



# NEWS

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.  
See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

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## **LIFELINE REFORMS SAVED MORE THAN \$210 MILLION IN 2012, BEATING TARGET; FCC ANNOUNCES 14 PILOT PROJECTS TO INCREASE BROADBAND ADOPTION USING A PORTION OF SAVINGS FROM LIFELINE REFORM**

**Eliminating waste, fraud, and abuse protects Lifeline's mission of helping low-income Americans  
afford vital communications service**

Washington, D.C. – Today the FCC announced that savings from its comprehensive reform of its Lifeline program earlier this year reached nearly \$214 million in 2012, surpassing the \$200 million target the FCC set when it comprehensively reformed the program in January. The FCC also announced the selection of 14 pilot projects in 21 states and Puerto Rico that will field test approaches to using Lifeline to increase broadband adoption among low-income Americans.

Since 1985, the Lifeline program has provided a discount on phone service for qualifying low-income consumers to ensure that all Americans have the opportunities and security that phone service brings, including being able to connect to jobs, family, and emergency services. But waste, fraud, and abuse in the program were threatening its future, and the program currently provides no support for broadband, which is critical to jobs, education, and opportunity in the 21<sup>st</sup> Century.

### **January 2012 Reforms Are Succeeding in Eliminating Waste**

In January, the FCC overhauled Lifeline for today's communications marketplace. Major savings are being realized by:

- Eliminating "Link Up" subsidies for new connections, which were acting as unnecessary "bounties" for new sign-ups. As a result, Link Up expenditures dropped from roughly \$14 million in May – the final month Link Up payments were sent to providers -- to less than \$200,000 in December. Link Up is still available in some Tribal areas.
- Requiring carriers to obtain proof of income eligibility from new subscribers. These changes took effect in June and were first reflected in August disbursements, which dropped by nearly \$40 million in one month.
- Clarifying that Lifeline subscriptions are limited to one per household, and scrubbing subscriber roles of duplicates. The FCC has reviewed over 12 million subscriber records and eliminated 1.1 million duplicate subscriptions, which will result in \$128 million in annualized savings. The

process of examining subscriber rolls state-by-state continues as the FCC develops a comprehensive database that will automatically check for duplicate subscriptions.

- Requiring providers to verify the continued eligibility of their subscribers for Lifeline on annual basis.

### **New Tools To Combat Fraud**

In addition, the FCC's Enforcement Bureau has launched a dedicated Lifeline (LL) Fraud Tip Line – **1-855-4LL-TIPS (or 1-855-455-8477)**, and an email address, [Lifelinetips@fcc.gov](mailto:Lifelinetips@fcc.gov) – to facilitate reporting of possible fraud in the program.

Callers are encouraged to provide as much detail as possible, including the name and contact information of the individuals involved and the companies they are using to receive Lifeline-supported phone service. While callers may remain anonymous, the Bureau urges callers to provide a contact phone number in case additional information is needed.

### **Launch of 14 Broadband Adoption Pilots Across the Country**

Using \$14 million in savings from reforms, the FCC's Wireline Competition Bureau has chosen 14 high-quality pilot projects to advance broadband adoption through Lifeline. The projects will provide critical data and rigorous analysis regarding how Lifeline can efficiently and effectively increase broadband adoption and retention among low-income consumers.

Located in 21 states and Puerto Rico, the pilots will also provide broadband for nearly 75,000 low-income consumers who now lack service.

Robust, affordable broadband has become essential to access jobs, education, and economic opportunity. Over 80 percent of Fortune 500 companies today – including Wal-Mart and Target – require online job applications. And students with broadband at home have a 7 percent higher graduation rate. But low-income households adopt broadband at much lower rates than the average household: Fewer than 36 percent of families with incomes less than \$25,000 subscribe to broadband at home, compared to nearly 92 percent of families with incomes over \$75,000, according to the U.S. Census Bureau.

In order to rigorously test how best to use Lifeline to support broadband adoption, the pilots will gather data and provide analysis on a wide a range of geographic, technological, and programmatic variables. Projects include five wireless broadband projects, seven wireline broadband projects, and two offering wireline or wireless technologies. Seven will test discounted service in rural areas, including two on Tribal lands, and seven will test discounted service in urban and suburban areas. Variables that will be experimentally tested include the use of digital literacy training, equipment types, subsidy levels, speed ranges, and usage limits.

The Pilot Program will run for 18 months, beginning on Feb. 1, 2013. Winners have three months to set up the pilots, and must provide one year of subsidized service. The pilots must complete data collection and analysis in the final three months. Following is a list of projects and the states in which they are located. A more detailed description of the projects is available in Appendix A of the Order, available at <http://www.fcc.gov/document/14-projects-chosen-lifeline-broadband-pilot-program-competition>.

1. Frontier Communications Corporation (OH, WV)
2. Gila River Telecommunications, Inc. (AZ – Tribal)
3. Hopi Telecommunications, Inc. (AZ – Tribal)

4. National Telecommunications Cooperative Association (NTCA) Project (which includes the following carriers: Alpine Communications (IA); and Leaco Rural Telephone (NM))
5. Nexus Communications, Inc. (OH, MI, IA, NV, CA, LA, MS, NJ)
6. Partnership for a Connected Illinois Project (which includes the following carriers: Adams Telephone Cooperative; Cass Telephone Company; Harrisonville Telephone Company; Madison Telephone Company; Mid-Century Telephone Cooperative; Shawnee Telephone Company; and Wabash Telephone Cooperative (IL))
7. PR Wireless, Inc. (Puerto Rico)
8. Puerto Rico Telephone Company (Puerto Rico)
9. T-Mobile Puerto Rico LLC (Puerto Rico)
10. TracFone Wireless, Inc. project using smartphones (FL, MD, TX, WA, WI, MA)
11. Troy Cablevision, Inc. (AL)
12. Vermont Telephone Company, Inc. (VT)
13. Virgin Mobile USA, L.P. (MA, OH)
14. XChange Telecom Corp. (NY)

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