

FCC Lifeline Broadband Program: Frequently Asked Questions May 5, 2016

The Federal Communications Commission (FCC) has [released the details](#) of the historic expansion of its low-income subsidy program, known as Lifeline, to broadband service. The Lifeline program currently provides \$1.6 billion per year in subsidies to 13 million low-income households to help pay for telephone and mobile voice service. Beginning in December 2016, the FCC will provide \$9.25 per month subsidies to discounted broadband packages offered by qualifying providers to eligible low-income households.

The broadband adoption gap among low-income households has been long-established, but the Lifeline program will be the first sustained federal effort to bridge that gap, particularly by addressing the monthly cost of service. While Lifeline is targeted specifically to addressing this cost barrier, the FCC is also launching a digital inclusion campaign that will accelerate its digital literacy and outreach efforts.

A [Policy Brief](#) released today summarizes the main items of the [FCC's Lifeline Modernization Order](#). This FAQ list describes the myriad of rules, implementation steps, and modifications to the program that the Order details. Over the next several months, the FCC, the Universal Service Administrative Company (USAC) (which distributes the subsidies), states, and providers will need to take a number of additional actions to implement this historic program. Paragraph references in this FAQ are to the [FCC's Lifeline Modernization Order](#), released April 27, 2016.

Background: Lifeline Today

What is the Lifeline program?

The FCC implemented the Lifeline universal service program in 1985, after the break-up of the Bell System monopoly. At that time, policymakers were concerned that splitting AT&T's long-distance business from the "Baby Bell" local telephone companies would cause local telephone rates to be unaffordable for low-income households. In response, the Lifeline program provides monthly discounts for voice telephone service to qualifying low-income households. In 2008 the program was expanded to include mobile voice service options, and in 2012 the monthly discount subsidy was set at \$9.25 per month.

How does a household qualify for Lifeline today?

To receive the discount, a household must show their voice service provider that they receive benefits from at least one of a number of federal or state assistance programs or that their income is at or below 135% of the Federal Poverty Guidelines. Federal programs include Medicaid, Supplemental Nutrition Assistance Program (SNAP, or food stamps), Supplemental Security Income (SSI), Federal Public Housing Assistance, Low Income Home Energy Assistance Program (LIHEAP), National School Lunch Program's free lunch program, Temporary Assistance for Needy Families (TANF) and Tribal-TANF, Bureau of Indian Affairs general assistance, and the Food Distribution Program on Indian Reservations.

Providers are required to review and maintain this proof of income, and also must re-qualify subscribers on an annual basis. This cumbersome process, which puts the service provider responsible for annual household income verification, has been criticized as offering opportunities for waste, fraud, and abuse of the program. One of the goals in the FCC's modernization is to make this process more efficient, dignified, and effective.

As discussed below, the FCC is streamlining this qualification process, beginning December 2016.

What services are available with this discount today?

Today, the Lifeline discount applies to local telephone service with unlimited local minutes and to mobile voice plans that include text service and a monthly minute allotment ranging from 100-500 minutes per month. To be eligible for the discount, the voice service provider must be certified by either the FCC or a state regulatory commission as an "Eligible Telecommunications Carrier," which includes commitments to advertise the program and be subject to audit. In addition, the specific voice plan must also be approved by the state or FCC.

