

FCC Releases First Details of Lifeline Broadband Program

May 5, 2016

Last week, the Federal Communications Commission (FCC) released the [first details](#) of the expansion of its low-income Lifeline universal service program to broadband. The Lifeline expansion will have discounted broadband packages available to qualifying low-income households in December 2016.

As noted in prior [Policy Briefs](#), expansion of the thirty-year old Lifeline program to broadband represents the single largest federal investment in broadband adoption in history. The Lifeline program was created in 1985 and currently provides a monthly, \$9.25 subsidy for voice telephone service to over 13 million low-income households. Low-income consumers generally have a choice in Lifeline voice providers offering competitive, low-cost options, and the \$1.6 billion/year program has generally helped voice adoption reach well over 90% for even the lowest-income households. In expanding the Lifeline program to broadband, the FCC is also moving forward on other initiatives to streamline and modernize program administration and finances.

This Policy Brief summarizes key parts of the [FCC Lifeline Modernization Order](#), released April 27, 2016. This Order is only the first step in what will eventually be a long list of operational activities, plans, and initiatives over the next several months. Because of the complexity of these changes, a [Lifeline FAQ](#) accompanies this Policy Brief and provides more detail on changes to the Lifeline program, particularly as they would impact low-income consumers, community institutions, and providers.

Broadband Services to be Supported by Lifeline

Since 1985, the Lifeline program has supported only voice communications. Originally this meant dial tone service, and in 2008 the FCC allowed mobile providers to offer Lifeline packages for wireless voice service. Since 2012 the monthly Lifeline discount has been \$9.25 (a level not changed by the FCC).

Beginning December 1, 2016, service providers will be able to offer Lifeline discount broadband service plans to eligible low-income consumers so long as those plans meet certain FCC criteria:

- Fixed broadband service (cable modem, DSL, fiber, and fixed wireless) plans must offer speeds of at least 10 Mbps download/1 Mbps upload, with a usage capacity of 150 GB per month.
- Mobile broadband service plans must employ 3G or 4G technology. The level of monthly data that will be available will begin at 500 MB per month in December 2016 and increase to 2 GB per month by December 2018.

If that level of broadband service is not available at a customer's location, the FCC will allow the discount to apply to lower-quality service. The FCC will revisit these minimum service standards annually. 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.

If a Lifeline broadband provider chooses to provide equipment (such as a smartphone) to consumers as part of a Lifeline service plan, 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.

The FCC will begin to phase-out voice-only service plans from the Lifeline program. By 2021, the Lifeline program will only be available to low-income consumers who purchase some form of fixed or mobile broadband service. This transition will begin in December 2017, when the FCC begins to lower the monthly discount for mobile voice-only options. More detail on this transition can be found in the [FAQ](#).

Household Eligibility

Currently, to be eligible for a Lifeline service, a household must annually demonstrate to its service provider that they either participate in one of several public assistance programs, or their income is at or below 135% of the Federal Poverty Guidelines.

When the Lifeline broadband program is rolled out in December 2016, this process will not change immediately—but the FCC is making changes to the process. Beginning December 2016, the FCC will streamline the number of public assistance programs that a household can use to demonstrate its eligibility for a discounted Lifeline service. Participants in the Supplemental Nutrition Assistance Program (SNAP), Medicaid, Supplemental Security Income, Federal Public Housing Assistance, and the VAP Pension and Survivors Pension programs will automatically be eligible. Households that used their enrollment in the Low Income Home Energy Assistance Program (LIHEAP), National School Lunch Program free lunch program, and any state public assistance program for eligibility will have to demonstrate eligibility through other means. The FCC maintained the general income eligibility threshold for Lifeline (135% of the Federal Poverty Guidelines). This process is particularly important in U.S. Territories like Puerto Rico, where federal public assistance programs frequently do not reach.

Discounted Lifeline plans will be available to eligible low-income households even if they already purchase broadband service.

Competition and Choice

One goal of the FCC's effort is to ensure that low-income consumers have a broad choice of providers and service packages. To reach this goal, the FCC will certify Lifeline broadband service providers and review their qualifying broadband plans. This "Lifeline Broadband Service Provider" process will eliminate the need for providers to obtain these certifications at the state level, the process typically undertaken by Lifeline voice providers.

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. Participation by other broadband providers is voluntary. As a result, not every broadband ISP will have a Lifeline service option for low-income customers.

Timeline for Implementation

Low-income consumers will be able to purchase qualifying Lifeline broadband discount plans beginning December 1, 2016. To receive the benefit, an eligible household must purchase a qualifying broadband plan from an FCC-certified Lifeline Broadband Service Provider. As noted above, most 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.

Establishment of a Centralized Lifeline Database

While low-income households currently must demonstrate their eligibility for the program to their service provider, the FCC will gradually change and centralize this process over the next four years. On a state-by-state basis through 2021, the FCC will create a new, National Eligibility Verifier for the Lifeline program. This Verifier will be established by USAC and will consist of a number of databases, tools, personnel, and processes that will manage the Lifeline service enrollment, subsidy disbursement, and income verification qualification process. When rolled out, the Verifier will include a centralized location in which consumers will be able to research Lifeline providers and services, establish their eligibility, and track their enrollment. Providers, states, and community partners will also be able to access this database to initiate the Lifeline enrollment and eligibility process. USAC will work directly with providers, states, community-based organizations, and consumers to build this centralized resource. For more detail on this transition and the role of the National Eligibility Verifier and USAC, see the [FAQ](#).

Digital Inclusion Plan

Over the next six months, the FCC's Consumer and Governmental Affairs Bureau will develop a Digital Inclusion Plan to address these non-price barriers. The plan 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 as the Lifeline broadband program is implemented.

Lifeline Program Spending Target

The FCC has set an annual \$2.25 billion target for the Lifeline program. In 2014, the Lifeline program spent \$1.63 billion to provide support to nearly 13 million households. This annual target for the program has been criticized by Commissioners Ajit Pai and Michael O'Reilly as not constituting a firm budget for the Lifeline program.

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The April 2016 Order is only the first of what will be several important FCC actions this year in expanding the Lifeline program to broadband. Connected Nation will provide further updates and Policy Briefs as this work progresses. Learn more about the Lifeline modernization initiative in these Policy Briefs:

[FCC Lifeline Broadband Program: Frequently Asked Questions](#) (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 Proposes to Discount Broadband Costs for Low-Income Households](#) (June 18, 2015)

For more information about these and other broadband policy issues, please contact Connected Nation at policy@connectednation.org.

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