, the Commission clarified that ensuring the affordability of voice and broadband service is a goal of the Lifeline program.¹⁷⁹ The Commission also indicated that it would measure affordability by measuring the extent to which voice and broadband service expenditures exceed two percent of low income consumers’ disposable household income as compared to the next highest income group. For instance, the annual Universal Service Monitoring Report issued by

¹⁷⁴ The lowest income group (Low-Income Group One) has income at or below 135 percent of the Federal Poverty Guidelines while the “next highest” group (Low-Income Group Two) has incomes above 135 percent and at or below 200 percent of the Federal Poverty Guidelines. FCC, Universal Service Monitoring Report (2017), Table 6.12; FCC, Universal Service Monitoring Report (2018), Table 6.12; FCC, Universal Service Monitoring Report (2019), Table 6.12; FCC, Universal Service Monitoring Report (2020), Table 6.12. Based on this data, the penetration gap for internet access decreased from 9.1% in 2016 to 6.6% in 2019. The penetration gap for voice service decreased from 1.6% in 2016 to 1.2% in 2019.

¹⁷⁵ Program Evaluation at Appendix A. Other data the Program Evaluation included in its assessment regarding availability included the Lifeline participation rate based on American Community Survey (ACS) numbers, which indicates that as of October 2020, the participation rate for the Lifeline program across all states and territories is approximately 25%. *Id.* at 23.

¹⁷⁶ *Id.* at Appendix A.

¹⁷⁷ *Id.* at 20-39.

¹⁷⁸ *Id.* at 31-39.

¹⁷⁹ *2016 Lifeline Order* at 4112, para. 408.

the Commission includes data specifically gathered for purposes of evaluating affordability, consistent with the *2016 Lifeline Order*.¹⁸⁰

Recognizing that affordability is an important goal of the Lifeline program, the Program Evaluation included an analysis related to affordability and looked at other data including Consumer Price Index information and the Bureau of Labor Statistics' Consumer Expenditure Survey.¹⁸¹ The Program Evaluation, “. . . found that the Lifeline program has been successful in providing a free/low-cost option for voice and broadband service for consumers. However, it is not necessarily a meaningful service in accordance with the subsidy amount – consumers continue to have concerns regarding service quality, in particular these free-to-the-end-user services.”¹⁸² The Program Evaluation made a number of recommendations associated with affordability, including that the FCC should: consider revising its measure of affordability for broadband, which is linked to a consumer's disposable income; evaluate the increase in minimum service standards in relation to the average cost of wireless, wireline, and broadband data plans and determine if the subsidy rate will cover all, or the majority of costs to ETCs to provide Lifeline services that meet minimum service standards; explore with USAC jointly evaluating the pricing packages of voice and broadband services offered by carriers to Lifeline program subscribers and provide assurance that packages offered are in the reasonable standard of affordability for low-income consumers; consider revising its measure of affordability of broadband for low-income consumers from its current method of measuring disposable income; and consider affordability in the context of a subscriber's purchasing power in a geographic location and balanced with availability of services and choice of ETC carrier.¹⁸³

Other sources have also discussed the issue of affordability and proposed approaches for understanding and examining affordability. In its comments, the Benton Institute stated that, “Efforts to increase broadband adoption must understand the structural problems of poverty.”¹⁸⁴ As discussed in a 2016 study published by the Benton Institute, “[c]ost continues to be a major barrier to broadband adoption. Successful interventions will need to address “ability to pay” rather than “willingness to pay.””¹⁸⁵ According to the Benton Institute, low income consumers recognize the value of broadband access but the reality is that they frequently have to choose between broadband service and basic necessities such as food.¹⁸⁶ The Benton Institute points to the fact that the \$9.25 subsidy amount has remained unchanged since 2012 and asks how providers can provide better or even the same service when the subsidy is not rising to keep pace with inflation.¹⁸⁷ The Benton Institute also argues that affordable service must also be adequate service and requests that the Bureau consider the adequacy of voice minutes and data allotments.¹⁸⁸ Other commenters have similarly argued that current Lifeline offerings are not sufficient to meet consumer's broadband needs when it comes to speed, reliability, and

¹⁸⁰ See 2020 Universal Service Monitoring Report, Table 6.12.

¹⁸¹ Program Evaluation at 40-43.

¹⁸² *Id.* at 43.

¹⁸³ *Id.* at 43-44.

¹⁸⁴ Benton Institute Comments at 6.

¹⁸⁵ Colin Rhinesmith, *Digital Inclusion and Meaningful Broadband Adoption Initiatives* at 5 (Jan. 2016), <https://www.benton.org/sites/default/files/broadbandinclusion.pdf>.

