UPDATE

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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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REFORMS OF LIFELINE GENERATE $43 MILLION IN SAVINGS SINCE JANUARY

Reforms on track to save $200 million this year by eliminating duplicative subscriptions and outdated subsidies

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

Washington, D.C. – Comprehensive reforms of the Lifeline program have saved nearly $43 million so far in 2012 and are on track to save at least $200 million this year, according to a progress report issued by the Federal Communications Commission today.

Since 1985, Lifeline has connected low-income Americans to jobs and opportunities, family and emergency services by helping make phone service affordable. But waste, fraud and abuse in the program were threatening its future.

In January, the FCC completely overhauled and reformed Lifeline for today's communications marketplace. These reforms included eliminating unnecessary subsidies, cutting off duplicative subscriptions, and requiring better proof of eligibility. Major savings so far this year include:

- $26 million from elimination of most of the "Link Up" program. Link Up provided subsidies for initial phone connections. But technology has largely eliminated the cost of initializing service. Instead, some carriers exploited Link Up as a bounty rewarding new subscriptions. Monthly savings from the elimination of Link Up of over $13 million were first realized in June and July, totaling $26 million.

- $16.5 million from eliminating duplicative subscriptions. Building on efforts that began last year, the FCC has continued to scour subscriber rolls and has de-enrolled duplicative subscriptions in 16 states, producing substantial savings in 2012. The process continues and will generate further savings this year and beyond.

- $250,000 from phasing out "toll limitation" service. This program – intended originally to protect consumers from disconnection due to non-payment of toll charges – was found to be unnecessary and subject to abuse. It will be completely eliminated in 2014.

Additional changes – tougher proof-of-eligibility requirements, certification and recertification of continued eligibility – became effective June 1 and are expected to reap additional savings this year.

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