



Mayor's Office of the
Chief Technology Officer

**TESTIMONY OF THE MAYOR'S OFFICE OF THE CHIEF TECHNOLOGY OFFICER
ON THE FEDERAL OVERHAUL OF THE FCC LIFELINE PROGRAM AND ITS
EFFECT ON LOW-INCOME NEW YORKERS**

FEBRUARY 28th, 2018

Good Afternoon Chair Koo and members of the City Council Committee on Technology. My name is Miguel Gamiño Jr. and I am the Chief Technology Officer (CTO) for the City of New York. I appreciate the opportunity to testify on the Federal Communication Commission's (FCC) recent proposal to reform Lifeline, a critical program that greatly affects the ability of low-income New Yorkers to afford access to the internet. I am also joined today by Joshua Breitbart, Deputy Chief Technology Officer for Broadband.

As this is the first hearing of the technology committee under the new Council leadership, I would like to first take this opportunity to state that we look forward to working with all of the committee members in what I am sure will be a productive partnership. Additionally, I would like to provide a brief overview of the responsibilities of the Mayor's Office of the CTO. We are in charge of delivering on Mayor de Blasio's goal of providing high-speed, affordable internet service everywhere by 2025, building a digital strategy that guides how we use tech tools to make government more accessible and work better for everyone, enabling a more responsive city with "smart" technologies and the Internet of Things, and working with the tech industry and local communities to make New York City the place for the boldest ideas in technology. As we like to say it, we are "making tech work for all New Yorkers." All of these initiatives are to help make New York the fairest big city in America, a concept that, unfortunately, the FCC's recent actions undercut.

The FCC's proposal¹ to reform the Lifeline program is part and parcel of a larger effort by the federal government to shed its responsibility to protect Americans who are both underserved and at risk of being exploited by incumbent Internet Service Providers. Just this past year we have seen the federal government reverse rules that would maintain a free and open internet, remove important internet privacy protections, propose rules that would usurp the authority of local governments to monitor the deployment of critical internet infrastructure, and now this effort to undermine an important subsidy to connect the underserved to the internet. Despite these actions, we remain committed to the administration's goal of universal, high-speed, affordable, internet service and we will work to accomplish this goal both through our national advocacy and our local implementation.

¹ *In the Matter of Bridging the Digital Divide for Low-Income Consumers, Lifeline and Link Up Reform and Modernization, and Telecommunications Carriers Eligible for Universal Service Support*, FCC 17-155, Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking, and Notice of Inquiry (released Dec. 1, 2017), https://apps.fcc.gov/edocs_public/attachmatch/FCC-17-155A1.pdf.

For thirty years, the Federal Communications Commission's (FCC) Lifeline program has provided critical subsidies for telephone service for low-income Americans. Nationwide, nearly 13 million people used the Lifeline Program in 2015 to subsidize their telephone connections.² Yet, the last 20 years have seen a sea change in how Americans communicate that has impacted nearly every aspect of their lives. High-speed Internet service has moved from a luxury to an absolute necessity. Despite the fundamental necessity of broadband access, millions of Americans – including millions of New Yorkers – are not connected to the Internet. The Pew Research Center recently reported that – nationwide -- 5 million households with school-age children do not have high-speed internet service at home.³ It further finds that “Low-income households – and especially black and Hispanic ones – make up a disproportionate share of that 5 million.”⁴ The U.S. is also the most expensive market for broadband service in the developed world and studies suggest service in NYC is higher than the national average.⁵ While there is still room for more research on adoption, there is much evidence that price is a primary reason Americans may not have adopted broadband.

For these reasons, making high-speed Internet service eligible for Lifeline subsidies has been a key priority of this administration due to the many New York City households that could potentially benefit. As such, Mayor de Blasio took a leadership role elevating Lifeline modernization as a priority for The U.S. Conference of Mayors, sponsoring and passing a resolution in support of Lifeline modernization. In addition, New York City led a coalition of 13 city mayors in offering support and recommendations to the FCC for Lifeline reform and modernization. This coalition eventually grew to include 37 mayors and the National League of Cities, which jointly endorsed the previous FCC Chair Thomas Wheeler's proposal to modernize the Lifeline program. All of these efforts contributed to Chairman Wheeler recasting Lifeline for the broadband era in 2016.

