



Response to Additional Questions

Jessica J. González
Vice President of Policy & Legal Affairs
National Hispanic Media Coalition

Before the

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Committee on Energy and Commerce
Subcommittee on Communications and Technology

Regarding

The Lifeline Fund: Money Well Spent?
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The Honorable Doris Matsui

Can you paint a picture of what expanding Lifeline for broadband could mean for helping to bridge the digital divide in this country?

Today more than a million Americans do not have broadband at home. This digital divide between those that have broadband and those that do not is really an opportunity divide. For instance, nearly 80% of Fortune 500 companies only accept job applications online. Within the next decade, nearly 80% of jobs will require some digital literacy skills. Students with broadband at home graduate at a rate 7% higher than those who lack such access. Moreover, consumers with broadband at home can save up to \$7,000 per year on goods and services, and annual revenues of small businesses with broadband access are, on average, \$200,000 higher than those without broadband. In other words, home broadband access has the potential to drastically change people's lives for the better.

Through various vehicles, a broad and bipartisan spectrum of U.S. leaders have expressed that universal and affordable broadband access is an important national objective. At the same time, the very people that subscribe to Lifeline are many of the same folks that have not adopted broadband due to prohibitively high costs. As I mentioned in my written testimony, a survey of one Lifeline provider's customers revealed that 86 percent did not have an Internet connection at home, and 90 percent didn't have broadband Internet access, further increasing their reliance on their Lifeline phone service.¹ Thus, expansion of Lifeline to broadband would be a common sense and targeted approach to closing the digital divide. This ought to be a central component of a multi-pronged national strategy to make affordable home broadband a reality for all Americans.

By bringing everyone online we, as a country, are creating an even playing field for the next generation of leaders to engage in an increasingly digital economy and help maintain U.S. competitiveness in the global sphere.

The Honorable Ben Ray Lujan

As you know, Lifeline is a vital service for many of my constituents who depend upon it to follow up on job opportunities, communicate with their doctors, or contact emergency services. Congress needs to work together, across party lines, to find ways to further expand upon the FCC's reforms to ensure that this program is targeted towards the low income Americans who need affordable communications capabilities the most. What service capabilities do you believe are needed by Lifeline recipients? How do you believe the program should adapt to meet future needs?

To determine what Lifeline recipients need most, Congress should, at a minimum, examine trends in the employment and education sectors.

¹ Comments of TracFone Wireless, Inc., NTIA Docket No. 0907141137-05 (filed Nov. 30, 2009), available at <http://www.ntia.doc.gov/files/ntia/broadbandgrants/comments/rfi2/TracFone%20-%20Comments%20to%20NTIA%20and%20RUS%20sent%2011-30-09.2.pdf>.

People absolutely cannot obtain and maintain steady employment without access to mobile telephone service. When potential employers call, they expect to reach a potential employee right away as it is often assumed that everyone has mobile phone access. Indeed, it is growing increasingly difficult to find employment without broadband access. 80% of Fortune 500 companies only accept online job applications and in the next decade nearly 80% of jobs will require some digital literacy skills. Those who qualify for Lifeline need communications capabilities probably more than most so that they can connect with potential and current employers.

Children without broadband access at home are falling behind in our schools and we are doing a great disservice to tomorrow's workforce by failing to invest in home broadband in every American home. School and library broadband access are a step in the right direction, but they are not enough! Students that lack home broadband access graduate at a rate 7% lower than those with home access. In our poorest schools, children are not engaged in digital learning in the same way that they are in wealthy neighborhoods, even if those schools have equivalent broadband offerings, because teachers cannot assign digital homework assignments, the norm and the standard in many state curricula and textbooks. These very students are also struggling with poverty and other issues, and they need broadband even more than their more affluent peers.

Thus, Lifeline should adapt to meet 21st century communications needs. Consumers should have a choice of whether they use Lifeline subsidies towards landline phones, mobile phones or home broadband connections.

The Georgia Public Service Commission recently began charging a \$5.00 monthly service fee for all Lifeline subscribers in their state. Some have suggested that a co-pay should be imposed upon all subscribers across the country. What do you think the impact on Lifeline users would be if they are charged a co-payment?

Many of Lifeline's neediest and most vulnerable users would drop from the program were a co-pay to be imposed. Over 25% of people in the U.S. are unbanked or under-banked. For these folks, even nominal fees would be unduly burdensome as the cost of the transaction could dwarf the fee itself. I included in my testimony examples of some people from Georgia that are experiencing this service fee. They described their situations and they are very bleak. People are making difficult decisions between food and cell phones. For some of these folks, \$5 is all they have per day for food for themselves and their families. So a \$5 could unintentionally disenfranchise seniors, people with disabilities, and other people living on fixed incomes.