Federal Lifeline Program: Frequently Asked Questions

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Summary

The Federal Lifeline Program, established by the Federal Communications Commission (FCC) in 1985, is one of four programs supported under the Universal Service Fund. The Program was originally designed to assist eligible low-income households to subsidize the monthly service charges incurred for voice telephone usage and was limited to one fixed line per household. In 2005 the Program was modified to cover the choice between either a fixed line or a mobile/wireless option. Concern over the division between those who use and have access to broadband versus those who do not, known as the digital divide, prompted the FCC to once again modify the Lifeline program to cover access to broadband. On March 31, 2016, the FCC adopted an Order to expand the Lifeline Program to support mobile and fixed broadband Internet access services on a stand-alone basis, or with a bundled voice service. Households must meet a needs-based criteria for eligibility. The program provides assistance to only one line per household in the form of a monthly subsidy of, in most cases, $9.25. This subsidy solely covers costs associated with network access (minutes of use), not the costs associated with devices, and is given not to the subscriber, but to the household-selected service provider. This subsidy is then in turn passed on to the subscriber. The Lifeline program is available to eligible low-income consumers in every state, territory, commonwealth, and on tribal lands.

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What Is the Federal Lifeline Program?

The federal Lifeline program, established in 1985 by the Federal Communications Commission (FCC), assists qualifying low-income consumers to gain access to and remain on the telecommunications network. The program assists eligible individuals in paying the reoccurring monthly service charges associated with telecommunications usage. While initially designed to support traditional landline service, in 2005 the FCC expanded the program to cover either a landline **or** a wireless/mobile option. On March 31, 2016, the FCC adopted an Order (2016 Order or Order) to once again expand the program to make broadband an eligible service.[1] The Lifeline program is available to eligible low-income consumers in every state, territory, commonwealth, and on tribal lands.

Who Oversees the Lifeline Program?

The Universal Service Administrative Company (USAC), an independent not-for-profit corporation, established by the FCC in 1997, is the designated administrator of the Universal Service Fund (USF) and the related support programs of which the Lifeline Program is a part. USAC administers the USF programs on behalf of the FCC. As an administrative and oversight entity, USAC does not set or advocate policy, or interpret statutes, policies, or FCC rules.

What Is Covered Under the Program?

The Lifeline program provides a discount in most cases of up to $9.25 per month, for eligible households to help offset the costs associated with use of the telecommunications network.[2] The program provides a subsidy for network access for one line, either a landline or wireless/mobile option, per eligible household and does not provide a subsidy for devices (i.e., handsets or customer premises equipment). The 2016 Order has expanded the scope of the program to provide subsidies for broadband adoption. The Order provides support for stand-alone mobile or fixed broadband, as well as combined bundles of voice and broadband, and sets minimum broadband and mobile voice standards for service offerings. The Order phases down and eventually eliminates support, in most cases, for stand-alone voice services.[3] The one line per eligible household limitation and the prohibition on support for devices remain.

Most providers that offer a prepaid wireless option currently offer a wireless phone to the subscriber at no charge. The cost of this device is not covered under the Lifeline program but is borne by the designated provider. Misinformation connecting the program to payment for a "free phone" has resulted in numerous queries.

[1] *In the Matter of Lifeline and Link Up Reform and Modernization*, adopted March 31, 2016, available at http://transition.fcc.gov/Daily_Releases/Daily_Business/2016/db0427/FCC-16-38A1.pdf. For a brief overview of the 2016 Order see CRS Insight IN10470, *Federal Lifeline Program: Modernization and Reform*, by (na me redacted).

[2] Discounts for eligible subscribers living on tribal lands are higher. See "Does the Program Differ for Those Living on Tribal Lands?" below.

[3] Support for voice-only service, in most cases, will be phased out starting on December 1, 2019, declining to no support, unless the FCC orders otherwise, on December 1, 2021. However, in any Census block where a provider of voice-only services is the sole Lifeline provider, monthly support will remain at $5.25 after the phase-out.

Does the Program Differ for Those Living on Tribal Lands?