In addition to the general ability to use the subsidy for home broadband service, some of the specific provisions we fought for and won at the time included baseline standards for the quality of service; and residency in public housing as sufficient for eligibility. We also successfully advocated for a national verifier system that would have limited companies' abuse of the program while making it easier for more broadband providers in our area to make their services eligible. Finally, we also supported the creation of a Lifeline Broadband Provider designation, so a company that provides high quality broadband service but is not a provider of regulated telephone service could sell a Lifeline-eligible broadband product. These reforms would not on their own have solved the broadband affordability challenge for New Yorkers, but we thought they would create a new market opportunity for internet service providers to focus on low-income communities.

² *Lifeline Participation*, Universal Service Administrative Co., <http://www.usac.org/li/about/process-overview/stats/participation.aspx>.

³ John B. Horrigan, *The numbers behind the broadband 'homework gap'*, Pew Research Center (April 20, 2015), <http://www.pewresearch.org/fact-tank/2015/04/20/the-numbers-behind-the-broadband-homework-gap/>.

⁴ John B. Horrigan, *The numbers behind the broadband 'homework gap'*, Pew Research Center (April 20, 2015), <http://www.pewresearch.org/fact-tank/2015/04/20/the-numbers-behind-the-broadband-homework-gap/>.

⁵ According to a 2014 New America study, the cost of a 25 Mbps broadband connection was higher in New York City than any of the other 24 cities included in the study, domestic or international. See, Nick Russo et al., *The Cost of Connectivity 2014*, New America Open Technology Institute (Oct. 30, 2014), <https://www.newamerica.org/oti/policy-papers/the-cost-of-connectivity-2014/> (examining the estimated cost of a 25 Mbps connection).

Despite these positive changes to modernize the Lifeline program, the recently appointed FCC Chairman, Ajit Pai, has set back the clock. The Chair rescinded the Lifeline Broadband Provider designations of several carriers and now seeks to strictly limit the types of providers and customers that can qualify for the subsidy. The Chair now proposes to cap the total amount of funds available, so even many Americans who would be eligible could still be denied the benefit. The Chair also proposes to remove non-facilities based provider eligibility for the Lifeline program. This prevents lower cost providers that do not operate their own networks from participating and limits the program to traditional telephone operators or the four major wireless carriers. Public Knowledge, a non-profit public interest organization, estimates that 70% of current Lifeline subscribers use lower cost resellers for their phone service⁶. These changes, in sum, could make it nearly impossible for low-income broadband customers in urban areas like New York City to access needed funds for more affordable internet service.

Locally, we are concerned about the impact of the FCC's efforts to overhaul Lifeline. The City has a contract in place with Spot On Networks, a stand-alone wireless broadband provider, for a demonstration project that provides broadband service to the residents of the Queensbridge Houses, the largest public housing complex in the country with more than 3,100 households and nearly 7,000 residents. Thus far the program has been nationally recognized as a model to provide internet service for underserved residents in multi-tenant public housing. The monthly cost of the service that the City is paying Spot On works out to about \$10 per Queensbridge household – roughly the amount of the Lifeline subsidy – and Spot On had earned one of the first Lifeline Broadband Provider designations to become eligible. Unfortunately, the FCC's reversals will make it harder to replicate this model in New York or for other low- and moderate-income communities nationwide.

Like you, we are also concerned about the impact to vulnerable populations, such as low-income immigrant senior citizens. As access to public benefits move online, a connection to the internet becomes increasingly important. The City offers a wide range of programs to support seniors in accessing and using the internet. We provide public computer centers and an array of training programs at 474 public computer center locations, including 146 centers specifically for seniors and a first-of-its-kind, dedicated technology "exploration center" for seniors in a central location in Manhattan. There is great demand for these senior programs, as the Chair well knows, since the Selfhelp Rosenthal program in Flushing is a well-utilized broadband program for seniors. We would like to thank you for your support of this program.

The headwinds from the federal government have not shaken this administration's commitment to universal, affordable, high speed internet service. If anything, they are motivation for an even more comprehensive effort. In November our office released a Request for Information on citywide broadband.⁷ The purpose of the RFI is to gather input from industry experts to inform the City's implementation plan for universal broadband. The RFI laid out five principles to guide the City's broadband investments and partnerships. Affordability is one of the principles, along with Performance, Choice, Equity and Privacy.

