Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.  20554

In the Matter of

Lifeline and Link Up Reform and Modernization

Telecommunications Carriers Eligible for Universal Service Support

Connect America Fund

WC Docket No. 11-42
WC Docket No. 09-197
WC Docket No. 10-90

REPLY COMMENTS OF BUDGET PREPAY, INC.

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II. INTRODUCTION AND SUMMARY

Budget PrePay, Inc. d/b/a Budget Mobile (“Budget” or “Company”) files these Reply Comments in response to the comments filed in the Commission's Lifeline Second Further Notice of Proposed Rulemaking.¹ Budget is generally supportive of the Commission's efforts to modernize the Lifeline program, and to take the necessary steps to improve the program and the way it is administered. Like other commenters, however, Budget is concerned that several proposals offered by the Commission may lead to increased inefficiency and waste in the Lifeline program.

In particular, any proposal to expand the Lifeline program to include broadband should not result in diminished support for voice-only services. Voice-only services continue to serve a critical function for households across the country, whether it is for family safety and security,

the ability to access community services, to stay in contact with medical professionals, or to call back a current or prospective employer. The ability of low-income households to continue to receive these voice-only services at the current support level should not be affected by the plan to expand Lifeline.

In addition, Budget rejects the Commission's proposal to impose minimum standards for Lifeline voice and broadband services. As commenters have pointed out, the Commission's proposals for minimum standards show a fundamental misunderstanding of the commercial and regulatory costs associated with providing Lifeline services.

Rather than micromanaging the day to day operations of Lifeline carriers, the best step the Commission can take to improve service standards is to foster competition among carriers. It can do this by taking action on the dozens of ETC applications that have been languishing before the Commission for years without explanation.

Finally, Budget opposes TracFone's proposal to ban incentive-based Lifeline sales and ban in-person distribution of handsets. Adoption of TracFone’s proposal would only hurt low-income consumers, provide a competitive advantage to TracFone, harm other competitors, and have no impact on preventing waste, fraud and abuse.

II. CONTINUE SUPPORT FOR VOICE-ONLY LIFELINE SERVICE

The Lifeline NPRM seeks comment on whether support for voice services should be reduced, and whether $9.25 is sufficient to cover support for broadband services. Like other commenters, Budget is supportive of the Commission's efforts to expand the Lifeline program to

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2 See Lifeline NPRM at ¶¶ 52-53.
include support for broadband services.\textsuperscript{3} Whether it is to take advantage of a government service, complete schoolwork, apply for a job or to keep in contact with family, broadband services are an indispensable part of daily life. Making broadband available and affordable for low-income families is consistent with the objectives of the Universal Service program to improve connectivity in this country.\textsuperscript{4} However, the Commission's efforts to expand the Lifeline program should not result in diminished support for voice services.

Budget has been able to craft a variety of attractive no cost and low-cost service plans for low-income families -- service plans that these families otherwise could not afford. Since launching its mobile wireless service, Budget has seen an increase in the average number of monthly voice minutes used by its customers annually. Reducing Lifeline support for mobile voice only services would jeopardize Budget's ability to continue to offer these no cost service plans to those in need -- a result that is not in the public interest.

Low-income households have come to rely on the voice services offered by Budget and other Lifeline carriers, whether it is for the safety and security that voice services offer, the ability to access community services, to stay in contact with family or medical professionals, or

\textsuperscript{3} See, e.g., AT&T Comments at 2 ("While voice service still has its place, any effort to bring Lifeline into the 21st century must include broadband Internet access as a covered Lifeline service."); CTIA Comments at 1 ("CTIA and its member companies applaud the Commission's leadership in seeking to bring the benefits of the Internet age to low-income consumers by modernizing the federal Lifeline program."); Comcast Comments at i ("...Comcast supports the Commission's efforts to reform Lifeline to support broadband."); Lifeline Joint Commenters Comments at 96 ("...[T]he Commission has an unparalleled opportunity to leverage the successes of the Lifeline program to improve the lives of millions of low-income Americans, expanding access to affordable broadband and the countless benefits that that broadband connectivity enables."); TruConnect Comments at ("TruConnect supports the Commission’s efforts to modernize the Lifeline program so that it joins all other universal service programs in supporting broadband services."); Internet Innovation Alliance Comments at 2 ("IIA strongly believes that the Lifeline program should cover broadband services."); AARP Comments at iii ("AARP believes that the expansion of Lifeline to broadband is an essential piece in the technology-transition puzzle on which the Commission is working.").