¹⁸⁶ Benton Institute Comments at 5-6.

¹⁸⁷ Benton Institute Reply Comments at 3.

¹⁸⁸ Benton Institute Reply Comments at 3 (referencing National Consumer Law Center and United Church of Christ OC, Inc. Comments at p. 6 and Telecommunications for the Deaf and Hard of Hearing, Inc., et al. Comments at p. 5).

robustness.¹⁸⁹ A number of commenters point to the fact that the EBB Program was recently implemented with a \$50.00 subsidy for broadband service, an amount significantly greater than the \$9.25 available to Lifeline consumers, and argue that the Commission should examine the differences between the two programs and the impact of the different funding amounts more closely.¹⁹⁰

Public Knowledge comments that, “[t]he high cost of broadband is one of the primary reasons why the United States has such a staggering digital divide.”¹⁹¹ Public Knowledge references data from NTIA reporting that the cost of broadband was one of the top reasons Americans gave for not subscribing to broadband services.¹⁹² This is consistent with a Pew Research study that indicates that 27% of those without broadband service say that the cost of either the service or the device is too high and a barrier to those consumers receiving service.¹⁹³ Public Knowledge also comments that fixed and mobile voice service are also unaffordable.¹⁹⁴ For especially marginalized communities, including individuals with no access to banking or credit, those in remote areas, and those with accessibility challenges, the issue of affordability will need to take into account not just to a dollar amount or discount amount but also the challenges associated with the process of making those payments, how frequently they must be made, and what happens if payments are missed or only partially made. As Public Knowledge notes, “[m]any Lifeline subscribers lack the infrastructure to pay a copay. Nearly [two-thirds] of Lifeline subscribers do not have a checking or savings account, and 60% lack a credit or debit card.”¹⁹⁵

Contribution and Consumer Burden. One of the stated goals of the Lifeline program is to minimize the contribution burden on consumers and businesses.¹⁹⁶ The *2012 Lifeline Order* outlined specific metrics for use in measuring the contribution burden.¹⁹⁷ When it established the National Verifier in the *2016 Lifeline Order*, the Commission explained that the goals of the National Verifier included

¹⁸⁹ NTCA Comments at 4-5.

¹⁹⁰ See, e.g., Benton Institute Comments at 10-11; USTelecom Comments at 3; Verizon Comments at 7.

¹⁹¹ Public Knowledge Comments at 6.

¹⁹² *Id.* at 6-7 citing NTIA, Unplugged: NTIA Survey Finds Some Americans Still Avoid Home Internet Use (Apr. 15, 2019), <https://www.ntia.gov/blog/2019/unplugged-ntia-survey-finds-some-americans-still-a-void-home-internet-use>.

¹⁹³ See Pew Research Center, Mobile Technology and Home Broadband 2019 at 9 (2019), https://www.pewresearch.org/internet/2019/06/13/mobile-technology-and-home-broadband-2019/?utm_medium=email&utm_campaign=Newsletters&utm_source=sendgrid.

¹⁹⁴ See Public Knowledge Comments at 7 (referencing data from J.D. Power and Associates and the FCC’s 2021 Urban Rate survey for Fixed Voice and Broadband Services).

¹⁹⁵ *Id.* at 11 (referencing National Lifeline Association, Letter Re: National Lifeline Association Notice of Oral Ex Parte, WC Docket Nos 17-287, 11-42, 09-197, 10-90, at 4 (Aug. 6, 2020)), [https://ecfsapi.fcc.gov/file/10806023304369/NaLA%20Ex%20Parte%20Call%20with%20Alisa%20Valentin%20and%20Survey%20Results%20re%20MSS%20\(Aug%202020\).8.6.20.pdf](https://ecfsapi.fcc.gov/file/10806023304369/NaLA%20Ex%20Parte%20Call%20with%20Alisa%20Valentin%20and%20Survey%20Results%20re%20MSS%20(Aug%202020).8.6.20.pdf)).

¹⁹⁶ *2012 Lifeline Order*, 27 FCC Rcd at 6670-6680, paras. 24-50.

