

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

In the Matter of	)	
	)	
Bridging the Digital Divide for Low-Income Consumers	)	WC Docket No. 17-287
	)	
Lifeline and Link Up Reform and Modernization	)	WC Docket No. 11-42
	)	
Telecommunications Carriers Eligible for Universal Service Support	)	WC Docket No. 09-197
	)	

**Reply Comments of Voqal on Behalf of Mobile Citizen**

Voqal, the collective trade name for five nonprofit organizations that hold licenses in the Educational Broadband Service (EBS)<sup>1</sup>, respectfully submits these reply comments in response to the Notice of Proposed Rulemaking and Notice of Inquiry released on December 1, 2017, in the proceedings listed above.<sup>2</sup> Though these five commenting organizations are separate, many of their activities are similar or are conducted together, a combination that tended to be confusing to users. Consequently, the five adopted the trade name Voqal in common, and are referred to collectively as Voqal in this pleading. The Lifeline program was created to make modern telecommunications services more affordable to those who can least afford them. Connectivity is vital to participate in the 21st Century economy, as well as our democracy. Access to information keeps our citizenry informed, and it provides opportunities for Americans to learn and take part in the digital economy. As such, the goal of closing the digital divide is more important than ever.

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<sup>1</sup> These EBS licensees are: Chicago Instructional Technology Foundation (“CITF”), Denver Area Educational Telecommunications Consortium (“DAETC”), Instructional Telecommunications Foundation (“ITF”), Portland Regional Educational Telecommunications Corporation (“PRETC”), and Twin Cities Schools’ Telecommunications Group (“TCSTG”). CITF is licensee of WLX-630, Chicago. DAETC is licensee of WHR-488, Denver. ITF is licensee of WHR-509, Indianapolis; WHR-527, Philadelphia; WHR-512, Sacramento; WHR-511, Kansas City; WLX-699, Salt Lake City; WLX-694, Las Vegas; and WLX-816, Phoenix. PRETC is licensee of WHR-522, Portland, OR. TCSTG is licensee of WHR-487, Minneapolis.

<sup>2</sup> *Bridging the Digital Divide for Low-Income Consumers, Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support*, Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking, and Notice of Inquiry, 32 FCC Rcd 10475 (2017) (2017 Lifeline NPRM/NOI).

While we share the goal of the Commission to make the Lifeline program more efficient and effective, we are gravely concerned that the Commission’s proposed rules will drastically widen the digital divide gap in America, further leaving millions of Americans behind and undermining the work of hundreds of organizations in the United States, including Voqal.

## **I. Background**

Voqal’s most prominent project is Mobile Citizen. Founded in 2012 as a successor to similar work done by Voqal, Mobile Citizen is a wireless broadband service that provides affordable wireless connectivity to qualified educational institutions, nonprofit organizations and social welfare agencies that might otherwise not be able to afford service. As it operates today, Mobile Citizen is made possible because of a series of interrelated excess capacity agreements (referred to herein as the Clearwire Agreements) between EBS licensees Voqal and North American Catholic Educational Programming Foundation (NACEPF) on the one hand; and Clearwire Corporation<sup>3</sup> and one of its subsidiaries on the other.

The Clearwire Agreements allow Voqal to receive what are referred to as Cost-Free Educational Accounts (CEFAs), which they may give away or resell to qualified educational institutions, nonprofit organizations and social welfare agencies. CFEAs provide users with 4G LTE mobile broadband service on Sprint’s network. Voqal provides these CFEAs to qualified nonprofit, educational and social welfare entities via our Mobile Citizen project for free, or at very favorable rates, usually around \$10 per month. This service is not only affordable, but also provides the mobility that many of our end users desire.

Through its partnerships with a wide variety of educational entities, social welfare agencies and nonprofit organizations across the country, Mobile Citizen currently serves tens of thousands of end users located in all 50 states. In particular, our services have found widespread adoption among nonprofits whose chief purpose is to reduce the digital divide and homework gap – problems that are all too

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<sup>3</sup> Clearwire was acquired by Sprint in mid-2013. Mobile Citizen now utilizes Sprint’s LTE network to deliver service through mobile “hot spots.”

prevalent in America. Mobile Citizen is also used by educational institutions both on campus<sup>4</sup> to provide connectivity for ancillary buildings, as well as off-site through student and teacher check-out programs. To date, Mobile Citizen has received no funding through the Lifeline program. It is supported by fees received from its nonprofit customers and funding from Voqal. More information about Mobile Citizen can be found at our website at <https://mobilecitizen.org/>.