⁶ Phillip Berenbroick, *Chairman Pai Plans to Put an End to the U.S. Commitment to Universal Service and Affordability*, Public Knowledge (Nov. 15, 2017), <https://www.publicknowledge.org/news-blog/blogs/chairman-pai-plans-to-put-an-end-to-the-us-commitment-to-universal-service>

⁷ *Mayor's Office of the Chief Technology Officer Issues Request for Information on Citywide Broadband Deployment*, Mayor's Office of the Chief Technology Officer (Nov. 15, 2017), <https://tech.cityofnewyork.us/2017/11/15/mayors-office-of-the-cto-issues-rfi-on-citywide-broadband-deployment/>.

The point of the affordability principle is that we have to eliminate cost as a barrier to access. Currently, New York City's lowest-income households are nearly twice as likely to lack home broadband subscription as the citywide population, and more than five times as likely as those with the highest-income based on data from the 2016 American Community Survey.⁸ This exacerbates the income inequality the Mayor is working to address.

The modernized Lifeline program, had the FCC implemented it faithfully, would have been a helpful relief for many eligible households that currently cut corners to cover their internet service each month. For some, it may have tipped the balance between no connection and being online. However, for some households – particularly for those living alone and those living on extremely low income – any monthly amount will be a challenge.

We received over three dozen responses to our citywide broadband RFI from a full array of stakeholders including fiber and wireless providers, labor and advocacy coalitions, and new technology start-ups. New York City has a history of being ambitious and forward-thinking in infrastructure, and the City is open to creative solutions that will deliver on the need to provide reliable, high-quality services that meet community needs.

Last week we submitted comments to the FCC on behalf of City of New York expressing our strong opposition to the changes in Lifeline.⁹ We also appreciate the comments from Chair Koo¹⁰ and, as stated, are in full agreement regarding the negative impacts to low-income immigrant senior citizens and other vulnerable populations.

Therefore, while there may be challenges ahead, we look forward to working with the Committee to advocate for the protection of the Lifeline program as it was composed under former Chairman Wheeler as well as continuing to work towards our goal of connecting all New Yorkers to the internet. We would also encourage individuals and organizations who share these concerns to file reply comments with the FCC by March 23rd. Thank you for the opportunity to address this important issue and I look forward to further discussion.

⁸ 2016 American Community Survey Public Use Microdata Sample, *prepared by* NYC Opportunity, (Jan. 2018).

⁹ Comments of the City of New York to the Federal Communications Commission (Feb. 21, 2018), <https://ecfsapi.fcc.gov/file/10221021835476/City%20of%20New%20York%20Comments%20Lifeline%204th%20RO%20NOI%20and%20NPRM%20Final.pdf>.

¹⁰ Comment of City of New York Council Member Peter Koo to the Federal Communications Commission (Jan. 24, 2018), <https://ecfsapi.fcc.gov/file/1012487924898/FCC.pdf>.

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
)	

COMMENTS OF THE CITY OF NEW YORK

I. INTRODUCTION

The City of New York (“the City”) submits these comments in connection with the Federal Communications Commission (“FCC” or “Commission”) proceedings listed above.¹ The City is concerned that the FCC’s recent proposals limit the types of providers that can qualify for a Lifeline subsidy, cap available funds to deny eligible Americans Lifeline benefits, eliminate an equipment requirement to deprive low-income Americans access to Wi-Fi enabled devices, prioritize benefits to the detriment of urban low-income communities, and recommend an undefined and insufficiently detailed risk-based approach for audits.

Nearly one third of New York City households do not have a home broadband subscription.² The lowest income New Yorkers are nearly twice as likely to lack a home broadband subscription as the city-wide population, and more than five times as likely as those with the highest income.³ Broadband service in New York City is more expensive than both the national average and

¹ *In the Matter of Bridging the Digital Divide for Low-Income Consumers, Lifeline and Link Up Reform and Modernization, and Telecommunications Carriers Eligible for Universal Service Support*, 83 FR 2104, Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking, and Notice of Inquiry (*hereinafter* “NPRM and NOI”).