\textsuperscript{4} As set forth in the Communications Act, Universal Service is intended to provide consumers in all regions of the nation, including low-income consumers, with access to telecommunications and information services. See 47 U.S.C. 254(b)(1) and (3).
to call back a current or prospective employer. Voice only services continue to serve a critical function for households across the country and the ability of low-income households to receive these services at the current support level should not be affected by the plan to expand Lifeline to include broadband.5

Budget is particularly troubled that the Commission has proposed a reduction in Lifeline support for mobile voice only services without a corresponding inquiry as to whether it is appropriate to reduce support for wireline voice only services. The absence of such an analysis suggests that the Commission has already decided that support for wireline voice-only services should not change. As commenters point out, this raises serious questions about the way in which the Commission is approaching competitive and technological neutrality in the Lifeline program.6 As Free Press observes, the Lifeline program's "expansion to wireless services was very beneficial to users, as it allowed them to use the Lifeline subsidy for a service in which they undoubtedly found more utility than Plain Old Telephone Service ("POTS")."7

III. COMMENTERS AGREE THAT THE COMMISSION SHOULD NOT IMPOSE MINIMUM SERVICE STANDARDS FOR LIFELINE SERVICES

Commenters reject the Commission's proposal to impose minimum standards for Lifeline voice and broadband services.8 Budget agrees that the Commission's proposal ignores the reality

5 As some commenters point out, the only change to the current support level for voice-only services to be considered is whether the support level should be increased in light of increased carrier costs due to regulatory compliance and increases to wholesale inputs to service. See Sprint Comments at 19.

6 See Sprint Comments at 19.

7 Free Press Comments at 31. See also CTIA Comments at 4 ("Since 2005, when the Commission first started permitting wireless carriers to receive Lifeline funds, the gap in telephone penetration rates between those households with annual incomes of less than $10,000 and all households fell from 6.3 percent to 3.2 percent by 2014, representing an addition of more than three million low-income telephone service users, without increasing the subsidy. . . .").

8 See, e.g., Sprint Comments at 12 ("[The Commission] should not mandate minimum service levels or attempt to evaluate service providers' cost structures or pricing decisions."); Comcast Comments at 13 (". . .[T]he Commission should not adopt Lifeline minimum service standards that place undue restrictions on Lifeline customers' ability to
of competition in the Lifeline marketplace and the ever-rising costs faced by carriers offering Lifeline supported services.\(^9\)

As the Joint Commenters correctly observe, "[c]ompetition is the best way to add value for consumers, not minimum service standards imposed by regulation."\(^{10}\) Where multiple wireless Lifeline providers have been approved to operate, service and equipment offerings have improved steadily over time. Carriers must innovate and offer improved services in order to distinguish themselves from other competitors -- a failure to innovate marginalizes a carrier and causes them to lose customers.

Commenters have demonstrated how competition has forced carriers to innovate and improve their service and equipment offerings in order to stay competitive.\(^{11}\) Like these carriers, Budget too has not stood still, but instead it has improved its service and equipment offerings over time and Lifeline subscribers have benefited. Budget has not only expanded the number of monthly minutes available to its subscribers, but it has also added text messaging and broadband data to its Lifeline service plans.

\(^9\) See, e.g., Joint Lifeline Commenters Comments at i ("Competition is the best way to add value for consumers, not minimum service standards imposed by regulation."); Alaska Rural Coalition Comments at 4-5; TracFone Comments at 10 ("Imposition of such minimum service standards would be unnecessary and inappropriate.").

\(^{10}\) Joint Commenters Comments at i.

\(^{11}\) See, e.g., TracFone Comments at 12 ("In short, since becoming a Lifeline provider in 2008, TracFone's no charge monthly Lifeline voice service benefit has increased by more than 500 percent and its text benefit increased from none to unlimited, all based on market forces and the company's response to those market forces.").
Rather than micromanaging the day-to-day operations of Lifeline carriers, the best step the Commission can take to improve service standards would be to introduce more qualified competitors in the marketplace. As commenters correctly observe, numerous ETC petitions have been languishing at the Commission for years, including petitions filed by Budget in 2011 – over 4 years ago.\(^\text{12}\) As a result, many of the states that the FCC controls for purposes of wireless ETC designation lack the same level of competition found in other non-FCC states.

