

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of)
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Emergency Broadband Benefit Program) WC-Docket No. 20-445
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Comments of ITIF

The Consolidated Appropriations Act, 2021 establishes an Emergency Broadband Connectivity Fund of \$3.2 billion and directs the Federal Communications Commission (FCC or Commission) to develop regulations for an emergency broadband benefit program (“program”) to disburse those funds.¹ The Information Technology and Innovation Foundation (ITIF) appreciates this opportunity to comment on this program.²

Despite years of significant gains, the United States still faces real challenges in closing the digital divide, challenges greatly exacerbated and amplified by the ongoing COVID-19 pandemic. ITIF supports quick disbursement of this critical relief—the Commission should focus first and foremost on quickly getting money out the door. However, it should also consider how the emergency broadband benefit program can serve as a bridge to a better, more rational subsidy program than the current Lifeline system. The Commission ideally could provide a voucher that gives flexibility and choice to eligible participants. The Commission should also avoid relying on the outdated Eligible Telecommunications Carrier (ETC) framework and aim to broaden participation by broadband providers. Finally, the Commission should design this program so that it could potentially be made a permanent tool to counter economic downturns, should Congress see fit to authorize and fund it.

¹ Consolidated Appropriations Act, 2021, H.R. 133, 116th Congress (2020) (enacted), <https://www.congress.gov/bill/116th-congress/house-bill/133/text>.; Public Notice, WC Docket No. 20-445, (January 4, 2021), <https://docs.fcc.gov/public/attachments/DA-21-6A1.pdf>.

² Founded in 2006, ITIF is an independent 501(c)(3) nonprofit, nonpartisan research and educational institute—a think tank. Its mission is to formulate, evaluate, and promote policy solutions that accelerate innovation and boost productivity to spur growth, opportunity, and progress. ITIF’s goal is to provide policymakers around the world with high-quality information, analysis, and recommendations they can trust. To that end, ITIF adheres to a high standard of research integrity with an internal code of ethics grounded in analytic rigor, policy pragmatism, and independence from external direction or bias. *See* About ITIF: A Champion for Innovation, <http://itif.org/about>.

The COVID-19 pandemic, by both increasing the importance of broadband for navigating daily life and triggering waves of unemployment, focused policymakers' attention on broadband affordability. Although the problems of broadband affordability are at times overstated by some advocates, paying broadband bills is no doubt a challenge for many Americans. This challenge is understandable considering the relatively high poverty rate in the United States—the third highest in the OECD.³ Research shows there are large spill-over benefits to broadband, especially if companies and government services can assume everyone else is online. Historical World Bank data notes “for high-income countries, a 10-percentage-point rise in broadband penetration adds a 1.21-percentage point rise in economic growth.”⁴ The research clearly shows broadband connectivity increases opportunities for education, employment, and healthcare.⁵

During the pandemic, the necessity of an Internet connection is even more apparent. Several studies show the dramatic increase in Internet activity as millions were forced to transition to remote living. In fact, “[t]he jump in demand has seen peak traffic roughly 20 to 30 percent higher than before the pandemic.”⁶ Unfortunately, without Internet connectivity, many struggle to not only participate in society, but also to partake in necessary activities to maintain their livelihood, continue their education, or find new employment. While providers have offered discounts aimed at low-income consumers, both in coordination with the Lifeline service and as private programs, the market is unable to fix the digital divide on its own. Greater government support to ensure broadband is affordable to all Americans, regardless of income level is justified, particularly during the current pandemic.

The laudable (if late) legislation establishing the program has the clear purpose of *moving quickly*. The statute emphasizes a desire for quick disbursement of funds with an expedited Commission process to get support for low-income Americans online. The Commission should move fast by avoiding unnecessary complexity and leveraging existing programs. For example, the Commission should rely on the current Lifeline eligibility verification process.⁷ Reliance on the existing structure helps to provide stability for existing and potential providers looking to provide immediate relief to eligible consumers. Moreover, if a provider has an existing low-income program with a verification mechanism, the Commission should automatically approve the provider for participation in the Emergency Broadband Benefit Program.⁸ Companies with well-established

³ Organization for Economic Cooperation and Development (OECD), Poverty Rates (accessed December 17, 2020), <https://data.oecd.org/inequality/poverty-rate.htm>.

