



# NATIONAL GRANGE

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*American Values. Hometown Roots.*

August 26, 2020

The Honorable Nancy Pelosi  
Speaker of the House of Representatives  
Washington D.C. 20515

The Honorable Mitch McConnell  
Majority Leader, United States Senate  
S.230 U.S. Capitol  
Washington, D.C. 20510

Dear Speaker Pelosi and Majority Leader McConnell:

The National Grange, the nation's oldest rural advocacy organization, has consistently expressed support for the federal Lifeline Program in advancing the goals of Universal Service to make available affordable communications services for all Americans, including those living in "rural, insular, and high cost areas."<sup>1</sup> We write today, however, to express our strong concern with recent actions taken by the Federal Communications Commission (FCC) to eliminate no-cost Lifeline voice and broadband services for our nation's poor. We urge Congress to take immediate action to block the FCC proposal and to preserve a vibrant and free Lifeline marketplace for low-income consumers.

The U.S. Census Bureau reports that 60 million Americans, or nearly 20% of the total population, live in rural areas.<sup>2</sup> As of 2019, more than 20 million Americans still lacked broadband access, most of whom lived in rural parts of the country.<sup>3</sup> Overall, 36% of non-broadband adopters lived in rural areas, as compared to 19.3% of all Americans.<sup>4</sup> Federal subsidies for infrastructure deployment is critical to enable broadband access in many parts of the rural communities that are otherwise cost-prohibitive for broadband providers to serve. However, studies have found that while rural households' broadband adoption rate lagged that of urban households by 12-13 percentage points, the predominant reason for the rural-urban "broadband gap" was attributable to lower adoption rates.<sup>5</sup>

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<sup>1</sup> See 47 U.S.C. Sec. 254(b)(3).

<sup>2</sup> See Michael Ratcliffe, Charlynn Burd, and Kelly Holder et al., *Defining Rural at the U.S. Census Bureau*, U.S. Census Bureau, American Community Survey and Geography Brief, Washington, DC, December 2013, pp. 3-4, at <https://www.census.gov/content/dam/Census/library/publications/2016/acs/acsgeo-1.pdf>.

<sup>3</sup> See Federal Communications Commission, *2019 Broadband Deployment Report*, GN Docket No. 18-238, Washington, DC, May 29, 2019.

<sup>4</sup> See Octavian Carare, Chris McGovern, and Raquel Noriega, et al., "The Willingness to Pay for Broadband of Non-adopters in the U.S.: Estimates From a Multi-state Survey," *Information Economics and Policy*, vol. 30 (2015)

<sup>5</sup> Brian Whitacre, Sharon Strover, and Roberto Gallardo, "How Much Does Broadband Infrastructure Matter? Decomposing the Metro-Non-Metro Adoption Gap with the Help of the National Broadband Map," *Government Information Quarterly*, vol. 32, p. 261.

Furthermore, studies have shown that among non-broadband-adopting households at all income levels, those who are interested in broadband adoption are more likely to live in rural communities, but most commonly identified price and availability as the main barriers to adoption.<sup>6</sup> According to a 2018 USDA study on rural telehealth, rural residents were significantly less likely to use telehealth services than urban residents were, even when broadband availability was not a factor, because of the higher costs in accessing online health maintenance and online health monitoring in rural communities.<sup>7</sup> Given that the Lifeline program is the only major federal broadband program that directly targets broadband adoption by addressing affordability, its ongoing effectiveness and success have particularly significant impact on low-income rural household's ability to participate in today's digital economy.

We are therefore very concerned to see the FCC's recent proposal that would increase the cost of providing Lifeline broadband and voice services to the point where Lifeline carriers must charge a co-payment from qualified low-income consumers to participate. The FCC is proposing yet another 50% increase on top of the 50% increase last year in the minimum amount of data wireless Lifeline carriers must provide each month without any corresponding increase in the amount of Lifeline subsidies. By holding the subsidy amount stagnant at \$9.25, Lifeline subscribers will be forced to pay \$20-\$30 for a service they used to be able to receive for free.

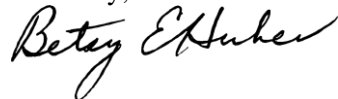
A mandatory co-payment on low-income consumers to participate in the Lifeline program could spell the end of the program as we know it. According to surveys<sup>8</sup> conducted last month on behalf of Lifeline carriers, between 52 to 84% of existing Lifeline subscribers indicated that they cannot afford to make any amount of co-payment in order to keep their service active. According to the National Lifeline Association survey, nearly two-third of their customers are unbanked and unable to make monthly recurring payments using a checking account, and almost 60% do not own debit or credit cards to make payments. Overall, less than 10 percent of existing Lifeline subscribers are employed on a full time or part time basis, while a majority of those who are unemployed are disabled.

In the midst of double-digit unemployment rate and the onset of a global recession brought about by the pandemic, we oppose any moves that would result in a co-payment, which contradicts the purpose of the Lifeline program in making essential communications services affordable for our nation's low-income, and will have a disproportionate impact on rural broadband adoption.

We hope Congress include language in the next COVID-19 relief package that would prevent the FCC from moving forward with its proposal, freeze the minimum service standards at their current levels, and direct the Commission to take a comprehensive review of the Lifeline marketplace in light of the stark digital divide between the broadband haves and have-nots laid bare by the pandemic.

On behalf of the National Grange's members and Lifeline subscribers throughout our nation's rural communities, thank you for your attention to this urgent matter.

Sincerely,



Betsy Huber  
President

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<sup>6</sup> See Octavian Carare, *supra* note 4.

<sup>7</sup> See Peter L. Stenberg, *Rural Individuals' Telehealth Practices: An Overview*, USDA, Economic Research Service (ERS), Washington, DC, November 2018

<sup>8</sup> See National Lifeline Association Notice of Oral *Ex Parte*, WC Docket No. 17-287, 11-42, 09-197, 10-90 at Exhibit (August 6, 2020).