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April 12, 2016

The Honorable Greg Walden
Chairman
Committee on Energy and Commerce
Subcommittee on Communications and
Technology
U.S. House of Representatives
Washington, DC 20515

The Honorable Anna G. Eshoo
Ranking Member
Committee on Energy and Commerce
Subcommittee on Communications
and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Walden and Ranking Member Eshoo:

On behalf of the Lifeline Connects Coalition, a non-partisan industry group representing four Lifeline providers serving more than 2.1 million subscribers in over 40 states, we write to voice our opposition to H.R. 4884, the “Controlling the Unchecked and Reckless Ballooning of Lifeline Act of 2016.” We urge you to oppose passage of this legislation, which threatens to unfairly deprive eligible low-income Americans of modern communications.

In its Lifeline Modernization Order, the FCC established a budget of \$2.25 billion and requires the Wireline Competition Bureau to notify the Commission if spending reaches 90 percent of the budget and to prepare an analysis of the causes of the spending growth, with recommended actions for the FCC to consider. This budget mechanism strikes a reasonable balance between fiscal responsibility and the FCC’s statutory responsibility to make communications services affordable to low-income Americans. The \$1.5 billion Lifeline hard cap proposed in H.R. 4884, on the other hand, threatens to undermine the affordability and accessibility goals of the Lifeline program by:

- **Potentially cutting off eligible Americans from affordable voice and broadband service.** The \$1.5 billion cap is lower than the size of the program in 2015. Therefore, as the program reaches the cap each year, the FCC will be faced with an awful choice: either reduce Lifeline benefits for low-income consumers, likely resulting in a co-pay that would make service unaffordable for millions of eligible consumers, or shut out new

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applicants from the program entirely, an unjust and discriminatory result for those eligible households that—through no fault of their own—apply for service the month after the program reached the \$1.5 billion cap.

- **Removing the safety valve that the Commission wisely established in its own Lifeline budget.** The proposed \$1.5 billion cap deprives the Commission of the opportunity to study the underlying causes of increases in program participation (e.g., economic crisis or successful digital literacy campaigns), which can be done without unfairly cutting off eligible low-income Americans from service.
- **Preventing millions of eligible Americans from accessing broadband service that they otherwise could not afford.** In its press release announcing the Lifeline Modernization Order, the Commission notes that 43 percent of the nation's poorest households say they can't afford modern broadband service. And yet, today only approximately one-third of eligible consumers participate in the Lifeline program, with disbursements less than the proposed cap. If Congress were to cap the Lifeline program at \$1.5 billion, it would leave a significant portion of eligible households unserved and unable to participate in the digital economy.
- **Exposing the Lifeline program to discrimination or political games.** Under a strict \$1.5 billion cap, the Commission likely would face calls to exempt certain classes of low-income individuals, or otherwise to prioritize certain groups over others. This exposes the program to arbitrary line-drawing and political gamesmanship, potentially disadvantaging some eligible groups while favoring others.

Additionally, we urge you to reject the proposal in H.R. 4884 to discontinue support for **standalone mobile voice service** in two years because it would cut off eligible low-income Americans, particularly the elderly, from critical communications including to emergency services, before the market has fully transitioned to support IP-enabled voice service. The Commission recognized the value of preserving stand-alone voice service when it established a sensible, technology-neutral glide path that will gradually phase-down support for voice service from 2019 until 2021. Indeed, even after this transition period, the Commission proposes to preserve stand-alone voice service in areas where there is only one Lifeline provider. Congress should not substitute the Commission's reasoned judgment with an arbitrary cut-off period that would deprive consumers of choice.

This coalition worked closely with the FCC on its Lifeline modernization efforts, and we look forward to working with you and your committee to ensure Lifeline is an efficient and

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effective program for years to come. But it is critical that you oppose H.R. 4884 and the danger it poses to millions of low-income Americans.

Sincerely,

A solid black rectangular box redacting the signature of John J. Heitmann.

John J. Heitmann

