NEWS

Federal Communications Commission
445 12th Street, S.W.
Washington, D. C. 20554

News Media Information 202 / 418-0500
Internet: http://www.fcc.gov
TTY: 1-888-835-5322

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).

FOR IMMEDIATE RELEASE
January 31, 2012

NEWS MEDIA CONTACT:
Mark Wigfield, 202-418-0253
Email: mark.wigfield@fcc.gov

FCC REFORMS, MODERNIZES LIFELINE TO KEEP LOW-INCOME AMERICANS CONNECTED TO JOBS, FAMILY, 911 SERVICES

Changes to Eliminate Waste, Fraud and Abuse and Improve Effectiveness

Washington, D.C. – Acting to reform and modernize a program vital to ensuring affordable communications for low-income consumers, the Federal Communications Commission today approved a comprehensive overhaul of its Lifeline program.

As a universal service program that fulfills Congress's mandate to ensure the availability of communications to all Americans, Lifeline for the past 25 years has helped tens of millions of low-income Americans afford basic phone service. Access to telephone service is essential for finding a job, connecting with family, or getting help in an emergency, and the percentage of low-income households with phone service has increased from 80% in 1985, when Lifeline began, to nearly 92% last year.

But the program faces real challenges, including rules that have failed to keep pace as consumers increasingly choose wireless phone service, and that create perverse incentives for some carriers. The FCC's Lifeline reforms address these and other challenges, including through:

- **Changes to eliminate waste, fraud, and abuse, saving up to $2 billion over 3 years**
  - Setting a savings target of $200 million for 2012, and putting the Commission in a position to adopt an appropriate budget for the program in early 2013 after review of a six-month report and one-year report on the effects of the Order.
  - Creation of a National Lifeline Accountability Database to prevent multiple carriers from receiving support for the same subscriber. The database will build on FCC efforts in 2011 that eliminated nearly 270,000 duplicate subscriptions in 12 states following review of over 3.6 million subscriber records, saving $33 million.
  - Creation of eligibility databases from governmental data sources, enabling fully automated verification of consumers' initial and ongoing Lifeline eligibility. This would reduce the potential for fraud while cutting red tape for consumers and providers. A database based on the three most common federal benefit programs through which consumers qualify for Lifeline will be created no later than the end of 2013.
  - Establishing a one-per-household rule applicable to all providers in the program, defining household as an "economic unit" so that separate low-income families living at the same address can get connected.
  - Establishing clear goals and metrics to measure program performance and effectiveness.

- Phasing out support for services such as Toll Limitation – subsidies to carriers for blocking or restricting long-distance service—and ending Link Up – subsidies to carriers for initial connection charges. Link Up will continue in Tribal lands.
- Reducing burdens on carriers by establishing a uniform, interim flat rate of reimbursement, allowing carriers to obtain a subscriber's signature electronically, and streamlining enrollment through uniform, nationwide eligibility criteria.

➢ **Modernizing Lifeline**

- Adopting an express goal for the program of ensuring availability of broadband for all low-income Americans.
- Establish a Broadband Adoption Pilot Program using up to $25 million in savings from other reforms to test and determine how Lifeline can best be used to increase broadband adoption among Lifeline-eligible consumers. Starting this year, the program will solicit applications from broadband providers and will select a number of projects to fund. Lifeline will help reduce the monthly cost of broadband service, but applicants will be expected to help address other challenges to broadband adoption, including the cost of devices and digital literacy.
- Proposes increasing digital literacy training at libraries and schools. A Further Notice of Proposed Rulemaking seeks comment on using savings from other Universal Service Fund reforms to increase digital literacy training at libraries and schools, a key step in increasing broadband adoption.
- Build on FCC efforts to close the broadband adoption gap and address digital literacy, including the Connect-to-Compete initiative, which enlists government, non-profit, and private sector leaders to address broadband adoption barriers through digital literacy training and low-cost broadband availability.
- Allow Lifeline support for bundled services plans combining voice and broadband or packages including optional calling features.

Lifeline reforms continue the FCC's comprehensive overhaul of all universal service programs, consistent with recommendations in the National Broadband Plan.

Action by the Commission, January 31, 2012, by Report and Order and Further Notice of Proposed Rulemaking (FCC 12-11). Chairman Genachowski approved; Commissioner McDowell approved, concurrred, and dissented in part; and Commissioner Clyburn approved and concurred in part. Separate statements issued by Chairman Genachowski, Commissioners McDowell and Clyburn.

Wireline Competition Bureau Staff Contact: Kimberly Scardino at 202-418-1442

-FCC-

News about the Federal Communications Commission can also be found
on the Commission's web site www.fcc.gov