



# ***2015 2<sup>nd</sup> Lifeline Order and 2<sup>nd</sup> FNPRM Update***

**Thomas Seidl  
Manager – Tariffs and  
Training  
Eastern Region  
(800) 892-3322  
[thseidl@neca.org](mailto:thseidl@neca.org)**

# ***2015 Lifeline Update Agenda***

- Lifeline Background
- June 2015 Commission Lifeline Order
- 2nd Further Notice of Proposed Rulemaking - Comments Requested

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# ***Lifeline Background***

## ***History & Purpose of Lifeline Program***

- Lifeline program implemented in 1985
  - Initial purpose - offset increases in local rates and prevent disconnections for low-income households
  - Made carriers whole after waiving the SLC
- Telecommunications Act of 1996
  - Administered by USAC under commission direction
  - Many key attributes implemented at the state level
    - Including subscriber eligibility, ETC designations, outreach, and verification

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# ***Lifeline Background***

## ***History & Purpose of Low Income Program***

- February 2012 – FCC released lifeline order and FNPRM
  - Save up to \$2 billion over 3 years
    - National lifeline accountability database
    - Streamlining eligibility and payment processes
    - Revising eligibility requirements
    - Phasing out support for certain services

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# ***Lifeline Background***

## ***History & Purpose of Low Income Program***

- February 2012 – FCC released lifeline order and FNPRM (continued)
  - Modernizing lifeline
    - Allowing support for bundled service plans
    - Expanding lifeline to broadband
    - Broadband adoption pilot program
    - Digital literacy and closing adoption gaps

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# *Lifeline and Linkup Reform*

## *June 2015 Order*

- Adopted June 18, 2015 and released June 22, 2015
- Retention of eligibility documentation
  - ETC's did retain some documentation demonstrating subscriber eligibility
    - ETC's required to verify subscriber eligibility based on income guidelines
    - Retaining eligibility documentation was not required
    - Documentation retention is necessary to prevent waste, fraud and abuse of lifeline funds
      - ETC's required to retain both program and income based eligibility documentation

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# *Lifeline and Linkup Reform*

## *June 2015 Order*

- Retention of eligibility documentation (continued)
  - Tracfone specifically asks FCC for ETCs to retain lifeline program eligibility documentation
    - Reduce waste fraud and abuse
      - Easy to audit
      - Verify duplicate support
  - Lifeline order now requires eligibility documentation be retained

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# *Lifeline and Linkup Reform*

## *June 2015 Order*

- Established a uniform snapshot date going forward
  - Should partial lifeline amounts be pro-rated?
    - FCC initially said if you can pro-rate billing, you can pro-rate lifeline discount amounts
  - USAC encouraged ETCs to select snapshot date during each month (Example: 15<sup>th</sup> day of the month)
    - More efficient and less costly process
- Lifeline order now requires ETCs to use the 1<sup>st</sup> day of the month

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# *Lifeline and Linkup Reform*

## *June 2015 Order*

- Order concerning the resale of retail lifeline supported services
  - Proposed that only ETCs directly serving the customer are eligible to receive lifeline funding
  - No longer provide any lifeline reimbursement for wholesale and resale carriers
  - Telecom Act of 1996 allowed reimbursement to compensate ETCs
  - Purpose - eliminate the duplication of funds received
- Order-only ETC's providing lifeline-discounted service directly to subscribers are eligible for support

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# *Lifeline and Linkup Reform*

## *June 2015 Order*

- Defining the former reservation lands in Oklahoma
  - Rules applied to residents living on tribal lands
  - Tribal land boundaries over time in Oklahoma need to be verified
    - Order - Use Oklahoma historical map which provided accurate reflection of former reservations in Oklahoma
- Conserving Audit Resources
  - USAC was required to provide audit for any new lifeline ETCs
    - Order – audits not required for new ETCs with minimal lifeline customers.

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# *Lifeline and Linkup Reform-FNPRM*

## *Second FNPRM Highlights*

- Comments requested on second FNPRM
  - Establish minimum service standards
    - Availability of voice and broadband service for low-income Americans
    - Minimizing the contribution burden on consumers and business
  - Third party eligibility determination
  - Direct transfer of lifeline benefits to customer
  - Efficient administration of the program

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# ***Lifeline and Linkup Reform-FNPRM***

## ***Second FNPRM Highlights***

- Comments requested on second FNPRM (continued)
  - Streamline eligibility for support
  - Increasing competition for lifeline customers
  - Modernizing and enhancing the program

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# ***Lifeline and Linkup Reform-FNPRM Minimum Service Standards***

- Why establish minimum standards for voice?
  - Voice communication services remain essential
  - Voice service levels have not increased
  - Minimum voice standards ensure maximum value for each dollar of universal service funds

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# *Lifeline and Linkup Reform-FNPRM Minimum Service Standards (Cont.)*

- Why establish minimum standards for broadband?
  - Education today continues outside the classroom in the subscribers home
    - Many low income families do not have Internet access
    - Lack of Internet access impacts academic preparedness and performance
    - Internet access is a necessity, not a luxury
  - Lifeline eligible households with school children can participate in a broadband lifeline program
    - Possibly use E-Rate data to determine eligibility (Example: NSLP-National School Lunch Program)

