

The Honorable Anna Eshoo

- 1. As you know, a growing number of Americans are getting rid of their old landline telephones and using only a wireless device. Based on CTIA’s research, what portions of the population are most likely to make a transition to a wireless-only service?**

Response: While CTIA does not track this particular data, there is good information available on this subject from the Centers for Disease Control and Prevention, which conducts a semi-annual survey through its National Center for Health Statistics. The CDC survey is an authoritative source for information concerning the size and characteristics of the wireless-only population.

- 2. As you know, I strongly support cell phone unlocking so consumers can switch carriers while keeping their existing phone. Given that the Lifeline program only subsidizes services and not the device, I believe such a policy would enable support dollars to go further and expand the universe of phones that can be used with the program. When contractual obligations are met, do you support allowing consumers to unlock devices to use with the service of their choice, including services supported by the Lifeline program?**

Response: CTIA has not objected to, and in fact has supported, permitting unlocking for personal use, provided that such circumvention is non-commercial and carefully limited so that it cannot be used to foster free-riding commercial activity, undermine exclusive distribution agreements, or facilitate bulk theft of handset subsidies through trafficking in new subsidized phones. As to the views of individual carriers, while it is difficult to give a blanket answer for all of CTIA’s carrier members, most subscribers are served by carriers that will enable individual users to unlock their device(s) either upon completion of the user’s contract terms or payment of an early termination fee (in the case where a subscriber opts to unlock and leave prior to fulfilling the contract’s terms). Additionally, some carriers have more permissive unlocking policies that enable an end user to lock his or her phone after some set period of time, provided that the user’s account is in good standing.

It is important, of course, to note that, given differences in technology (CDMA v. GSM) and spectrum holdings among carriers, merely unlocking a device from a particular carrier’s network does not mean that such device can be activated for use on another carrier’s network, or that the device will be optimized for use in the event that it can be activated. Also, because Lifeline support applies only to services and not to equipment, it is not clear that unlocking will “enable support dollars to go further.” Moreover, wireless carriers that participate in the Lifeline program provide “prepaid” service to eligible subscribers. Accordingly, Lifeline customers have no “contractual” obligations to their carrier and are free, subject to Lifeline eligibility rules, to switch wireless service providers.

The Honorable Henry Waxman

- 1. The FCC now requires wireless carriers to more adequately disclose to consumers the rules they must follow to get Lifeline benefits in all marketing materials. How are your members complying with this requirement? Do you believe that this requirement has been effective in minimizing waste, fraud, and abuse?**

Response: While an informal survey of CTIA’s carrier members suggests that those which provide Lifeline services are in compliance with the FCC’s rules and making all necessary disclosures to consumers, disclosure of the eligibility requirements and rules for subscribing to Lifeline service are likely inadequate, in and of themselves, to dissuade a consumer bent on committing fraud from doing so. That is why CTIA and its carrier members have supported the FCC’s efforts to establish both a duplicates database and an eligibility database. Both databases will serve to reduce fraud associated with the program and ensure that only those who are eligible for support are able to benefit from the program. This is why CTIA has called for implementation of these databases as expeditiously as possible.

The Honorable Doris Matsui

- 1. Does the Lifeline program have any impact on the U.S. budget or our nation’s fiscal deficit?**

Response: As noted in CTIA’s written testimony, the Lifeline program, like all USF programs, is funded through levies imposed on providers of interstate telecommunications services. Wireless companies, wireline telephone companies, and VOIP providers contribute to the fund and generally recover those contributions from their end-user customers. Funds are remitted not to the U.S. Treasury, but rather go to the Universal Service Administrative Company, an independent, not-for-profit organization established by the FCC to administer the four universal service programs.

Universal service contributions collected and distributed by USAC do not impact the Federal budget, the deficit, or the debt in any way. Congress appropriates no money for the fund and, because of that, increasing or decreasing the size of the Lifeline program, or any other component of the overall universal service program, will not impact the federal budget.