A large majority of Mobile Citizen customers are nonprofit organizations working directly with the population that the Lifeline program is intended to support. These nonprofit groups work hard to support education, improve digital literacy, tackle hunger and address homelessness. In some cases, these organizations are resellers of our service to low-income end users. Stories from organizations and individuals using Mobile Citizen show how broadband is life-changing for so many. One organization, Neighbors Inc., shared its experience of using mobile broadband to sign up low-income individuals for healthcare services, reducing the uninsured rate by 13 percent in Dakota County, Minnesota. Another group, PCs for People, has explained how it targets individuals whose income is at the 200 percent  poverty line and below. It has connected 42,000 individuals with technology and broadband access, yet relies on two non-facilities-based providers, including Mobile Citizen. Finally, the Central Pennsylvania Digital Learning Foundation has explained it uses mobile broadband from Mobile Citizen to help a growing number of homeless students in classrooms who would otherwise face a serious disadvantage.

These stories, and hundreds more like them, demonstrate the power broadband can have in communities across the United States. The people behind these stories need affordable broadband to compete for better jobs, provide for their families, and give their children a shot at success. Broadband connectivity and affordability not only helps these families, but it also makes our entire country stronger, better connected, and more competitive. That is what is at stake in this rulemaking.

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<sup>4</sup> Schools have used Mobile Citizen's service in a number of ways to fill existing gaps including in areas of the school where teachers can't get access to their on-campus Internet or at a school's baseball fields, which are just out of range of the school's Wi-Fi.

## **II. ELIMINATION OF NON-FACILITIES-BASED TELECOMMUNICATIONS CARRIERS FROM ELIGIBILITY IN THE LIFELINE PROGRAM DIRECTLY HARMS LIFELINE RECIPIENTS AND REDUCES CONSUMER CHOICE**

The NPRM asks for comments regarding a proposal to eliminate support for service provided by non-facilities-based entities. To date, the comments filed in this docket overwhelmingly oppose the proposed rule to eliminate eligibility for non-facilities-based providers and we agree. The FCC rightly shifted Lifeline support to include mobile service and broadband in the last decade. Yet, there remains a significant need for broadband access and especially broadband affordability in low-income communities. Non-facilities-based providers are currently serving a key role in filling that need. As the Pew Research Center<sup>5</sup> demonstrates, roughly 11 percent of U.S. adults do not use the Internet, and that rate is nearly double for those with an income below \$30,000 per year. As the 2015 American Community Survey from the Census Bureau<sup>6</sup> shows, only 52.5 percent of households with an income less than \$25,000 own a computer or laptop, and just 51.8 percent of these households own a smartphone or handheld computing device. Not surprisingly, just 51 percent of these households have a broadband subscription, a figure that is 20 percent lower than the next income bracket, and 43 percent lower than the most well-off households in America. Cost remains the most significant reason why Americans do not adopt broadband.<sup>7</sup> Without internet connectivity, low-income households simply cannot compete with other Americans, let alone citizens from other countries with more affordable broadband.

Nonprofit organizations, including many whose sole mission is focused on closing the digital divide, work hard to serve this population. These organizations leverage Lifeline resources to help connect the unconnected, precisely as the FCC and Congress have intended. Since the FCC allowed consumers to apply Lifeline subsidies to wireless phones in 2008, these providers have created a

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<sup>5</sup> Monica Anderson, Jingjing Jiang, Andrew Perrin. *11% of Americans Don't Use the Internet. Who Are They?* Pew Research Center. (Mar. 5, 2017), <http://www.pewresearch.org/fact-tank/2018/03/05/some-americans-dont-use-the-internet-who-are-they/>.

<sup>6</sup> Jamie M. Lewis and Camile Ryan. *Computer and Internet Use in the United States: 2015*. United States Census Bureau. (Sept. 2017), <https://www.census.gov/content/dam/Census/library/publications/2017/acs/acs-37.pdf>.

<sup>7</sup> *Id.* Table 1. (Computer and Internet Use for Households by Selected Characteristics: 2015)

competitive ecosystem, hungry to serve the poorest Americans. According to the USAC’s Lifeline data, roughly 70 percent of Lifeline customers get their service from providers that resell the capacity of companies like Sprint or T-Mobile.<sup>8</sup>

The *2016 Lifeline Order* provided even greater consumer choice, allowing Lifeline support to be applied to broadband services. As CTIA points out, “In only one year following the Commission’s *2016 Lifeline Order*, almost 70 percent of nine million eligible low-income subscribers were receiving Lifeline-supported broadband services, including mobile wireless broadband, that met the FCC’s minimum service standards.”<sup>9</sup> Non-facilities-based organizations have played a key role in promoting the program and improving adoption in the very population this program is designed to serve. The proposed rules to eliminate eligibility to non-facilities-based providers will dramatically eliminate competition and choice from the program, directly harming low-income consumers.

If the FCC seeks to eliminate waste, fraud and abuse from the program, the focus should not be on attacking entities serving this vulnerable population. In contrast, the FCC should focus on improving the verification system, as many commenters in this docket have urged. Citizens who qualify for Lifeline should not be punished due to the lack of a working verification system. In addition, these low-income Americans should have the ability to choose the provider and the service – either voice or broadband – that best meets their family’s needs. We strongly urge the Commission to abandon this proposal and to retain eligibility to non-facilities-based providers.

