

## FCC CHAIRMAN WHEELER SEEKS COMMENT ON MODERNIZING LIFELINE TO MAKE 21<sup>ST</sup> CENTURY BROADBAND AFFORDABLE FOR LOW-INCOME HOUSEHOLDS

Today, Chairman Wheeler shared with his fellow commissioners a set of comprehensive proposals to restructure and modernize the FCC's Lifeline program so that it can efficiently and effectively help low-income consumers afford access to essential communications services in the 21<sup>st</sup> Century, including broadband. The proposals seek comment on how to modernize Lifeline while further combatting waste and better targeting the program to those who need it most.

### **Modernizing the Lifeline Program for the 21<sup>st</sup> Century**

Congress directed the FCC to ensure that all Americans – including low-income consumers – have access to advanced telecommunications and information services. Since 1985, Lifeline has helped make phone service affordable for low-income Americans. But to continue to serve its statutory purpose, Lifeline must evolve to meet today's most pressing communications needs, including access to broadband:

- While over 95% of households with incomes of \$150,000 or more have access, only 48% of those making less than \$25,000 have service at home.
- Nearly 50% of low-income Americans have had to cancel or suspend smartphone service due to financial hardship. Because low-income consumers disproportionately use smart phones for Internet access, this puts them at a disadvantage at a time when broadband access is essential for access to education and information, for managing and receiving health care, for daily tasks like accessing government services, checking bank balances, finding bargains on goods and services, and more.

The reforms of 2012 put the program on a more stable footing. These and other reforms **reduced Lifeline spending by nearly 24%** as they became fully effective in 2013-14. Now is the time to “reboot” Lifeline to ensure all Americans can share in the opportunities presented by 21<sup>st</sup> century communications.

### **Rebooting the Lifeline Program**

In order to bring Lifeline in the 21<sup>st</sup> Century, the Chairman is seeking comment on a number of proposals that will modernize the Lifeline program to make it more efficient, accountable, and effective at helping low-income consumers access the communications technology they need to participate in today's society, while proposing additional protections against waste, fraud and abuse.

- *Ensuring minimum service standards for voice and broadband.* The Notice proposes to establish minimum service standards for both voice and broadband, to ensure that both Lifeline subscribers and ratepayers are getting the best possible value from the service delivered. The Notice seeks comment on what those standards should be.
- *Resetting Lifeline Eligibility Administration.* Lifeline providers are currently responsible for ensuring the eligibility of their Lifeline customers, a situation that invites waste and burdens providers. The Notice proposes to remove providers from this process and seeks comment on other ways to verify eligibility, such as establishing a neutral third party administrator. The Notice also seeks comment on how to ensure that the program targets those most in need of the support.
- *Increasing Competition.* Competition among providers on price and service offerings would benefit Lifeline subscribers and would ensure ratepayer dollars support an efficient program. The Notice seeks comment on how to encourage providers to participate in the program. The item also asks how to encourage participation by the states.

### **Building on 2012 Lifeline Reforms**

The FCC adopted comprehensive reforms in January of 2012 to crack down on waste, fraud and abuse and protect ratepayer dollars, which include:

- Requiring documented proof of subscriber eligibility, and annual recertification of eligibility.
- Clarifying Lifeline subscriptions are limited to one per household.
- Establishing the National Lifeline Accountability Database to eliminate and prevent duplicate subscriptions.
- Independent audits of carriers every two years.

Now, the Chairman is circulating a Report and Order that would build on and strengthen these reforms by:

- Requiring providers to retain documentation regarding the eligibility of their Lifeline customers to facilitate oversight and audits.
- Extending all record retention requirements from three to ten years.
- Increasing program transparency by making key performance data easily available to the public.

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