² 2016 American Community Survey Public Use Microdata Sample as augmented by NYC Opportunity (group quarters deleted), *prepared by* Poverty Research Unit, NYC Opportunity (Jan. 2018).

³ *Id.*

international standards.⁴ The City remains committed to addressing these broadband affordability challenges and achieving universal broadband for our residents and businesses, and we seek a complementary national policy that ensures that affordable broadband options are available to all Americans. As discussed below, the City believes that the Commission's proposed changes will do more harm to the Lifeline program than good and make it increasingly difficult for the most vulnerable Americans in urban areas to access needed funds for more affordable internet service.

II. STAND-ALONE LIFELINE BROADBAND PROVIDER DESIGNATIONS SHOULD NOT BE ELIMINATED

The Lifeline Broadband Provider ("LBP") designation is an important feature of the Lifeline program, which has the potential for transformative benefits, leading to new investment in densely-populated, low-income urban areas that expand options for disadvantaged customers. The Commission's proposal to eliminate standalone LBPs⁵ would prevent lower cost providers that do not operate their own networks from participating in the program. New Yorkers, especially those in public housing, need greater participation in the Lifeline program by New York City internet service providers ("ISPs"), not less. Eliminating standalone LBP designations could favor larger service providers such as the traditional telephone operators or the four major wireless carriers, disadvantage businesses willing to serve low-income populations, and provide fewer choices for consumers.

The Commission notes in its NPRM that Lifeline's goal is to "increase the ability to pay for services of low-income households,"⁶ but eliminating the standalone LBP designation and requiring the provision of voice service does not further this goal. Rather, it merely requires that providers offer another service they may have already determined is not economically viable to offer, and a Lifeline subsidy is unlikely to change that. As the City noted in previous filings in this proceeding, New York City needs companies willing to make new investments that benefit

⁴ According to a 2014 New America study, the cost of a 25 Mbps broadband connection was higher in New York City than any of the other 24 cities included in the study, domestic or international. See, Nick Russo et al., *The Cost of Connectivity 2014*, New America Open Technology Institute (Oct. 30, 2014), <https://www.newamerica.org/oti/policy-papers/the-cost-of-connectivity-2014/> (examining the estimated cost of a 25 Mbps connection).

⁵ NPRM and NOI at ¶ 58.

⁶ NPRM and NOI at ¶ 65.

customers with varying levels of means, including and especially those in public housing, or companies willing to develop business models focused on low- and moderate-income consumers.

Further, the City is concerned that the Commission's proposal to end the stand-alone LBP designation when taken with its proposal to continue with the phase down of Lifeline support for voice service may be viewed as a means to effectively phase down the entire Lifeline program.⁷

III. LIFELINE SHOULD NOT BE LIMITED TO FACILITIES-BASED BROADBAND NETWORKS THAT ALSO SUPPORT VOICE SERVICE OVER THE ELIGIBLE TELECOMMUNICATIONS CARRIER'S LAST-MILE NETWORK

Limiting Lifeline eligibility to facilities-based broadband providers that also support voice service⁸ and excluding resellers will significantly harm the 70% of Lifeline subscribers who only get service through non-facilities based broadband providers.⁹ In New York State, as of April 2017, there was only one broadband provider and four wireless service providers taking part in Lifeline; three of those wireless providers appear to be resellers.¹⁰ Ending eligibility for non-facilities-based providers could restrict users who depend on Lifeline for mobile service to a single company, creating a monopoly for Lifeline service and decreasing, rather than increasing, competition. Those consumers who would most benefit from multiple broadband choices from multiple providers could be left with few options for affordable service. Further, non-facilities-based providers buy and resell services from facilities-based providers; users of any of the service providers are therefore likely to encourage investment in broadband networks. Additionally, investment in broadband networks is subject to diverse pressures; it is not clear that restricting Lifeline support to facilities-based providers would have any significant effect on investment in broadband networks, but it could cause significant disruptions to the lives and finances of the people who rely on Lifeline service provided by non-facilities-based providers. Finally, it is unclear how this proposal to limit Lifeline participation to facilities-based networks that also

⁷ NPRM and NOI at ¶¶ 74-76.

⁸ NPRM and NOI at ¶¶ 63-73.

