



ISSUE: 16-05
DATED: 05/20/2016

Changes to the Federal Lifeline Program

On March 31, 2016, the Federal Communications Commission (“FCC”) adopted an order that reformed its Lifeline program. The text of the order was not released until April 27, 2016. The new order sets a lifeline budget of \$2.25 billion that will be annually adjusted for inflation. Many decisions and future updating of the Lifeline Program are expressly delegated by the FCC to the Wireline Competition Bureau (“WCB”). Some of the Lifeline Program changes that will require wireline providers to comply with new policies and rules are outlined, in part, below.

Supporting Broadband

The most significant change is that Lifeline now includes Broadband Internet Access Service (BIAS), both standalone fixed and mobile broadband, as a supported service. ETCs receiving high-cost support must offer a Lifeline standalone broadband service once they have deployed a broadband network and are commercially offering service to that area. However, ETCs are not required to offer Lifeline-supported broadband service in census blocks where the ETC does not receive high-cost support.

Over time Lifeline support for broadband service will be phased in while support for voice as a standalone option will be phased down (except where the ETC is the only Lifeline provider in that census block):

- Prior to Dec. 1, \$9.25/month
- Dec. 1, 2019, \$7.25/month;
- Dec. 1, 2020, \$5.25/month;
- Dec. 1, 2021, no support for voice except if the provider is the only Lifeline provider in a census block. The WCB will identify census blocks with only one Lifeline provider at least 6 months prior to June 1, 2021.

Fixed and mobile bundles that include voice or data are supported as long as **either** the voice or data service meets the minimum service standard. However, beginning Dec. 1, 2019, to receive the full \$9.25 reimbursement, the broadband component must meet the applicable minimum service standards. Only one Lifeline discount per household is still the rule and service providers will annually certify compliance with the applicable minimum service levels on Form 481. Lifeline service providers will also be permitted to collect service deposits for eligible broadband services (unlike voice).

Service Standards for Fixed Broadband Providers

An initial speed standard at 10/1 Mbps and a data usage allowance at 150 gigabytes per month has been set. These standards will be updated based on the Urban Rate Survey results announced by the WCB by July 31st annually. For fixed providers, there is an exception to minimum service standard requirements where: 1) The provider does not offer any generally available residential fixed broadband packages which meet the minimum service standards (10/1 Mbps) at a prospective subscriber's residence; 2) The provider offers a generally available residential fixed broadband service to the prospect subscriber with speeds meeting or exceeding 4/1Mbps. The Bureau can increase this speed floor; and 3) The Lifeline discount is applied to the purchase of its highest performing generally available residential offering that meets or exceeds 4/1 Mbps.

National Lifeline Eligibility Verifier

The Order establishes a National Lifeline Eligibility Verifier and outlines a clear path that will ultimately result in Lifeline providers no longer having to perform eligibility and verification functions. It also establishes a Lifeline Eligibility Database (LED) which will contain records of all subscribers deemed eligible by the National Verifier. The National Verifier will allow potential subscribers to contact it directly to initiate and complete eligibility determinations and application for Lifeline service, obtain information about Lifeline providers and services, and to resolve any issues through dispute resolution. The National Verifier will also enable access by authorized users, provide support payments to providers, and conduct recertification of subscribers.

The National Verifier will retain eligibility information collected from the eligibility determination process and Lifeline providers will not be required to retain documentation for subscribers who have been determined eligible by the National Verifier. The FCC expects that the National Verifier will be deployed throughout the states over the next three years and in all states and territories by Dec. 31, 2019. USAC will develop a transition plan to phase out Form 497, currently used to seek Lifeline support.

Eligibility for Lifeline Support

Beginning on December 1, 2016 or 60 days after OMB approval, SNAP, Medicaid, SSI, FPHA and the Veterans Pension Benefit will be the only programs used for eligibility purposes along with an income standard. The eligibility standard for households with income of less than 135% of the Federal Poverty Guidelines (FPG) remains the same. **These new standards apply to subscribers newly enrolled as of the date the rule goes into effect. They will also apply to current subscribers as they are recertified.** The current set of Tribal specific eligibility programs remains the same as does the enhanced support amount but state-specific eligibility criteria for Lifeline support has been removed. Although a state with its own Lifeline fund is still free to adopt any eligibility requirements it deems necessary for that fund.

High-cost ETC Providers Eligibility to Participate in the Lifeline Program

High-cost/Lifeline ETCs are specifically eligible to receive support for broadband and are only required to offer Lifeline supported broadband service in areas served pursuant to their high-cost obligations. **They may offer only voice in other areas but must notify the Commission of this and identify those areas by census block 60 days after OMB approval of this Order or 30 days after receiving designation as an ETC.** To the extent that a carrier offers BIAS even when not required, it is eligible for reimbursement. However, High-cost Lifeline ETCs will not be required to offer Lifeline voice service where: 1) 51% of Lifeline subscribers in a county are obtaining BIAS; 2) There are at least three other providers of Lifeline BIAS that each serve at least five percent of the Lifeline broadband subscribers in that county; and 3) The ETC does not

actually receive federal high-cost universal service support. The WCB will annually issue a Public Notice announcing the counties where the subscribership and competition criteria are met. Forbearance from the Lifeline voice service obligation will apply to the High-Cost Lifeline ETC in the identified counties insofar as each ETC is not receiving high-cost support. The forbearance will continue until the next year's Public Notice.

The above is meant only as a highlight and summary of some of the Lifeline Rule changes that will impact wireline providers. Please contact your GVNW Consultant or Courtney Spears (830.895.7221, cspears@gvnw.com) or David Cohen (202.236.3947, dcohen@gvnw.com) with any additional questions or concerns you may have about the new rules for the Lifeline program.