For example, in New York, only a small handful of wireless carriers are authorized to provide Lifeline supported services. As a result, the penetration of the Lifeline program in New York, as well as the range of service offerings available to eligible low-income households in the state, is dramatically less than that of other states where numerous carriers have been approved. By acting on the pending ETC petitions, including Budget’s long-pending application, to serve New York (as well as other states over which the FCC asserts jurisdiction), the Commission can improve service standards without new regulation. The issue of competition in the Lifeline program (and particularly in the FCC states) is not a new issue, but one that has been raised before to the Commission.\(^\text{13}\) Now is the time for the Commission to take action and clear the backlog of ETC applications and increase competition for Lifeline services.

\(^{12}\)See, e.g., Joint Commenters Comments at 14 ("[I]n the 12 states over which the Commission has ETC-granting authority, the agency’s website demonstrates that it has approved only seven federal ETC petitions, with 38 remaining unaddressed. Most of these petitions have been pending for three or more years.").

\(^{13}\)See, e.g., Notice of Ex Parte, Letter from George Korn, Ph.D. to Marlene H. Dortch (WC Dockets 11-42, 03-109)(Sept. 21, 2013)(" Nationally, there are over 10.5 million households eligible for Lifeline that are currently not enrolled in the program. Of this number, nearly 40% are located in the 12 federal states. Rainbow PUSH recognizes the need for the FCC to carefully vet providers who have applied to operate in these states, but the process is clearly at a standstill, leaving many reputable companies with very good track records and FCC-approved Lifeline compliance plans excluded from these markets. Through its inaction, the FCC has created a situation in the original 10 federally-controlled states that is anticompetitive and, looking at the numbers, seems to be limiting access to Lifeline for millions of qualified households. We urged the FCC to act on the pending applications and open up these states to additional providers as soon as possible.").
As carriers observe, mandating service standards is particularly troublesome for broadband services. With network infrastructure dramatically different in some areas as compared to others (rural v. urban), and different speeds available with different technologies (wireline v. wireless), mandating broadband service standards may only result in skewing the broadband marketplace unfairly. Robust competition and the availability of a wide-range of Lifeline carriers and service offerings is the best step the Commission can take to ensure that low-income households get the most value out of their monthly Lifeline support.

The Commission attempts to justify the need for minimum service standards for voice services by citing the fact that the average number of monthly minutes available to Lifeline customers has remained stagnant at 250 minutes per month. As commenters appropriately point out, the Commission's observation ignores the fact that state and federal regulation of the Lifeline program have substantially increased costs for carriers participating in the Lifeline program. These increased costs include, but are certainly not limited to, the administrative costs associated with the implementation of NLAD, verifying eligibility of customers, complying with the FCC's usage rules, recertifying customers and responding to audits and investigations.

Budget is not suggesting that these rising administrative costs are unjustified; rather, these are substantial costs that the Commission should take into account when evaluating whether Lifeline customers are getting the maximum value of Lifeline support. When rising administrative costs are combined with the fact that monthly Lifeline support decreased to the level of $9.25 per month in 2012, it is not hard to see that Lifeline carriers have substantial cost

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14 See Lifeline NPRM at ¶ 16.

15 See, e.g., Joint Lifeline Commenters Comments at 7 ("Since the 2012 Lifeline Reform Order, the Commission and state regulators have significantly increased regulatory and administrative costs for ETCs at almost every stage of the consumer lifecycle.").
pressures that need to be considered by the Commission. Even with the rising costs, Budget joins commenters in challenging the Commission's assertion that the level of service of 250 minutes per month has in fact remained stagnant.\(^{16}\) As set forth above, Budget's Lifeline service offerings go beyond the 250 minute service plan, and now include plans offering more voice minutes, texts and broadband data, as well as advanced handset technology.

**IV. IN-PERSON DISTRIBUTION OF HANDSETS SHOULD CONTINUE TO BE PERMITTED**

Although not raised by the Commission in the *Lifeline NPRM*, TracFone suggests that if the Commission wants to curb fraud and abuse in the Lifeline program, it should promptly ban carriers from providing phones to Lifeline customers in-person.\(^{17}\) Instead, according to TracFone, phone distribution should not be permitted to be done in real-time and should be limited to mail distribution.\(^{18}\)

**A. Banning In-Person Distribution of Handsets Harms Consumers And Is Not Appropriate**

As an initial matter, the issue of whether to ban in-person distribution of handsets is already part of a fully-briefed and pending proceeding at the Commission.\(^{19}\) Accordingly, this issue should be addressed by the Commission in that proceeding, especially since it was not raised by the Commission in the *Lifeline NPRM*. As set forth in the record of the other

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\(^{16}\) *See, e.g.*, TracFone Comments at 12.