⁹ Phillip Berenbroick, *Chairman Pai Plans to Put an End to the U.S. Commitment to Universal Service and Affordability*, Public Knowledge (Nov. 15, 2017), <https://www.publicknowledge.org/news-blog/blogs/chairman-pai-plans-to-put-an-end-to-the-us-commitment-to-universal-service>.

¹⁰ *NYS Lifeline Provider List*, New York State Public Service Commission (April 2017), available at <http://www3.dps.ny.gov/W/AskPSC.nsf/All/01BC8E76E515299785257FA2006AE2F7?OpenDocument> (click link for "Lifeline-Providers 2017.pdf") (the wireless providers are Access Wireless, Assurance Wireless/Virgin Mobile – Sprint, Safelink Wireless/Tracfone, and Verizon Wireless; the broadband provider is Time Warner Cable (now Charter)).

support voice service would operate in concert with the planned phase down of voice service support in the Lifeline program. The City is concerned that these policies taken together will decrease investment, as Lifeline providers may anticipate their investments in voice service may be stranded after the phase down.

IV. PHASE DOWN OF LIFELINE SUPPORT FOR VOICE SERVICE SHOULD BE HARMONIZED WITH OTHER PROPOSALS

The City believes the Commission needs to clarify its plans regarding the phase down of Lifeline support for voice services. While the Commission states that it intends to continue the phase down targeted for 2021 to encourage investment in broadband-capable networks,¹¹ the Commission also “propose[s] limiting Lifeline support to broadband service provided over facilities-based broadband networks that *also support voice service* [emphasis added].”¹² It appears the Commission intends to require that Lifeline providers maintain networks that provide a service that would at some point be phased out of the Lifeline program. Setting aside the question of whether the Commission should continue the phase down of Lifeline support for voice services, it is unclear what effect these two proposals, if both were adopted, would have on provider participation. It seems unlikely that requiring broadband providers to support voice services but neither reimbursing them for those services nor incentivizing consumers to take advantage of such services with Lifeline support would increase investment in networks or participation in Lifeline. Such a regulatory scheme would likely have the opposite effect, reducing investment in networks or causing providers to discontinue offering service under the Lifeline program, slowing broadband deployment and widening the digital divide. The Commission should harmonize its proposals regarding Lifeline before enacting any rule changes regarding the phase down of voice service from the Lifeline program, stand-alone LBP designations, or voice service requirements.

V. LIFELINE’S EQUIPMENT REQUIREMENT SHOULD BE RETAINED

The City opposes the Commission’s proposal to eliminate the equipment requirement, particularly as it applies to mobile providers.¹³ The current rule “mandates that any Lifeline provider that ‘provides devices to its consumers[] must ensure that all such devices are Wi-Fi enabled,’ prohibits

¹¹ NPRM and NOI at ¶¶ 74-76.

¹² NPRM and NOI at ¶ 67.

¹³ NPRM and NOI at ¶ 81.

‘tethering charge[s],’ and requires mobile broadband providers to offer devices ‘capable of being used as a hotspot.’”¹⁴ As the Commission notes, “a ‘substantial majority’ of Americans already own Wi-Fi enabled smartphones,”¹⁵ and Americans that rely on Lifeline should not be relegated to second-class status with devices that lack common but no less essential features. Cities are deploying a range of technologies and strategies to support access to the internet, including Wi-Fi. New York City has extensive public Wi-Fi installations in parks, libraries, and other public spaces,¹⁶ including LinkNYC, which provides fast, free, and secure Wi-Fi connections as well as free phone calls, access to emergency services, and device charging.¹⁷ The City has also organized a project to provide broadband service over Wi-Fi to residents of the Queensbridge Houses, the largest public housing complex in the country with more than 3,100 households. Allowing Lifeline providers to offer devices that lack this essential functionality could cut those users off from these services and increase the digital divide.

VI. SAFEGUARDS ARE NECESSARY TO PREVENT WASTE, FRAUD, AND ABUSE BUT THE FCC’S PROPOSALS DO NOT SERVE THIS PURPOSE

While the City supports efforts to effectively identify and limit waste, fraud, and abuse,¹⁸ such efforts should neither discourage use of the Lifeline program, nor result in people who should have access to the program being denied benefits. Eliminating minimum standards and replacing mandatory biennial independent audits with an undefined and unspecified risk-based audit approach would increase the uncertainty of participating in the program and potentially reduce participation by providers. The City is also concerned that this proposal could negatively impact Lifeline enrollment.