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# ***Lifeline and Linkup Reform-FNPRM Minimum Service Standards (Cont.)***

- Broadband support services are essential to public health
  - Provide health care and telehealth accessibility for low income families without broadband
- Broadband services significantly benefit individuals with disabilities
- FCC considering the extent to which broadband supported services are essential for public safety

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# ***Lifeline and Linkup Reform-FNPRM Standards for Minimum Service Levels***

- Quality services at just, reasonable and affordable rates
- Advanced telecommunications and information services comparable to urban areas
- Tribal service higher lifeline subsidy, more robust service expectations

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# *Lifeline and Linkup Reform-FNPRM*

## *Voice Only Service*

- Lifeline subscriber voice only service is still needed for employment, health care, public safety and educational opportunities
  - Establish minimum service levels for mobile and fixed voice-only service
    - What are the consumer usage levels for voice?
    - Should mobile providers offer unlimited talk and text to maximize lifeline benefit?
    - Is voice telephony service still affordable due to increased local rates?

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# ***Lifeline and Linkup Reform-FNPRM Broadband Service***

- Fixed broadband service standards
  - What are appropriate minimum speed, capacity and latency requirements?
- Mobile broadband service standards
  - What are appropriate minimum speed, capacity and latency requirements?
- Minimum service requirements for tribal lifeline
  - Does higher support (up to \$34.25/mo.) give the expectation of more robust services?
    - Includes voice and broadband minimum service levels

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# ***Lifeline and Linkup Reform-FNPRM***

## ***Updating Standards and Compliance***

- What are the appropriate minimum service levels as technology and innovation evolve?
  - Typical fixed wire line at 10/1 Mbps today
  - Determine minimum service levels to going forward for both fixed and wireless voice and broadband
  - Should audit and review of lifeline service level requirements be implemented?

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# ***Lifeline and Linkup Reform-FNPRM***

## ***Other Considerations for Comment***

- Managing lifeline program finances
  - Adopt a lifeline budget to continue reducing waste fraud and abuse
  - Manage any future adopted program transition changes in a cost effective manner
  - Adopt legal changes to included broadband Internet access service as part of the lifeline program

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# ***Lifeline and Linkup Reform-FNPRM Third Party Eligibility Determination***

- Lifeline eligibility would be done by a trusted third party entity (national verifier)
  - National verifier to review customer eligibility
  - Determine if consumers or only providers interface with national verifier
  - Does national verification system approve customer eligibility prior to activating lifeline service?
  - What additional functions can the national verifier do?
    - Eliminate waste, fraud and abuse, determine eligibility, subscriber recertification and duplicate verification

# ***Lifeline and Linkup Reform-FNPRM***

## ***Direct Transfer of Lifeline Benefits to Customer***

- What about the possibility of a voucher based lifeline payment sent directly to lifeline recipients
  - Payment through a physical media (debit card), unique code (pin number) or physical card with chip technology

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# ***Lifeline and Linkup Reform-FNPRM***

## ***Streamline Eligibility for Support***

- 42 million households eligible, 80 percent verified eligibility based on federal assistance programs
  - Impact if tribal lands could no longer use FDPIR (Federal Distribution Program on Indian Reservations) to determine eligibility
  - Valid identification used for eligible lifeline participant
    - Picture ID on identification documentation requirements

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# *Lifeline and Linkup Reform-FNPRM*

## *Modernizing and Enhancing the Program*

- TracFone's petition - can sending text messages demonstrate service usage sufficient to avoid de-enrollment from lifeline service?
- Subscriber de-enrollment process
  - If local service not used for 60 days the subscriber is de-enrolled from lifeline service

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# ***Lifeline and Linkup Reform-FNPRM***

## ***Efficient Administration of the Program***

- Is lifeline service meeting FCC goals
  - Availability of voice services for low-income Americans
- Tribal lands enhanced support
  - Does enhanced support's higher subsidy mean greater proposed minimum service levels?
    - Many tribal lands have underserved or unserved areas that do not always have easy access to communications services
    - Enhanced support gives providers incentives to deploy telecommunications facilities

\* Lifeline \$9.25 – tribal subscribers can receive an additional \$25.00. Linkup – Tribal subscribers may receive up to \$100.00

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# ***Lifeline and Linkup Reform-FNPRM*** ***Efficient Administration of the Program***

- Tribal lands enhanced support (continued)
  - 2012 annual commission report shows achievement of affordable telecommunications services on tribal lands
  - Reply comments requested
    - Demonstrate benefits to tribal lands
    - How much average lifeline and linkup support is used per subscriber
    - How is the subsidy used by tribal ETC providers for build out of telecommunications infrastructure
    - Provide support to only facility based providers
    - Should support be provided in densely populated areas?

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# ***Lifeline and Linkup Reform-FNPRM*** ***Efficient Administration of the Program***

- Tribal lands enhanced support (continued)
  - Additional reply comments requested
    - Require additional evidence of eligibility beyond self certifications
  
- E-Sign
  - Would E-Sign for lifeline subscribers simplify the application process but cause additional fraud, waste and abuse?



THANK  
YOU

Any Questions?

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