Yes. There are some differences in the program for those living on tribal lands. Tribal lands are defined as any federally recognized Indian Tribe's reservation, pueblo, or colony, including former reservations in Oklahoma, Alaska, Native regions, Hawaiian Home Lands, or Indian Allotments. For those providing Lifeline service to eligible consumers living on tribal lands the Lifeline program subsidy is $34.25 ($9.25 in general support plus additional support of up to $25 per month). In addition assistance programs unique to those living on tribal lands (e.g., Bureau of Indian Affairs general assistance [BIA general assistance]) may also be used to certify subscriber eligibility.[4]

Subscribers living on tribal lands are also eligible for additional assistance under the FCC's Link Up Program. This program, while established by the FCC in 1987 for the general eligible population, was restricted in 2012 solely to those residing on tribal lands. The Link Up program assists eligible subscribers to pay the costs associated with the initiation of service and provides a one-time discount of up to $100 on the initial installation/activation of the service for the primary residence. Under the program, subscribers may pay any remaining amount on a deferred schedule interest free. A subscriber may be eligible for Link Up for a second or subsequent time only when moving to a new primary residence. Link Up support is not available to all providers offering service, but only to those who are building out infrastructure on tribal lands. Therefore, eligible subscribers residing on tribal lands may receive a monthly subsidy of up to $34.25 in Lifeline support plus a one-time initiation of service discount of up to $100 for Link Up support.[5]

What Are the Requirements for Eligibility?

To participate in the program, a consumer must either have an income that is at or below 135% of the federal poverty guidelines[6] or be enrolled in certain qualifying needs-based programs (e.g., Medicaid).[7] USAC has an eligibility pre-screening tool available which may assist consumers in determining eligibility.[8] Once enrolled in the program, participants are required to verify their eligibility on a yearly basis.

If a program recipient becomes ineligible for the program (e.g., due to an increase in income or de-enrollment in a qualifying program) the recipient is required to contact the provider and de-enroll from the program. Failure to de-enroll can lead to penalties and/or permanent disbarment from the program.

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[4] Additional qualifying programs for those living on tribal lands are: Food Distribution Program on Indian Reservations (FDPIR); Tribally administered Temporary Assistance for Needy Families (TTANF); and Head Start (only those households meeting its income qualifying standard).

[5] For additional information on the status of broadband deployment and federal funding programs on tribal lands, see CRS Report R44416, *Tribal Broadband: Status of Deployment and Federal Funding Programs*, by (name redacted) .

[6] Federal poverty guideline charts for 2016 are available at https://www.gpo.gov/fdsys/pkg/FR-2016-01-25/pdf/2016-01450.pdf.

[7] Additional qualifying programs are: Supplemental Nutrition Assistance Program (SNAP); Supplemental Security Income (SSI); Federal Public Housing Assistance (FPHA); and Veterans (VA) and Survivors Pension benefit program. See "Does the Program Differ for Those Living on Tribal Lands?" above for additional qualifying programs.

[8] The pre-screening tool is available at http://www.lifelinesupport.org/ls/eligibility/default.aspx.

How Does Someone Enroll and Stay Enrolled?

Consumers can apply for Lifeline by contacting a Lifeline program provider in his or her state or through the state-designated public service commission. To locate a state-designated provider the consumer may call USAC's toll free number (1-888-641-8722) or access USAC's website.[9] The National Association of Regulatory Utility Commissioners (NARUC) provides a listing of contact information for state public utility commissions.[10]

The provider, selected by the enrollee, will provide a Lifeline application form, upon request, to complete. Information required includes name, address, date of birth, and the last four digits of the enrollee's social security or tribal identification number. If applying based on household income eligibility the enrollee will be required to show proof of income documentation. If applying based on program eligibility the enrollee will be required to show documentation proving program participation. (Providers are required to keep documentation demonstrating subscriber eligibility.) The provider will process the application form and enrollee information will be entered into a nationwide USAC database to verify enrollee identity and to verify that the household is not currently receiving a Lifeline program discount. The 2016 Order establishes an independent National Lifeline Eligibility Verifier, under the auspices of USAC, that removes the responsibility of determining Lifeline subscriber eligibility from service providers.

Once enrolled, participants must be recertified annually to confirm eligibility. Recertification can be done by the provider or the provider may elect for USAC to undertake the recertification on its behalf. If the provider chooses to recertify their own enrollees they may query databases that confirm that an enrollee meets program-based or income-based eligibility requirements or the provider may send the enrollee a yearly recertification letter. The letter requires the enrollee to certify that he or she is still eligible to receive the discount, and that no other household member is receiving a Lifeline discount. If no longer eligible, participants must de-enroll or will be removed from the program. Lifeline benefits are not transferable, even to other qualifying subscribers. If an enrollee is still eligible but does not meet the recertification deadline, the discount will be lost and the participant must re-enroll to regain the discount.

Those enrolled under a pre-paid wireless option where there is no charge may be de-enrolled for non-usage.[11] If the participant either does not initiate or use the service for 30 consecutive days the provider is required to automatically de-enroll the participant 15 days from notification. This gives the participant a total of 45 days in which to demonstrate usage.

Can a Household Enroll in More Than One Service?

No. Enrollment is limited to one discount for either a landline or wireless connection, per household. A household is defined for Lifeline program eligibility as any individual, or group of individuals, who live together at the same address, that function as a single economic unit (i.e., share income and household expenses). All adult individuals (e.g., husband, wife, domestic

[9] See the USAC website at http://www.lifelinesupport.org/ls/companies/companies.aspx.