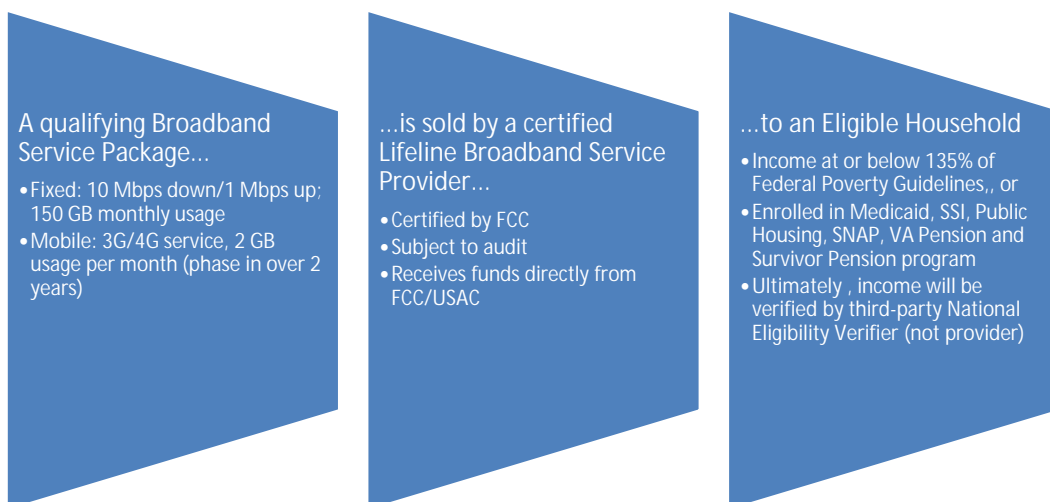
Since the FCC allowed mobile voice providers to participate in the program in 2008, the majority of Lifeline households apply their discount to mobile voice service plans, which frequently include very low-cost, if not free, service packages to qualifying low-income families. In addition to expanding Lifeline to broadband beginning December 2016, the FCC's current modernization effort will gradually begin to phase out the program for voice-only services.

Lifeline Broadband Packages and Providers

How will Lifeline apply to broadband service?

The \$9.25 discount will apply to a broadband subscription **only** if that broadband offer meets certain minimum standards and is offered by an eligible Lifeline broadband service provider.

The \$9.25/month Lifeline Broadband Discount will apply if...



What broadband services will qualify for Lifeline?

Both fixed and mobile broadband service will be eligible for the \$9.25/month Lifeline discount. However, these services must meet certain minimum service standards.

Fixed broadband service (cable modem, DSL, fiber, and fixed wireless) must offer a broadband speed of at least 10 Mbps download/1 Mbps upload, with a usage capacity of 150 GB per month (¶8 -90).

Mobile broadband service must employ 3G or 4G technology and ultimately include 2 GB of monthly data. The monthly data usage will be phased in over two years—beginning December 2016, at least 500 MB of data usage must be provided, increasing to 1 GB/month in December 2017 and 2 GB by December 2018 (¶1 -98). This mobile data usage allowance will be adjusted annually thereafter.

The FCC will revisit these minimum service standards annually, based on an assessment of broadband adoption (¶8 -90, 97-98). The FCC's goal is to ensure that Lifeline broadband service packages are of high quality and reflect what the substantial majority of residential consumers purchase.

How will consumers know which providers and plans are available to them?

Lifeline broadband service providers will be required by the FCC to market their Lifeline offerings to prospective consumers (¶62 -65). In addition, as discussed below, over the next four years the FCC will be implementing a centralized location that will allow households to obtain information about Lifeline products and services (¶40).

What if broadband that meets the minimum standards is not available where I live?

In situations in which the best fixed broadband service generally available does not meet the FCC's minimum standards, the FCC will allow the \$9.25/month discount to apply to a 4 Mbps down/1 Mbps fixed broadband service offering. In areas without 3G or 4G coverage or without 4 Mbps down/1 Mbps fixed broadband, the Lifeline discount will only be available for voice service. The FCC noted that it would entertain requests for waivers of these rules in special circumstances (¶07 -13).

Many states have Lifeline funds that add on more discounts to the federal discount. Will these state discounts apply to broadband?

Possibly, though the state would likely need to change its program rules in order to do so. Eighteen states and territories have state universal service funds that offer additional Lifeline discounts on top of the federal program. As discussed above, the FCC has created a federal "Lifeline service provider" certification process that does not require state regulatory commissions to certify broadband service packages, and the FCC says in the order that states would be free to allow that state Lifeline discount to apply to broadband (¶87). A state regulatory commission that wants to allow its state Lifeline funds to apply to broadband purchases by low-income households will be able to establish its own rules for qualifying broadband service providers (¶88).