¹⁹⁷ *Id.* at paras. 39-42. First, the Commission adopted the approach of dividing the total inflation-adjusted expenditures of the low-income program each year by the number of American households and expressing the measure as a monthly dollar figure in order to measure the burden the program places on all consumers over time. Second, the Commission delegated authority to the Bureau to determine the design and implementation of a calculation to track the extent of savings from elimination of duplicative payments. Third, the Commission delegated authority to the Bureau to determine the design and implementation of a calculation to compare the relationship between the aggregate spending on the low-income program and changes in low-income penetration rates.

facilitating consumer choice and improving the enrollment process and reducing costs to Lifeline service providers.¹⁹⁸

The Program Evaluation looked at this goal from two perspectives: “1) by evaluating the cost effectiveness of program operations on the contribution rate that consumers and businesses pay into the USF, and 2) by evaluating burden placed on consumers and carriers related to the application and recertification processes.”¹⁹⁹ With respect to consumer burden specifically, key findings made in the Program Evaluation related to consumer burden include: (1) “USAC has successfully improved the application process and reduced the administrative burden on consumers by automating the eligibility determination process through implementation of the National Verifier; (2) “[t]he eligibility check API has been an effective means for carriers to help consumers enroll in the Lifeline program and has addressed carrier requests for USAC to provide more automated tools to enhance the enrollment process”; and (3) “[t]he Lifeline online application process has improved with implementation of the National Verifier.”²⁰⁰ The Program Evaluation also noted, however, areas for improvement in the online application process and user interface. The Program Evaluation makes a number of recommendations on improvements that can be made to further minimize consumer burden.²⁰¹

The Program Evaluation recognizes the significant benefits that have resulted from implementing the National Verifier. The National Verifier has enabled consumers to apply online and receive near real-time eligibility results using a dedicated consumer portal where they can apply for the Lifeline program without needing to apply through an ETC. The National Verifier also makes use of automated connections to state and federal databases to verify eligibility. The Program Evaluation finds that, “The automated connections ease the burden on the consumer because they are not required to manually submit additional paper documentation.”²⁰² For consumers who wish to apply with the assistance of an ETC, the National Verifier has a service provider portal and an eligibility check API option. The eligibility check API allows consumers to go directly to the website of a participating provider to submit their Lifeline application.²⁰³ According to the Program Evaluation, “[t]he eligibility check API has been an effective means of enhancing the application process due to its widespread adoption and system performance.”²⁰⁴

Cost Effectiveness. Cost effectiveness and consumer burden were both discussed in the *2012 Lifeline Order*, where the Commission set cost effectiveness and minimizing consumer burden as goals for the program. At that time the Commission set the metrics described above to track both consumer burden and cost effectiveness.

In its review related to cost effectiveness, the Program Evaluation includes a finding that, “[t]he Lifeline program’s design, including implementation of the National Verifier and expansion of automated data connections have created cost efficiencies and protect program resources against fraud, waste, and abuse. However, USAC’s administrative costs relative to program enrollment and the number of eligible low-income households have been steadily increasing since 2011 and should be monitored to determine whether program changes (e.g., National Verifier, NLAD, RAD) achieve the FCC’s goal of reducing costs on carriers and consumers.”²⁰⁵ In addition, the Program Evaluation includes a finding that, “[w]e

¹⁹⁸ *2016 Lifeline Order* at 4008-4009, paras. 130-131.

¹⁹⁹ Program Evaluation at 44.

²⁰⁰ *Id.* at Appendix A.

²⁰¹ *Id.*

²⁰² *Id.* at 47.

²⁰³ Since this is optional, not all service providers support this option.

²⁰⁴ Program Evaluation at 49.

²⁰⁵ *Id.* at Appendix A.

were unable to determine whether the Lifeline program’s design minimizes costs for carriers due to the lack of published carrier cost data.” The Program Evaluation includes a number of recommendations tied to improving cost effectiveness for the program.²⁰⁶

Issues for Commission Consideration. As described above, the Commission is already tracking a number of important data points to assess availability, affordability, contribution and consumer burden, and cost effectiveness associated with Lifeline services. The Bureau believes that continuing to use data available from sources such as the Universal Service Monitoring Report and Lifeline program metrics to assess these aspects of the Lifeline program offers valuable insights. The Bureau will continue to consider whether other recommendations provided in the Program Evaluation can and should be incorporated into future evaluations of the Lifeline program.

In addition, with respect to measuring availability specifically, the Commission may want to consider requesting additional information from Lifeline service providers when they file for reimbursement. When providers file claims for Lifeline reimbursement, they could be asked to provide basic information regarding the data, speed, and minutes of use associated with their current Lifeline plan(s) offered, and information on the number of subscribers enrolled in each plan. This recommendation should not be burdensome for providers, as plan offerings are publicly advertised and providers that offer more than one plan must already track which subscribers are enrolled in each plan. Requiring providers to file data on plan offerings would reduce fraud in the Lifeline program, by making it easier to detect situations in which a provider’s disbursement filing does not align with its plan offerings (*e.g.*, claiming a subscriber is receiving broadband, when the company only offers voice plans). Plan offering data could be used to supplement the Companies Near Me Tool, making it easier for consumers to compare Lifeline offerings in their area. Finally, collecting information on plan offerings and the number of subscribers enrolled in each offering may make it easier for the Commission to understand which aspects of minimum service standards are most costly for providers, as well as which services are most highly valued by consumers.