\(^{17}\) *See* TracFone Comments at 7-8.

\(^{18}\) *See* id.

\(^{19}\) *See* TracFone Petition for Rulemaking to Prohibit In-Person Distribution of Handsets to Prospective Lifeline Customers, WC Docket No. 11-42 (filed May 13, 2013) (*"TracFone Petition"*).
proceeding, commenters overwhelmingly reject TracFone's self-serving proposal to prohibit in-person distribution of handsets.\textsuperscript{20}

TracFone neglects to provide any data to support its conclusions or explain exactly why it believes its conclusory statements are true. Instead, it simply argues that its method of enrolling customers in the Lifeline program and distributing handsets -- \textit{i.e.}, only after a delay in processing their application -- is somehow more effective than other methods because it helps to ensure that no person is provided with service until the applicant's eligibility has been determined and the process has been completed. According to TracFone, its handset distribution method provides "an additional layer of fraud prevention that does not exist with in-person handset distribution."\textsuperscript{21}

As Budget pointed out in its Comments and Reply Comments submitted in response to the \textit{TracFone Petition}, a regulatory requirement that mandates a delay between the time an applicant applies for Lifeline supported services, and when it receives a handset, will not result in an eligibility verification process that is more effective and accurate than one in which there is no delay. TracFone fails to prove otherwise.

\textsuperscript{20} See e.g., California Public Utilities Commission Comments at 1 (June 17, 2013) ("The CPUC opposes the TracFone Petition."); Comptel Opposition to TracFone's Petition for Rulemaking at 2 ("...TracFone's Petition For Rulemaking should be denied."); GCI Opposition to TracFone's Petition for Rulemaking at 1 (June 17, 2013); Comments of i-Wireless at 1 (June 17, 2013); Comments of Absolute Mobile, et al. at 3 (June 17, 2013)("...[T]he Commission should reject TracFone's Petition for Rulemaking...")("Joint Commenters Comments"); Leap Wireless International, Inc. and Cricket Communications, Inc. Comments at 6 (June 17, 2013)("...[T]he Commission should reject TracFone's overbroad and unnecessary proposal to ban all in-person enrollment in the Lifeline program."); NALA/PCA Comments at 2 (June 17, 2013); Navajo Nation Telecommunications Regulatory Commission Comments at 4 (June 17, 2013); Nexus Communications at 2 (June 17, 2013)("...Nexus believes [the TracFone proposal] is overbroad and should be more carefully tailored to address abuse within the program..."); Q-Link Wireless Comments at 1 (June 17, 2013)("Q-Link strongly opposes TracFone's request that the Commission prohibit in-person distribution of handsets to prospective Lifeline consumers."); Smith Bagley, Inc. Comments at 1 (June 17, 2013); USTelecom Comments at 2 (June 17, 2013).

\textsuperscript{21} TracFone Comments at 8.
If a provider employing in-person sales and distribution methods can ensure that an applicant is, in fact, eligible to receive Lifeline supported services, and it complies with all applicable FCC and state Lifeline rules, there is absolutely no compelling public policy reason to prohibit the in-person distribution of handsets activated for Lifeline supported services. Without a compelling public policy reason to take action, the Commission should refrain from micromanaging day to day operations of Lifeline ETCs.

In Budget's experience, in-person sign-up of Lifeline customers and real-time distribution of handsets has significant advantages. First, prospective customers appear face-to-face with Budget's representatives, as opposed to being able to anonymously submit information and qualify through the mail or online. Budget has found that this face-to-face interaction alone provides a helpful filter for prospective customers who qualify and those that do not. In person, Budget representatives are able to explain eligibility criteria to Lifeline applicants, ask additional questions about their qualifications for Lifeline, and respond to questions. Second, real-time distribution of handsets provides better customer service by ensuring that customers have much-needed access to communications, without unnecessary delay. In the case of low-income individuals that are homeless, who live in multiple dwelling units or on Tribal Lands, mail delivery of handsets is not practical or reliable.