Further, interested parties cannot effectively comment on a proposal whose actual workings will be determined at a later date. This NPRM proposes to select companies for audits “based on risk factors identified by the Wireline Competition Bureau and Office of the Managing Director, in coordination with USAC.”¹⁹ Without knowing what those factors are, the City is unable to

¹⁴ NPRM and NOI at ¶ 81.

¹⁵ NPRM and NOI at ¶ 81.

¹⁶ *NYC Wi-Fi Hotspot Locations*, NYC OpenData (last visited Feb. 13, 2018), <https://data.cityofnewyork.us/Social-Services/NYC-Wi-Fi-Hotspot-Locations/a9we-mtpn> (showing the locations of Wi-Fi hotspots that provided free or limited free (e.g., a number of free sessions per day) throughout New York City).

¹⁷ See, LinkNYC, <https://www.link.nyc/index.html>.

¹⁸ NPRM and NOI at ¶ 83.

¹⁹ NPRM and NOI at ¶ 84.

substantively comment on this proposal. The relevant paragraphs provide commenters with no specific rules or proposals, and instead contain only vague references to “risk factors,” and do not even go so far as to suggest what those risk factors might be. This broad discussion does not meet the standards required of a Notice of Proposed Rulemaking,²⁰ as it lacks both the substance of the proposal and a description of the subjects and issues involved. The Commission should not issue any rules on an as-yet underdetermined proposal.

VII. SELF-ENFORCING BUDGETS OR CAPS TO THE LIFELINE PROGRAM SHOULD NOT BE ADOPTED

The City is strongly opposed to a “self-enforcing budget mechanism” or placing caps on the Lifeline program.²¹ Lifeline is intended to help Americans in need of financial aid to access communications services that have become a necessity in our society. The City understands the desire of the Commission to operate within budget, but not at the expense of the persons who depend on the Lifeline program as their only means to get online. The Commission does not suggest that such aid would only be decreased if providers were found to be engaging in fraud or allowing significant waste or abuse. Instead, the Commission’s proposal would decrease benefits to each subscriber as the number of needy Americans increases. Caps or other budgetary restrictions to the Lifeline program would limit Americans’ access to communications services at times they need to connect to public services, search for jobs, and take advantage of the low-cost, highly-efficient productivity services enabled by access to the internet. The Commission should not adopt any proposal that limits support when need is greatest.

VIII. PRIORITIZATION OF LIFELINE SUPPORT DOES NOT PROMOTE AFFORDABLE BROADBAND TO ALL

The Commission asks whether to prioritize rural areas over urban areas for Lifeline subsidies.²² Lifeline aid should not be targeted to specific parts of the country. The program is intended to help subscribers get access to affordable services anywhere, and prioritizing certain areas over others is contrary to the Commission’s charge to promote access to telecommunications and information services for “[c]onsumers in all regions of the Nation, including low-income

²⁰ 5 U.S.C. § 553(b).

²¹ NPRM and NOI at ¶¶ 104-107.

²² NPRM and NOI at ¶¶ 108 and 124-25.

consumers and those in rural, insular, and high cost areas”²³ The Commission should not target subsidies based on where consumers live to the detriment of similarly situated consumers in other areas of the country.

IX. CONCLUSION

While we support efforts to reform and modernize the Lifeline Program and to promote investment in broadband networks, the City believes that the FCC’s recent proposals in its NPRM and NOI only serve to further disenfranchise the low-income and underserved communities the program purports to help. The FCC should therefore reconsider its proposals to reverse long-needed improvements to the Lifeline program and instead focus on moving forward with actions that further improve the program.

Respectfully,

/s/ _____

THE CITY OF NEW YORK

February 21, 2018

²³ 47 U.S.C. § 254(b)(3).



Letitia James

FOR THE RECORD

**Testimony of the Public Advocate for the City of New York, Letitia James,
Before the New York City Council Technology Committee
February 28, 2018**

Good afternoon. My name is Letitia James and I am the Public Advocate for the City of New York.

I want to thank Chair Koo, his staff, and the committee staff for holding today's hearing on this vitally important issue.