What other functionalities might be available?

If a Lifeline broadband provider chooses to provide equipment (such as a smartphone) to consumers bundled with a Lifeline service package, that equipment will eventually contain Wi-Fi access and allow for tethering. This will allow a Lifeline household to, for example, use a Lifeline mobile broadband service to connect a laptop or tablet to the Internet. In December 2016 all Lifeline broadband providers that offer device bundles must include at least one offering that has Wi-Fi and tethering capability. By 2024, 75% of device offerings must include this functionality (§67 -78).

How will providers participate in the program?

To offer broadband service that qualifies for the low-income subsidy, a broadband service provider will first need to file paperwork with the FCC to be certified as a “Lifeline Broadband Service Provider.” This paperwork will include corporate information, a description of service packages, and a compliance plan. For broadband, this process will replace the generally state-based “Eligible Telecommunications Carrier” process that is in place for Lifeline voice service. This paperwork will also document the particular service offerings and packages to which the discount will apply (§77 -85).

The FCC’s Wireline Competition Bureau will administer this process and likely will announce further details on how providers can apply for this certification in the coming weeks.

Will any service providers be required to participate in Lifeline?

Providers that receive federal Connect America Fund subsidies to build voice and broadband networks in rural areas are required to participate in the Lifeline broadband program in areas in which they receive Connect America Fund support. (§09 -19).

As discussed in prior Policy Briefs, a substantial number of larger local telephone companies, including AT&T, CenturyLink, Windstream, Frontier, and FairPoint, have accepted Connect America Fund subsidies in most of their state footprint. As a result, FCC rules will require those providers to participate in the Lifeline broadband program in those areas. Verizon did not accept funding from the Connect America Fund and therefore will not be required to participate in the Lifeline broadband program. The FCC is in the process of making Connect America Fund subsidy offers to smaller, rural telephone companies like Horizon and TDS.

Timeline for Implementation

When will this broadband benefit begin?

The Lifeline broadband benefit will be available to eligible low-income households beginning December 1, 2016 (§167). To receive the benefit, an eligible household must purchase a qualifying broadband plan from an FCC-certified Lifeline Broadband Service Provider.

It is important to note that many broadband service providers will not be required to participate in the Lifeline broadband program. And even those participating in the program are not required to make the discount available for all of their packages. As a result, a customer’s current voice or broadband service may not qualify for the program.

Household Eligibility to Receive the Lifeline Benefit

Will the standards for household income eligibility change?

Yes, although the FCC claims that the changes should not unduly affect enrollment.

As discussed above, originally households generally qualify for broadband if their income is at or below 135% of the Federal Poverty Guidelines. A household can demonstrate that it meets this threshold by proving enrollment in one of a number of federal or state public assistance programs that are also income-based. A household must provide this proof (such as making a photocopy of a SNAP card) to their Lifeline service provider annually.

In the Order, the FCC modified the list of these “automatic eligibility” programs. In particular, the FCC added recipients of VA Pension benefit and Survivors Pension benefit to the list of automatically eligible households (¶73 -76). The FCC removed the ability of a household to prove enrollment in any state public assistance program and also removed the ability of households to rely on proof of enrollment in the federal LIHEAP, TANF, and NSLP free lunch programs. The FCC found that those programs did not allow for efficient electronic review and verification of their enrollees. The FCC claims that only 2.74% of all Lifeline enrollees (356,000 families) enrolled in Lifeline through these three federal programs, and that these households would likely still be able to enroll in Lifeline through another public assistance program or direct income demonstration (¶88 -96). These changes will take effect December 1, 2016.

The FCC made these changes to the “automatic eligibility” programs to facilitate its migration to a centralized, national eligibility verification process, discussed below. The programs selected by the FCC were those with high participation rates and which maintained enrollment databases (¶79 -82).