Adoption of TracFone’s proposal would only hurt low-income consumers, provide a competitive advantage to TracFone, harm other competitors, and have no impact on preventing waste, fraud and abuse. TracFone's business model primarily relies on the faceless method of signing up Lifeline customers over the Internet and distributing handsets through the mail. Knowing that some of its competitors rely on in-person distribution and conduct business like other retail operations, TracFone attacks that business model in favor of its own. As commenters
pointed out when responding to the *TracFone Petition*, the mail-only distribution of handsets that TracFone praises has a significant potential for fraud and abuse.\(^{22}\)

### B. Banning Incentive-based Compensation Arrangements Is Not Justified

Similarly, the Commission should reject TracFone's proposal to ban the use of incentive-based compensation arrangements to market Lifeline services and distribute handsets.\(^{23}\) With regards to the Lifeline program, the Commission has tried to refrain from micromanaging providers. For example, in 2012, the FCC stopped short of mandating exactly how services should be marketed, and instead stated that "ETCs should have the flexibility to market their Lifeline-supported services in creative and innovative ways."\(^{24}\) Similarly, the FCC now should preserve the ability of carriers to permit incentive-based sales, so long as state and federal Lifeline rules are followed.

TracFone's proposal to ban in-person distribution of handsets and incentive-based sales appears to be driven by a concern over how such business practices come across in the media, rather than whether the proposals would in fact curb fraud and abuse. The focus of the Commission's efforts to reduce waste, fraud and abuse should be on targeted reforms that will have a real impact; not reforms, as TracFone has proposed, that are simply intended to play well in the media, are not supported with any data, and are focused on primarily benefitting TracFone.

\(^{22}\) See Comptel Comments at 3; GCI Comments at 5 ("Mail fraud schemes are common and multifarious, and all rely on the anonymity afforded by the lack of direct contact."); Joint Commenters Comments at 11; Q-Link Wireless Comments at 6; SBI Comments at 5.

\(^{23}\) See TracFone Comments at 8.

\(^{24}\) See *In the Matter of Lifeline and Link Up Reform and Modernization*, 27 FCC Red. 6656, 6777 (2012) ("2012 Lifeline Reform Order").
V. CHANGES ADOPTED TO THE LIFELINE PROGRAM SHOULD BE PROSPECTIVE

While Budget may disagree with TracFone on the points raised above, Budget does agree with the observation that whatever changes are implemented as a result of the Lifeline NPRM, the changes should be prospective only and not affect the ability of currently enrolled households to continue to receive the Lifeline supported services that they have come to rely on and expect.\textsuperscript{25} To do otherwise would be significantly disruptive and not in the public interest.

VI. THE FCC NEEDS TO REEXAMINE WHAT IS CONSIDERED "USAGE"

Like other commenters, Budget believes that the Commission should eliminate the Lifeline non-usage requirement.\textsuperscript{26} The requirement is confusing to consumers, causes substantial administrative costs for Lifeline providers with only minimal benefit, and unfairly penalizes customers who do not often use their phone. Indeed, for many participants in the Lifeline program, simply having a working phone gives them peace of mind and security for their family and is a tool that is to be used in emergencies only. Reaching out every 60 days to these families is confusing and increases administrative costs unnecessarily for service providers.

At a minimum, as numerous commenters observe, if the FCC intends to retain its usage requirement, the requirement needs to be substantially revised.\textsuperscript{27} The FCC correctly seeks comment on whether the rule should be revised to allow text messaging and broadband

\textsuperscript{25} TracFone Comments at 10 ("...Lifeline households who were enrolled in accordance with existing requirements should have their enrollments and their receipt of Lifeline-supported service grandfathered.").

\textsuperscript{26} See, e.g., Lifeline Joint Commenters Comments at 62 ("...[T]he Commission should eliminate its non-usage rule, which discriminates against wireless ETCs and their subscribers and imposes significant and unnecessary costs on consumers, ETCs and the administration of the program.").

\textsuperscript{27} See, e.g., Sprint Comments at 29.
communications (e.g., email) to qualify as usage for Lifeline customers, even though these are not currently Lifeline supported services.\textsuperscript{28}

The Commission instituted the non-usage rule to ensure that Lifeline support does not flow to a subscriber that is no longer using the service to communicate in a manner which furthers the goals of the Universal Service program. Accordingly, if a subscriber takes action to communicate in a way that is consistent with the goals of the Universal Service Lifeline program, that action should be sufficient for purposes of demonstrating usage and retaining Lifeline program benefits.