With respect to affordability, in order to examine all relevant information more fully regarding affordability and consider updated performance measures to track the success of the Lifeline program, additional time and work will be needed. While this Report offers a survey of affordability data and commenters in this proceeding provided additional resources, the Commission could consider initiating a proceeding seeking comment on the best methods for tracking Lifeline’s impact on broader affordability issues.

H. Additional Issues for Commission Consideration

Commenters in this proceeding also proposed a number of additional changes to the Lifeline program that were not directly within the scope of this Report but may warrant Commission consideration. One of the most proposed suggestions for further changes in the Lifeline program was to raise the reimbursement amount for Lifeline services beyond \$9.25, regardless of any changes in the minimum service standards. Commenters argued that the current level has not changed in nearly a decade and does not allow Lifeline eligible consumers to receive a level of service necessary to meet modern needs.²⁰⁷ Several commenters also urged the Commission to consider removing “structural limitations” to provider participation in the program, such as the requirement to become an ETC, and do more to

²⁰⁶ *Id.*

²⁰⁷ See Benton Institute Comments at 9-10; Competitive Carriers Association Comments at 5; Michigan Public Service Commission Comments at 3-4; NaLA Comments at 3-4; Open Technology Institute Comments at 1; Telecommunications for the Deaf and Hard of Hearing et al. Comments at 3.

encourage competition within the Lifeline program.²⁰⁸ Some commenters urged the Commission to explore new options for distributing support to Lifeline eligible consumers²⁰⁹ or permit support beyond one Lifeline service per household.²¹⁰ Commenters also suggest that the Commission close out the remaining issues from the *2017 and 2019 Lifeline Notices of Proposed Rulemaking*.²¹¹ Finally, several commenters urge the Commission to consider reclassifying broadband as a Title II service, as they contend it would put broadband Internet access service supported through the Lifeline program on a firmer statutory foundation.²¹²

IV. CONCLUSION

The Lifeline program remains a key component of the Commission’s efforts to address broadband availability and affordability across the country. Over the past several years, the Commission has taken important steps to transition the Lifeline program to a program that supports access to broadband Internet access services, allowing Lifeline eligible consumers to benefit from these services in a modern world. This Report details the current state of the Lifeline program, how the transition to a more broadband-focused program was executed, the impacts to key stakeholder populations, and the potential intersection between the Lifeline program and the Emergency Broadband Benefit Program. While progress has been made to advance affordability, this Report offers several areas of consideration for the Commission.

FEDERAL COMMUNICATIONS COMMISSION

Kris Anne Monteith
Chief
Wireline Competition Bureau

²⁰⁸ See, e.g., ACA Connects Comments at 3, 4-5; Benton Institute Comments at 11-13 (arguing that recent Lifeline reforms have not resulted in increased competition in the program and the Commission should act to bring more competition to the Lifeline marketplace); Internet Society Comments at 7-9 (arguing that the Commission should allow non-ETCs to participate in the program to increase competition, particularly in rural and tribal areas); NaLA Reply Comments at 13 (arguing for a quicker ETC review process at the Commission-level and “guardrails and shot clocks” for state review); NTCA Comments at 4; Open Technology Institute Comments at 4.

²⁰⁹ See, e.g., Free Press Comments at 2-3 (pointing to prior comments arguing for a portable Lifeline benefit for eligible consumers); Verizon Comments at 3-4 (arguing for a transferable benefit card in addition to the Lifeline program); *but see* NaLA Comments at 10-13 (contending that such proposals would increase churn, impose greater administrative costs, and enhance the potential for consumer fraud).

²¹⁰ See National Consumer Law Center et al. Comments at 6; Open Technology Institute Comments at 10-11.

²¹¹ See Free Press Comments at 7; National Consumer Law Center et al. Comments at 3-5; Open Technology Institute Comments at 2 (asserting that these were harmful proposals and expounding on this point at pages 3-8 of their attached report).

²¹² See Benton Institute Comments at 17-20; Open Technology Institute Comments at 3; Public Knowledge Comments at 7-8.