⁴ “Broadband: A Platform For Progress - Overview,” Broadband Commission for Digital Development (2011), http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/CI/CI/pdf/broadband_commission_report_overview.pdf.

⁵ Doug Brake and Alexandra Bruer, “Broadband Myths: Are High Broadband Costs Holding Back Adoption?” *ITIF* (Forthcoming, January 2021).

⁶ Doug Brake, “Lessons From the Pandemic: Broadband Policy After COVID-19” (ITIF, July 2020), <https://itif.org/publications/2020/07/13/lessons-pandemic-broadband-policy-after-covid-19>.

⁷ See Jonathan Spalter, “Re: Emergency Broadband Benefit Program, Docket No. 20-445,” *USTelecom* (January 4, 2021), <https://ecfsapi.fcc.gov/file/101042477924051/2021.01.04%20USTelecom%20Broadband%20Benefit%20Principles.pdf>.

⁸ Public Notice, WC Docket No. 20-445, (January 4, 2021), <https://docs.fcc.gov/public/attachments/DA-21-6A1.pdf>.

low-income programs outside of the Lifeline Program like Comcast's Internet Essentials or Charter's Spectrum Internet Assist are unlikely to engage in waste, fraud, or abuse and can be useful tools in quickly working to get connectivity to those in need. Secondly, the Commission should rely on the Lifeline claims system to manage reimbursement requests.⁹ Doing so expedites financial recovery by providers to ensure stability while also leveraging a tested, already established system.

The Commission should keep in mind the Emergency Broadband Benefit Program is inherently temporary with limited funding. While the Commission should take appropriate steps to minimize the risk of waste, fraud, and abuse, it is important to recognize the risk of these problems is limited given the temporary nature of the program. It is better to err on the side of speed and efficiency than to overload the program with audits, an overly complex verification process, or imposing enforcement ramifications. If Congress decides to make this or a similar program more permanent, the Commission will have the opportunity to iterate and improve its mechanisms to combat waste, fraud and abuse.

ITIF urges the Commission to prioritize efforts to inform Americans that affordable options exist as part of the program to connect more Americans. Participation in Lifeline and other private programs to support affordable broadband options is a small percentage of those eligible. Often a lack of awareness of available The Commission should distribute information through an awareness campaign in cooperation with relevant non-profits and low-income assistance programs. At a minimum, information and eligibility requirements should be dispersed both in the form of standard materials that all approved providers and relevant institutions and partners can distribute.¹⁰

While the Commission should move quickly under existing law, the Emergency Broadband Benefit Program creates an opportunity to aim toward a more rational subsidy program. Recognizing the Commission is constrained by an outdated statute, the Commission should design this program as a bridge to a better low-income subsidy where possible. The Commission should use this opportunity to move away from the Eligible Telecommunications Carrier (ETC) designation when providing broadband assistance. ITIF encourages the inclusion of a broad range of operators, particularly those with large economies of scale and efficient back-office resources—eliminating the historical red tape associated with the ETC designation process throughout the Commission's subsidy programs is an important step in broadening participation in these programs.¹¹

The Commission should also aim to avoid specifying stringent parameters of subsidized offerings, such as mandatory monthly data allotment sizes. While ITIF appreciates the motivation behind such requirements—

⁹ "Internet Essentials," *Comcast*, (accessed January 13, 2021), <https://www.internetessentials.com/>; "Spectrum Internet Assist," *Spectrum*, (accessed January 13, 2021), <https://www.spectrum.com/internet/spectrum-internet-assist>.

¹⁰ Gregory Guice and Montana Williams, "Ex Parte Communication In re: Emergency Broadband Fund Assistance, WC Docket No. 20-445," *Public Knowledge* (January 11, 2021), *available at* <https://prodnet.www.neca.org/publicationsdocs/wwpdf/11221pk.pdf>.