Given the way in which texting has recently expanded as a form of communication, sending a text should be evidence that a customer wishes to retain its Lifeline supported benefits. Indeed, texting is now used to support the same types of daily communications that have always been used to justify Universal Service support of voice communications in the Lifeline program - - i.e., communications used for family emergencies and security, to seek prospective employment, take advantage of community services, complete homework assignments and communicate with healthcare professionals. Similarly, low-income households are using broadband services (e.g., email, access to websites/services on the Internet) for exactly the same type of important communications. The Commission should permit the use of texting and broadband to qualify as use for purposes of a subscriber retaining its Lifeline benefits.

If the Commission extends the Lifeline program to include support for broadband communications and the usage requirement is retained, the Commission will need to determine what level of broadband usage should be sufficient for a subscriber to retain its Lifeline benefits. Budget believes that the usage requirement for broadband should be a \textit{de minimis} requirement --

\textsuperscript{28} See Lifeline Second NPRM at \S\S 142-46.
i.e., any amount of data received or sent over a customer's broadband connection should satisfy the usage requirement. Doing otherwise would put the Commission in the impossible position of having to determine the relative value of one broadband communication as compared to another. The reality is that a broadband communication that involves relatively little data (e.g., an e-mail to a prospective employer saying "I accept the job") can be just as important as a larger data communication (e.g., streaming an hour long video on climate change to complete a homework assignment). So long as any data is flowing to or from a Lifeline broadband subscriber, the usage requirement should be satisfied for purposes of broadband Lifeline support.

VII. BUDGET SUPPORTS COMMENTERS ON OTHER LIFELINE ISSUES

Budget expresses its support for numerous other points raised by commenters in this proceeding.

Commenters have expressed serious concern with imposing a budget or cap for the Lifeline program.29 Unlike other USF programs, participation in the Lifeline program is determined through an individual's eligibility, not through setting a program goal (e.g., available broadband access and speeds) which is used for the Universal Service infrastructure programs. Success in the Lifeline program is determined by increasing telephone penetration rates in the country. Setting a budget or cap would have the likely effect of lowering, not raising, penetration rates.

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29 See, e.g., CTIA Comments at 17 ("[A] Lifeline cap would not be appropriate, particularly at this time."); TracFone Comments at 22 ("No qualified low income household should be excluded from the Lifeline program simply because a certain number of qualified households already are enrolled or because a specified spending amount for any year has been reached."); Sprint Comments at 22 ("Sprint believes that capping the Lifeline program at this time is contrary to the public interest."); Joint Lifeline Commenters Comments at 24 ("The Joint Commenters do not support any budget that would serve (or effectively serve) as a program cap that could leave eligible low-income consumers unserved, especially because program participation currently stands at approximately one-third of the eligible households.").
Many commenters correctly point out that the requirement of ETC status for carriers wishing to participate in the Lifeline program should not be eliminated.30 The Communications Act requires it, ETC designation ensures certain standards of service and compliance with FCC and state rules, and the ETC designation process in the states helps to provide another cop on the beat to police and protect the Lifeline program.

Budget agrees with commenters that the FCC has not justified the requirement of 24-hour customer service and faster de-enrollment.31 Requiring 24-hour customer service seems particularly punitive if a carrier does not offer 24-hour customer service for non-Lifeline customers. Mandating these requirements will only succeed in increasing carrier costs, thereby diminishing the carrier’s ability to pass along the maximum value of monthly Lifeline support to eligible low-income households.

The FCC has not justified the elimination of Lifeline qualifying programs (e.g., Medicaid). The FCC should be looking for more ways to reach low-income consumers, not ways to eliminate subscribers from the program. Budget supports the addition of other Lifeline-qualifying eligibility programs, including programs for Veterans, the Women, Infants and Children nutrition program (WIC), and programs that subsidize equipment for people with disabilities.32

30 See Massachusetts Department of Telecommunications and Cable Comments at 1 (“[T]he FCC should not adopt certain proposals aimed at “streamlining” the ETC designation process and developing a new “opt-out” process, as the proposals would violate §§ 214(e) and 254, and otherwise erode important state oversight, consumer protections, and efforts to combat waste, fraud, and abuse.”).

31 See Joint Commenters Comments at 69 (“First, with respect to the proposal requiring a 24-hour de-enrollment hotline, the Commission fails to offer any evidence that there is a problem warranting such an obligation. ETCs already have customer service numbers—and online resources—that enable consumers to de-enroll upon request.”).