Regardless of these changes, the FCC maintained the general income eligibility threshold for Lifeline (135% of the Federal Poverty Guidelines). As a result, a household that had relied upon one of the now-eliminated “automatic” public assistance programs can demonstrate their household income through other means. This process is particularly important in U.S. Territories, where federal public assistance programs frequently do not reach. For example, the Supplemental Nutrition Assistance Program is not available to Puerto Rico residents, and eligibility for Medicaid in Puerto Rico requires sharply lower household income than on the mainland. The FCC cited that need as an important reason for maintaining the ability of households to qualify for Lifeline if their income is at or below 135% of the Federal Poverty Guidelines (¶97 -204).

If a consumer already buys broadband service but their household income meets the eligibility criteria, can they get this discount?

Yes—the discount is available to all eligible low-income households, even those that already purchase broadband service.

However, as described above, the broadband service package must meet the Lifeline minimum standards, and the customer’s provider of choice must choose to participate in the program as a certified Lifeline Broadband Service Provider. Because participation is voluntary for most providers, many existing broadband subscribers might have to switch providers and service plans to receive the \$9.25/month subsidy.

In addition, a household might have to choose whether to apply their Lifeline benefit to their broadband subscription, local voice service, or mobile voice package.

How will households qualify for the Lifeline broadband program in the future?

Households currently must demonstrate their eligibility for the program to their service provider, which verifies and maintains those records. This process will generally remain in place until 2021.

During the next four years, the FCC will create a new, National Eligibility Verifier for the Lifeline program. This national verifier will, on a state-by-state basis, gradually replace the provider-centered income eligibility process. When rolled out, this verifier will be a centralized location in which consumers will be able to research Lifeline providers, establish their eligibility, and track their enrollment. Providers, states, and community partners will also be able to use the national eligibility verifier to initiate the Lifeline enrollment and eligibility process (§26 -44).

The national verifier will work directly with providers, states, community-based organizations, and consumers to create a Lifeline Eligibility Database and process household eligibility determinations. The verifier will be a centralized resource that will ensure that households are eligible for the program and do not receive the benefit from multiple providers simultaneously.

What specific functions will the National Eligibility Verifier undertake?

The National Eligibility Verifier will:

- Determine subscriber eligibility in a “cost effective and administratively efficient” manner (§133-36). The verifier will work with federal and state agencies to “develop the most efficient pathways to determining subscriber eligibility.” The process will include both electronic and manual verification.
- Create a Lifeline eligibility database (§37). This database of enrollees will help prevent duplicate enrollments and allow consumers to shift their Lifeline subsidy when they switch service providers.
- Support access by different users (§38 -42). Providers, consumers, state agencies, and others will be able to access parts of the database to track the eligibility process and obtain information about Lifeline services and providers that are available in an area. In particular, subscribers will be able to research Lifeline service options and will be able to access and modify their own income verification records.
- Authorize monthly subsidy payments (§43). The national verifier will authorize the distribution of monthly subsidies directly to service providers based on its enrollment records.
- Facilitate benefit aggregation programs (§44). Lifeline beneficiaries (such as those living in an assisted public housing complex) will be able to aggregate their benefits to a single service provider account, and the national verifier will support those transactions.
- Conduct Stakeholder engagement (§60). The national verifier must create a stakeholder committee of providers, states, Tribal nations, users, and others that will advise on implementation.

How long will it take for this new verification process to be implemented?

Implementing this new national verification process will take some time. The FCC is requiring USAC, the company that administers federal universal service programs, to provide a draft plan for this implementation by December 1, 2016. That plan is to “comprehensively describe” how USAC will

develop and implement the national verification process, including a “proposed strategy, estimated timeline, and estimated budget” for the process. The FCC expects that implementation of the independent income-verification process will occur on a state-by-state basis, beginning with five states by the end of 2017 and continuing with 20 states by the end of 2018, and all states and territories by the end of 2019 (§ 61 -65).