¹¹ Doug Brake, "Lessons From the Pandemic: Broadband Policy After COVID-19" (ITIF, July 2020), <https://itif.org/publications/2020/07/13/lessons-pandemic-broadband-policy-after-covid-19>.

a desire that subsidized offerings aren't left behind with bare-minimum offerings—historical efforts to control subsidized products have faced challenges. A planned increase in required mobile data without a reciprocal increase in the subsidy may see providers have to increase prices for low-income customers.¹² By designing a program with a much more flexible subsidy and encouraging broad participation by providers, the Commission can increase available options for consumers, empower them with additional buying power, and allow market forces to continually increase the quality offerings available at minimum cost.

Ideally, a low-income subsidy would take the form of a voucher, like existing electronic benefit transfer food subsidies. A voucher would give subsidized consumers more flexibility and increase in competition for their business, driving ever-improving offerings. Appropriate connection speeds should be easily achievable as most “heavy-bandwidth” applications fall well-below the speed of broadly available networks.¹³

The cost of devices can often be a considerable hurdle for low-income Americans, but unfortunately the logistics of getting subsidized devices to those in need them is difficult. Again, a flexible voucher that gives recipients choice and flexibility would be ideal. The Commission should work with relevant non-profits, companies, and existing programs to help provide subsidized devices that are especially needed during the pandemic. Connected devices should have video capabilities as well as the necessary software to complete basic tasks for participation in the digital economy (for example: word processing and presentation software). ITIF encourages the Commission to engage with industry and digital divide experts to determine a minimum standard hardware and software package that enables meaningful participate in the digital space.

Current language included in the Consolidated Appropriations Act of 2021 indicates the intent of this program is for one-time use. However, Congress should build authority into an updated statute for the emergency broadband benefit program as an automatic stabilizer in the event of a future crisis.¹⁴ This emergency program could go into effect when national unemployment surpasses a given threshold, perhaps seven percent.¹⁵ The Commission should think through how this program could easily be turned on or off and provide for smooth entry and exit from the program. Creating an automated process would help to bypass partisan debate that often slows down the deployment of much needed assistance to the American people during a crisis. It would allow for a stronger and earlier counter-cyclical effect, helping more people get

¹² Andrew Meacham, “FCC’s Lifeline program providing free phone and internet confronts a crisis,” *Herald-Tribune* (September 28, 2020), <https://www.heraldtribune.com/story/news/local/2020/09/28/fccs-lifeline-program-free-phone-and-internet-confronts-crisis/5762068002/>.

¹³ Doug Brake and Alexandra Bruer, “Broadband Myths: Is It a National Imperative to Achieve Ultra-Fast Download Speeds?” *ITIF* (November 16, 2020), <https://itif.org/publications/2020/11/16/broadband-myths-it-national-imperative-achieve-ultra-fast-download-speeds>.

¹⁴ For a general background on automatic stabilizers, see Vivien Lee and Louise Sheiner, “What are Automatic Stabilizers?” Brookings (July 2019), <https://www.brookings.edu/blog/up-front/2019/07/02/what-are-automatic-stabilizers/>.

¹⁵ Doug Brake, “Lessons From the Pandemic: Broadband Policy After COVID-19” (ITIF, July 2020), <https://itif.org/publications/2020/07/13/lessons-pandemic-broadband-policy-after-covid-19>.

online, faster. Moreover, Congress could build in a mandatory review and reporting requirement following the emergency period in order to ensure regular oversight of the program and ensure the appropriate trigger for assistance is in place.

As Congress and the Commission continue to develop crucial legislation and statutes to combat the fallout of the ongoing coronavirus pandemic, they should build in support mechanisms not only for the moment, but also for the future. Congress and the Commission should apply the lessons learned from the COVID-19 pandemic to help build the safety net necessary for future crises. ITIF commends the Commission for acting with dispatch to help bridge the connectivity gap during this pandemic.

Sincerely,
Doug Brake
Director, Broadband and Spectrum Policy

Alexandra Bruer
Policy Analyst

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