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The T-Mobile/Sprint Merger Will Hurt Low-Income Consumers

The proposed T-Mobile/Sprint merger would disproportionately hurt low-income consumers, lead to higher prices, job cuts, and lower wages for workers.

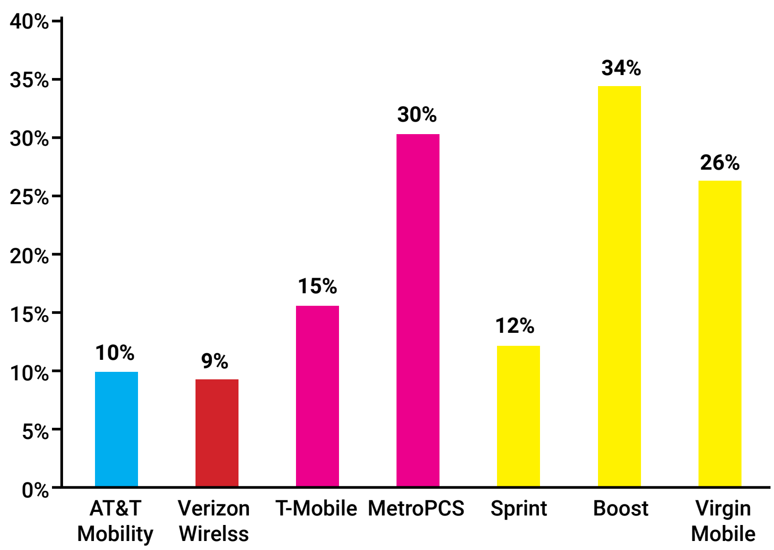
Less Competition Means Higher Prices

T-Mobile and Sprint compete for price-conscious customers. If the two companies merge, reduced competition for low- and moderate-income consumers would lead to significant price increases. **Economists estimate that the merger would increase prices as much as 15.5% on the new T-Mobile's prepaid plans and as much as 9.1% for postpaid plans.**[1]

Low-Income Consumers Hit Hardest

Price sensitive low- and moderate-income consumers typically purchase prepaid wireless plans. T-Mobile's MetroPCS, Sprint's Boost and Virgin Mobile prepaid brands, and their wholesale partners serve 60% of the prepaid market.[2] Almost one-third of these customers have annual incomes below $25,000.[3] Post-merger, the new T-Mobile's low- and moderate-income prepaid customers, many of whom depend on their smartphones for broadband access, could be priced out of the wireless market.

Percent of Each Carrier's Customers that Report Annual Income Below $25,000



Source: Free Press analysis of a S&P Global Market Intelligence MediaCensus survey.

Large Impact on Urban Consumers

T-Mobile and Sprint have significant presence in urban communities. More than 50% of wireless customers in Los Angeles, Minneapolis-St. Paul, Detroit, Seattle, Miami, and Houston, among other cities, receive wireless service from a Sprint or T-Mobile-owned company or wholesale partner.[4]

Learn more about why the T-Mobile/Sprint merger would be bad for American workers and consumers, including state-by-state estimates of job loss, at TMobileSprintFacts.org.

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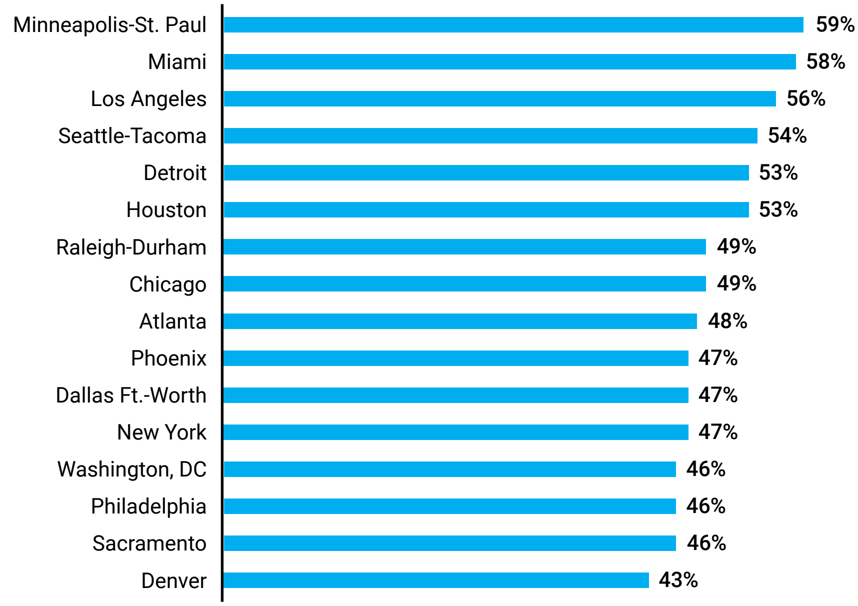
Percent of Each Market's Customers that Report Cellular Service from a Sprint or T-Mobile-Owned Company or Wholesale Partner



Source: Free Press analysis of a S&P Global Market Intelligence MediaCensus survey.

Lifeline on Life Support

T-Mobile has been openly hostile to Lifeline, a federal program that provides a modest $9.25 monthly subsidy to almost nine million low-income households to help pay for communications services. T-Mobile announced plans to eliminate its 4.4 million low-income Lifeline customers and post-merger, Sprint could end Lifeline as well.[5] This would hurt low-income consumers who depend on Lifeline support.

Significant Job Loss, Lower Wages

The proposed T-Mobile/Sprint merger would result in the loss of 30,000 jobs nationwide -- 25,500 jobs eliminated as a result of overlapping retail store closures and 4,500 headquarters jobs due to duplicative functions.[6] These workers, their families, and their communities will experience post-merger layoffs. Wages will suffer too because fewer wireless employers competing for labor leads to lower wages and benefits.[7] Moreover, both T-Mobile and Sprint have a long track record of offshoring U.S. jobs and denying their employees their legal right to form a union.[8]

The Bottom Line? Regulators should not approve the merger without verifiable and enforceable commitments to protect consumers and good jobs.

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[1] Joint Declaration of Joseph Harrington, Coleman Bazelon, Jeremy Verlinda, and William Zarakas, The Brattle Group, Exhibit B, p. 10 of Petition to Deny of DISH Network submitted to Federal Communications Commission, Aug. 27, 2018.

[2] DISH FCC Comments, pp. 75-76.

[3] Free Press Petition to Deny, p. 69, Fig. 10, Aug. 27, 2018.

[4] Ibid, p. 68, Fig. 9.

[5] CFO: 'Non-sustainable' T-Mobile Lifeline Business to be Phased Out, Telecompetitor, Aug. 26, 2018.

[6] CWA Reply Comments, pp. 2-13, Oct. 31, 2018.

[7] CWA Comments, pp. 65-67, Aug. 27, 2018

[8] Ibid, p. 60.

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