2019 is a long time from now. What happens in the meantime?

The Lifeline broadband benefit will be available beginning December 1, 2016, to eligible households that purchase qualifying broadband plans from certified Lifeline Broadband Service Providers. Until the third-party national eligibility verification process is implemented in their state, low-income households will qualify for the program by demonstrating their income eligibility directly to their service provider. This is the process used today for Lifeline voice service.

Digital Inclusion

How will the FCC integrate Lifeline with other digital inclusion initiatives?

This year, the FCC’s Consumer and Governmental Affairs Bureau will develop a digital inclusion plan to address these non-price barriers. To create the plan, the FCC staff will engage consumer groups, community and philanthropic organizations, local government, and industry stakeholders to explore strategies to increase the availability of affordable service and equipment, digital literacy training, and relevance programming (§ 79 -84).

While the monthly cost of broadband service is a significant barrier to adoption for low-income households, it is not the only reason households do not subscribe to the Internet. Digital skills and training opportunities are other barriers to adoption that many nonprofit and communities are actively seeking to address. Many such groups participated actively in the Lifeline proceeding and urged the FCC to find ways to incorporate the new Lifeline broadband program with these efforts.

Phase-Out of Voice-Only Packages

Will Lifeline still be available for voice services?

For a few years, Lifeline will still be available to traditional local dial tone and mobile voice packages. However, in the Order, the FCC laid out a transition path that would eventually migrate all of these packages to voice/broadband bundles. The FCC justified this decision by stating that “a forward-looking Lifeline program must focus on broadband services” in order to provide low-income consumers with “robust, affordable, and modern service offerings” (§ 52).

The FCC will phase this transition in over several years through 2021. In December 2017, voice-only mobile plans will only be eligible for a \$7.25 per month subsidy, and this will ramp down to \$5.25 in December 2020. In December 2021, there will be no monthly subsidy for voice-only mobile plans. Stated simply, to have full access to the \$9.25 per month subsidy, Lifeline consumers will need to purchase a mobile plan that includes broadband data beginning by December 2017 (§ 2 -66).

Does this phase-out apply to traditional dial tone service in addition to mobile voice service?

Yes. Like mobile voice service, the FCC will phase out Lifeline support for traditional dial tone voice service, albeit on a different timeline. For traditional dial tone voice service, beginning in December 2019, a Lifeline household will have to subscribe to a Lifeline service package that includes broadband in order to receive the full subsidy. Beginning December 2021, Lifeline will not be available for traditional, dial tone service. In instances in which there is only one Lifeline service offering (which could occur in rural areas), a \$5.25 per month subsidy for traditional dial tone service will still be available.

What if the FCC is wrong and people do not migrate to broadband service this quickly?

The FCC says that by June 2021, it will study the market and determine whether it is appropriate to complete the phase-out of voice-only Lifeline subsidies in December 2010 (6).

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Over the next several months, the FCC and USAC will be putting in place many of the operational details of the Lifeline broadband programs. Most notably, the FCC will need to develop a Digital Inclusion Plan, review and approve USAC's Plan for the National Eligibility Verifier, and receive and approve specific Lifeline broadband service plan filings that will be offered by broadband providers. Future Policy Briefs will track these developments.

Learn more about the FCC's Lifeline modernization initiative in these Policy Briefs:

[FCC Releases First Details of Lifeline Broadband Program](#) (May 5, 2016)

[FCC Lifeline Program Will Subsidize Broadband for Low-Income Households](#) (March 31, 2016)

[Fact Sheet on Lifeline Modernization](#) (March 29, 2016)

[FCC Chairman Outlines Details of Proposal to Fund Broadband Adoption by Low-Income Households](#) (March 6, 2016)

[FCC Proposes to Discount Broadband Costs for Low-Income Households](#) (June 18, 2015)

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