[10] See the NARUC website at https://www.naruc.org/about-naruc/regulatory-commissions/.

[11] Usage includes actions such as: completing an outbound or answering an incoming call from anyone other than the service provider or service providers representative or agent; the sending of a text message by the subscriber; purchasing additional minutes from the service provider to add to an existing pre-paid Lifeline account; or providing an affirmative response to a direct contact from the service provider confirming the desire to continue receiving the Lifeline supported service.

partner, another related or unrelated adult) living at the same address that share expenses (e.g., food, living expenses) and shares income (e.g., salary, public assistance benefits, social security payments) would be considered part of a single household. If any one of these persons is enrolled in the Lifeline program no other member of that household is eligible. However it is possible that more than one household can reside in a single dwelling if they are separate economic units.

Any violation of the one-per-household rule will result in de-enrollment from the program and may subject the enrollee to criminal and/or civil penalties.

Who Certifies Service Providers?

Providers must be certified as "eligible telecommunications carriers" to participate in the Lifeline program. That certification is given by the state or in some cases the FCC. In most cases the state public utility regulator establishes certification criteria and approves providers for participation in the program. However, for those providing service on tribal lands and in those cases where a state utility regulator does not have jurisdiction, certification is done by the FCC. A third alternative certification path for federal Lifeline Broadband Providers (LBPs), a subset of eligible telecommunications carriers, has been established as a result of the 2016 Order. Under this certification path LBP's may receive a designation from FCC staff to solely provide broadband Lifeline services to eligible subscribers and receive subsidies under the Federal Lifeline program. The LBP designation process is an alternative to the ETC process which remains in place.

Can Recipients Change Their Service Provider?

Yes. A recipient may transfer the discount to another provider, but no more than once every 60 days. To transfer to a new provider the recipient must contact a provider that participates in the program and ask them to transfer the benefit to them. The recipient must provide selected information to verify identity (e.g., name, date of birth, address, last four digits of his or her social security number) as well as give consent acknowledging that the benefit with the previous provider will be lost and that the new provider has explained that there may not be more than one benefit per household. In most cases no service disruption should occur.

Who Pays for the Lifeline Program?

Telecommunications carriers that provide interstate service and certain other providers of telecommunications services are required to contribute to the federal Universal Service Fund (USF) based on a percentage of their end-user interstate and international telecommunications revenues. These companies include wireline telephone companies, wireless telephone companies, paging service providers, and certain Voice over Internet Protocol (VoIP) providers. The USF (and its related programs including Lifeline) receives no federal monies.

Some consumers may notice a "Universal Service" line item among their telephone charges. This line item appears when a company choses to recover its USF contributions directly from its subscribers. The FCC permits, but does not require, this charge to be passed on directly to subscribers. Each company makes a business decision about whether and how to assess charges to recover its universal service obligations. The charge, however, cannot exceed the amount owed to the USF by the company.

Does the Lifeline Program Have a Funding Cap?

No. The Lifeline program does not have a designated funding cap, or ceiling, but the 2016 Order does establish a budget-type mechanism. Funding for the Lifeline program can increase, decrease, or remain the same depending on program need as determined on a quarterly basis by USAC. According to USAC, authorized support for the Lifeline program peaked in 2012 at $2.18 billion and has continued to decline totaling $1.49 billion in 2015.[12] The 2016 Order has established a non-binding yearly funding ceiling of $2.25 billion, indexed to inflation.

What Steps Has the FCC Taken to Combat Program Waste, Fraud, and Abuse?

The FCC has taken steps, including the following, to combat fraud, waste, and abuse in the Lifeline program:

- established an annual recertification requirement for participants receiving a Lifeline subsidy. The program requires those enrolled to certify, under penalty, on a yearly basis, that they are still eligible to receive the discount and that no one else in their household is receiving the Lifeline program discount;
- created a National Lifeline Accountability Database (NLAD) to prevent multiple carriers from receiving support for the same household;
- established an independent National Eligibility Verifier, under the auspices of USAC, to confirm subscriber eligibility. Prior to this the provider who received the subsidy verified subscriber eligibility;
- revised documentation retention to require providers of Lifeline service to retain documentation demonstrating subscriber eligibility;
- established minimum service standards for any provider that receives a Lifeline program subsidy;
- increased the amount and publication of program data; and
- undertakes enforcement actions against providers and subscribers who have broken program rules, resulting in fines and program disbarment.

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[12] See *2015 Annual Report, Universal Service Administrative Company*, available at http://www.usac.org/_res/documents/about/pdf/annual-reports/usac-annual-report-2015.pdf.