Lifeline provides access to basic communication for millions of Americans. This is not a partisan program -- it was created by President Reagan -- and it provides subsidized phone and internet service to over thirteen million Americans, including over one million New Yorkers.

The average Lifeline subscriber makes just \$14,000 dollars a year. And in New York, the majority of those who benefit from Lifeline are seniors or people with disabilities, making access to a phone line all the more critical.

This program is truly a lifeline for so many. It is how millions of Americans can stay in touch with loved ones. It is how millions of Americans can call 9-1-1 in the event of an emergency. It is how millions of our children have access to resources to do their homework. It is how millions of Americans can contact their doctor to make an appointment or the pharmacy to get their prescription.

But the Federal Communications Commission is trying to drastically cut funds to this program. They have proposed restrictions that will eliminate service for seventy five percent (75%) of current participants, particularly those who use Lifeline to obtain mobile phones. They are trying to restrict voice service support to only low-income households in rural areas. They are trying to place a lifetime cap on Lifeline recipients and an overall budget cap on the Lifeline program.

These restrictions are unacceptable. Access to basic phone and internet is not a luxury, it's a real necessity.

I submitted comments to the FCC telling them as much and I will keep fighting these dangerous changes until we secure the future of this vital program.

My office has heard from constituents with heartbreaking stories about what the loss of the Lifeline program would mean for them. For New Yorkers like James Continas -- a senior citizen who lives on the Upper West Side.

James' phone service was on and off for several months because he was having problems with the recertification process with Lifeline. Without access to a phone, James struggled to connect

with his doctor, who was actively trying to reach him about a critical health matter. James finally received a letter in the mail from his doctor asking him to call for an appointment urgently, and when they finally connected, James was diagnosed with cancer. James is currently undergoing treatment and without Lifeline he would have no way to make, keep and follow his appointments.

There are countless New Yorkers like James. People who need Lifeline to reach their doctors, to call 911, to stay in touch with their families. New Yorkers must band together to protect the most vulnerable among us. We must fight and do whatever it takes to save this program. And if the FCC gets its way, we must have a plan in place to step into the gap and ensure that New Yorkers in need are not cut off from the world.

Thank you.



**Testimony of
Matt Kerschner, Graduate Policy Intern
AARP New York**

**New York City Council
Committee on Technology**

**Oversight - Federal Overhaul
of the Lifeline Program and its
effect on Low-income New Yorkers.**

February 28, 2017

**City Hall
New York, New York**

Contact: Chris Widelo (212) 407-3737 | cwidelo@aarp.org

My name is Matt Kerschner. I am a graduate policy intern at AARP currently working towards a Masters of Public Administration degree at Columbia University. Thank you for the opportunity to testify this afternoon. AARP is opposed to the proposal from the Federal Communications Commission to drastically curtail the Lifeline Program. Lifeline has made getting a telephone and paying for monthly service more affordable for millions of low-income people throughout the United States. The program has had a positive impact on the lives of many older Americans, enabling them to access healthcare providers, employers, and friends and family. Running contrary to the goals of the Lifeline program, the recent decision by the FCC will reduce the ability of low-income households to access critical telecommunications services that are essential to the everyday lives of all Americans. Rather than pursuing policies that have the potential to level the playing field and enable the social mobility that allows consumers the opportunity to move out of poverty, the FCC's decision reduces support for low-income Americans and furthers the growth of the digital divide between high and low-income households.

With 45 percent of older adults reporting incomes below 200 percent of the federal poverty line, older adults are likely to be disproportionately affected by the FCC's decision. 2017 data from the Pew Research Center on income and technology usage for older households shows that while 97% of 65+ households utilize mobile services, just 73% of 65+ households with income below \$30,000 utilize mobile services. The digital divide is even more pronounced when it comes to internet access. 94% of 65+ households with incomes over \$75,000 are online, while only 46% of 65+ households with incomes under \$30,000 are online. Closing the digital divide will require programs that subsidize the purchase of voice and broadband services by low-income households. Cuts to the Lifeline program will exacerbate the existing digital divide and limit low-income older adults' access to the transformative opportunities that are provided by both voice and broadband services.

AARP strongly urges the Federal Communications Commission to heed our comments, reconsider their decision, and reject dramatic cuts to the Lifeline program.