32 See Sprint Comments at 31 (“The Commission has asked whether participation in the Veterans Pension program should qualify an individual for Lifeline benefits. Sprint supports this proposal.”); Comments at U.S. Senator Richard Blumenthal at 1 (“I write to urge the Federal Communications Commission (FCC) and the Department of Veterans Affairs (VA) to create coordinated enrollment opportunities for veterans, particularly participants in VA's pension or homeless veterans programs, to easily email in the FCC's Lifeline Program.”); American Council of the
If the Commission seeks to expand the Lifeline program to include broadband services, Budget agrees with commenters that $9.25 is not sufficient to support broadband services and to increase broadband access for low-income households, while at the same time supporting voice services. As currently priced, broadband service far exceeds the cost of voice-only offerings. If the FCC is unwilling to increase the monthly Lifeline support amount for use in connection with broadband services and carriers are forced to pass along costs to low-income households in the form of end-user charges, it is not clear that broadband adoption for low-income families will increase. As evidence, the Commission need look no further than the Lifeline Broadband Pilot Program where higher end-user charges consistently hurt subscription rates by low-income families. If the FCC is serious about supporting broadband services in the Lifeline program, it will need to significantly increase the per month/per household rate of support.

Blind Comments at 1 ("ACB supports Odin Mobile's proposal that persons who receive equipment from State equipment distribution programs be eligible for Lifeline. These programs subsidize equipment for people with disabilities. The proposal if adopted will provide the States a strong incentive to modernize their programs to include equipment that supports broadband, as well as equipment that can be used by people with a variety of disabilities.").

33 See, e.g., AARP Comments at 14 ("[A]ny conceivable split in the current $9.25 funding level between voice and broadband would leave little in the way of support for broadband, and given the continuing lack of functionality of mobility services with regard to features such as medical monitoring, it may not be feasible for consumers to go wireless-only in the first place. Thus, AARP believes that a higher level of support is needed. . . ."); Public Knowledge Comments at 31 ("The Lifeline Modernization FNPRM proposes permanently setting the Lifeline subsidy at $9.25 per month. Data compiled by Connected Nation and the FCC indicate the average price for broadband service in the United States is $47.48 per month. The proposed $9.25 per month discount represents an approximately 20 percent reduction in monthly cost.").

34 See, e.g., Wireline Competition Bureau, Low-Income Broadband Pilot Program Staff Report, WC Docket No. 11-42, DA 15-624 at 2 (May 22, 2015) (". . . [S]everal of the pilot projects tested varying subsidy amounts or discounts offered to consumers for both the service and a device. Patterns within the data indicate that cost to consumers does have an effect on adoption and which plans they choose. In several of the projects, when given the choice among service plans, new adopters were willing to pay for broadband service, but tended to choose more modest and affordable speeds and data allowances."); TracFone Comments at 20 ("Based upon TracFone's experience as a participant in the broadband pilot program, as well as the experiences of other participants whose results were documented in a recent report, meaningful levels of broadband adoption by low-income households will require more than a $9.25 monthly support amount.").
Similarly, commenters have pointed out that if the Commission intends to devote Lifeline program resources to supporting broadband service, it should also consider devoting Lifeline resources to support defraying the cost of acquiring broadband devices in low-income households. Upfront device costs -- e.g., computer/smartphone costs, modem and router costs -- routinely deter low-income households from broadband adoption. Lifeline support should be used to facilitate the purchase of the broadband devices necessary to receive broadband services.

VIII. CONCLUSION

Budget supports the Commission's efforts to improve the Lifeline program. Greater efficiency in the program benefits everyone. However, in making changes to the program, the Commission needs to ensure that the current services received by low-income families under the Lifeline program are not diminished. Voice services currently supported by the Lifeline program play a vital role in the daily lives of low-income households, whether it is to provide family security, a lifeline to emergency communications, communicate with a current or prospective employer or to communicate with healthcare professionals. Any changes to the Lifeline program should not jeopardize these current services in any way and should ensure that, at a minimum,

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35 See, e.g., AARP Comments at 20 ("The Commission must also address the need for customer premise equipment. Programs that make low-cost computers or tablets available to low-income households are appropriate, and results from the Commission’s Broadband Pilot indicate that low-cost computers are an integral component of the process.")
low-income households are able to continue in the Lifeline program as they currently do.

Respectfully submitted,

Budget PrePay, Inc. d/b/a Budget Mobile

[Signature]

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