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<sup>8</sup> *Universal Service Monitoring Report* at 30, Table 2.8, CC Docket No. 96-45, WC Docket Nos. 02-6, 02-60, 06-122, 10-90, 11-42, 13-184, 14-58 (2016) (showing that almost 70% of lifeline subscribers in 2015 were served by non-facilities based providers).

<sup>9</sup> See Comments of CTIA – The Wireless Association®, WC Docket No. 17-287 et al., at 12 (filed Feb. 21, 2018) (demonstrating the demand and subsequent service provided to low-income populations following the Commission’s *2016 Lifeline Order* reforms). <https://ecfsapi.fcc.gov/file/1022132549976/180221%20CTIA%20Lifeline%20Comments.pdf>

### III. REDIRECTING LIFELINE FUNDS TO SPUR NETWORK INVESTMENT IS LIKELY TO FAIL AND RELIES UPON FLAWED LOGIC

The Commission makes the claim that eliminating non-facilities-based eligibility from Lifeline will help spur investment among facilities-based competitors. Comments from several of the nation's largest telecommunications providers demonstrate this logic is not only flawed, but also may result in even fewer providers participating in the program. As Sprint points out,<sup>10</sup> the “modest per-person Lifeline subsidy, whose receipt is not guaranteed, is not an appropriate basis on which to make capital-intensive network deployment decisions.” To put it in perspective, the largest facilities-based wireless providers are planning capital expenditure budgets of \$5 billion<sup>11</sup> to \$25 billion<sup>12</sup> in 2018. The nominal economic incentive created by Lifeline support is just a small fraction of the projected revenue for any of the facilities-based providers.

According to the wireless trade association, CTIA, Lifeline participant choice *already* incents network deployment by connecting more consumers to facilities-based services. It should be noted that 92 percent of Lifeline support went to mobile providers because consumer increasingly demand mobile service, a market that the FCC has repeatedly proclaimed as competitive.<sup>13</sup> Non-facilities-based providers have driven greater network investment because they increase voice, mobile and broadband adoption, as these adoption numbers demonstrate. The FCC is misguided to think only providing facilities-based providers with Lifeline resources will drive further investment. In most cases, these providers already have deployed network infrastructure in areas where Lifeline recipients live. Broadband access is not the

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<sup>10</sup> See Comments of Sprint Corporation, WC Docket No. 17-287 et al., at 14 (filed Feb. 21, 2018), available at <https://ecfsapi.fcc.gov/file/1022132549976/180221%20CTIA%20Lifeline%20Comments.pdf>

<sup>11</sup> See *Transcript of Sprint's Management Presents at Deutsche Bank 2018 Media, Telecom & Business Services Conference*, Seeking Alpha, (Mar. 7, 2018), available at <https://seekingalpha.com/article/4154284-sprints-s-management-presents-deutsche-bank-2018-media-telecom-and-business-services?part=single>.

<sup>12</sup> See *Transcript of AT&T's Management Presents at Deutsche Bank Media, Telecom and Business Services Conference*, Seeking Alpha, (Mar. 6, 2018), available at <https://seekingalpha.com/article/4153857-ts-t-management-presents-deutsche-bank-media-telecom-business-services-conference-transcript?part=single>.

<sup>13</sup> UNIV. SERVICE ADMIN. Co., HIGH COST & LOW INCOME COMMITTEE BRIEFING BOOK 137 (2017), available at <http://www.usac.org/res/documents/about/pdf/bod/materials/2017-07-24-hcli-briefing-book.pdf>.

issue for these low-income individuals – it is broadband affordability that is preventing many from adopting telecommunications services. Non-facilities-based providers already provide facilities-based adoption and use. Eliminating eligibility for non-facilities-based providers will do little or nothing to impact network investment at larger providers while at the same time denying millions of low-income Americans affordable access to service. We urge the Commission to abandon this ill-advised proposal.

#### **IV. SUMMARY**

Voqal appreciates the opportunity to comment on this rulemaking. As Americans continue to compete in the 21st Century, access to affordable telecommunications services is essential. Broadband access has steadily improved for many Americans, but affordability continues to be a challenge for millions of American families. Lifeline represents the best opportunity to connect low-income Americans who would otherwise be left to borrow Wi-Fi in expensive coffee shops, fast food restaurants and in school parking lots after hours. The Commission has made great progress in expanding affordable broadband access since it undertook the transition from voice to broadband service just a few years ago. The Commission should not backtrack on the progress it has made, but rather should look to opportunities to improve Lifeline without limiting the availability of affordable options. We urge the Commission to take a logical, step-by-step approach to improving the Lifeline program and to abandon efforts to undermine the very providers who have helped achieve significant progress in closing the digital divide through this program.

Respectfully submitted,

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