Addressing the Federal Overhaul of the Lifeline Program and Its Effect on Low-Income New Yorkers

**Testimony of Timothy Karr, Free Press Senior Director of Strategy
Before the New York City Council Committee on Technology
February 28, 2018**

Hello. My Name is **Timothy Karr** and I'm the senior director of strategy for Free Press. At Free Press we fight for everyone's rights to connect and communicate, which includes advocating for policies that promote universal access to an affordable and open internet.

As such, we often cross swords with the Federal Communications Commission. And we've been particularly busy during the Trump administration. President Trump appointed as FCC chairman a person who's devoted his career to handing telecommunications giants special favors at the expense of the people he's supposed to be serving.

Many of you may be familiar with Chairman Ajit Pai for his efforts to take away our rights to an open network. His agency's recent decision to repeal Net Neutrality protections will go down as one of the most wrongheaded, dishonest and unpopular rulings in the history of the FCC. My organization will soon be filing a legal challenge in the U.S. Court of Appeals against that FCC action.

But Pai has done other bad things. Things that are particularly harmful to poor people in New York City.

On his first day on the job, Pai pledged to close the broadband divide and "bring the benefits of the digital age to all Americans." This would be his administration's top priority, Pai said.

He then did the opposite, launching a plan to dismantle the Lifeline program, which subsidizes phone and internet access to families struggling to make ends meet.

First, Chairman Pai revoked the Lifeline Broadband Provider status of nine internet service providers, including Spot On Networks, which had hoped to offer super-fast, fixed wireless service in two low-income housing projects in Queens.

Pai then launched a proceeding in which he proposed a budget cap that could arbitrarily limit Lifeline program participation or slash funding to fully eligible recipients. He then proposed a different cap — on the time one receives benefits — which would arbitrarily cut off funding for the most vulnerable users, such as elderly people and people with disabilities.

But that's not all.

Chairman Pai has also proposed kicking “non-facilities-based providers” out of the program. Free Press research has found that these communications providers — also called “resellers” because they lease capacity from companies like Sprint and T-Mobile — provide services to more than 70 percent of Lifeline subscribers nationwide.

In total, Pai's proposals would eviscerate the Lifeline program. The harms to struggling families in New York City would be particularly glaring.

As I mentioned earlier, Spot On Networks petitioned for provider status to serve public-housing units in New York Housing Authority buildings in Queens. Before Chairman Pai ripped away its status, Spot On was poised to offer a Lifeline service that delivered a symmetrical 20 megabits per second unlimited data connection using fixed wireless technology. Such a service would have enabled all members of a single household to go online at the same time, which is a significant benefit for families with children needing to complete their homework.

Free Press examined the U.S. ZIP code database to determine that wireless Lifeline is now available in 333 ZIP codes in the New York metropolitan area. The data show that there are three wireless providers now offering these services inside the city: Access Wireless (198 ZIP codes), Assurance Wireless (333 ZIP codes) and Safelink Wireless (210 ZIP codes).

If Chairman Pai's Lifeline proposal is approved, however, there will be only one wireless provider left serving the entire metropolitan area — Assurance. Since the other two, Access and Safelink, are resellers, they would be denied provider status, according to Pai's changes.

Chairman Pai's actions against Spot On have already robbed low-income New Yorkers of high-quality affordable options. But he's not done. With the current proposal Pai's gearing up to deny struggling New Yorkers the ability to choose a broadband provider that best fits their limited budgets.

This is a tragedy. Visionary bipartisan leaders created Lifeline during the Reagan administration, seeking to connect the most vulnerable people in the United States to telephone service. The Bush administration updated the program to cover wireless-telephone service. In 2016, the Obama administration modernized Lifeline to more fully promote affordable broadband connectivity.

The program's noteworthy purpose is to ensure that poor people have the benefits that communications services enable, including the ability to pursue employment opportunities, stay in touch with loved ones, and access education and emergency services.

The Trump FCC's Lifeline plan, if adopted, would leave millions of people without such essential options. For these reasons, Free Press and hundreds of other organizations, including the AARP, the NAACP and the U.S. Conference of Catholic Bishops, have asked Chairman Pai to abandon his cruel plans.

I hope New Yorkers will also stand with us and against this FCC's war on the poor.

Thank you.

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