

## **Chairman Wheeler & Commissioner Clyburn Propose Rules to Modernize Lifeline Program to Provide Affordable Broadband for Low-Income Americans**

FCC Chairman Tom Wheeler, working closely with fellow Commissioner Mignon Clyburn, is circulating for consideration by the full Commission an Order to modernize the FCC's Lifeline program to efficiently and effectively meet a critical 21<sup>st</sup> Century need: making broadband more affordable for low-income consumers.

Congress directed the FCC to ensure that all Americans have access to advanced telecommunications and information services. Since 1985, Lifeline subsidies have helped make phone service affordable for low-income Americans. Now, Lifeline must evolve to meet today's most pressing communications need: access to broadband. With affordability still the largest single barrier to broadband adoption in low-income households, the draft Order would reboot Lifeline to enable all Americans to share in the opportunities broadband connectivity provides, while building on recent reforms to the program. The proposed Order will be voted on by the full Commission at the March 31 Open Meeting.

### **Draft Order: Modernizing Lifeline for a Digital Era**

The draft Order proposes that, for the first time, low income consumers could apply the \$9.25 per month support to stand-alone broadband service as well as bundled voice and data service packages. The Order would free up the Lifeline marketplace to encourage wide participation in the program by broadband providers, giving consumers competitive service options. Minimum service standards would ensure that supported services meet modern needs. Building substantially on the Commission's landmark 2012 reforms of the program, the Order would establish a National Eligibility Verifier to further deter waste, fraud and abuse, while reducing provider burden. In addition, a budget mechanism would limit Lifeline's cost to ratepayers. The proposed Order:

- **Provides support for robust broadband**
  - Allows Lifeline support for stand-alone mobile or fixed broadband Internet access service
  - Lifeline consumers may also receive support for bundling of fixed or mobile voice and broadband
  - Supports mobile voice with unlimited talk through the end of 2019, after which Lifeline providers of mobile services will be required to include broadband as part of any supported service.
  - Support for fixed-only voice service remains in light of ongoing affordability challenges
  - Helps close the homework gap by promoting appropriate Lifeline-supported mobile devices with Wi-Fi functionality
  - Requires a mid-2019 program review and report by the FCC's Wireline Competition Bureau
  
- **Ensures that Lifeline subscribers receive services meeting 21<sup>st</sup> Century needs**
  - Sets minimum standards for broadband to enable consumers to fully participate in digital society:
    - Fixed speed standard based on what a substantial majority of consumers receive (currently 10 Mbps downloads/1 Mbps uploads)
    - Sets minimum monthly fixed broadband usage allowance standard of 150 GB

- Phases in minimum standards for mobile broadband service, starting at 500 Megabits per month of 3G data, increasing to 2 gigabits/per month by the end of 2018
  - Requires unlimited minutes for mobile voice service, starting in December 1, 2016, reflecting typical plans in the market
  - Anticipates technological advances in the convergence of mobile voice and data. Support for standalone mobile voice will be gradually phased down over three years: reduced from \$9.25 per month to \$7.25 on Dec. 1, 2017, \$5.25 on Dec. 1, 2018, and no support after Dec, 1, 2019
  - Mobile voice remains eligible for full support as part of a mobile voice and data bundle
  
- **Frees up the Lifeline marketplace to encourage participation by broadband providers, increasing availability and consumer choice**
  - Unlocks Lifeline for broadband services by providing streamlined, nationwide entry for a new category of providers, called Lifeline Broadband Providers
  - Establishes third-party National Eligibility Verifier, reducing cost to providers of verifying subscriber eligibility
  - Modernizes rules to improve program flexibility, reduce burdens, and incentivize participation by providers
  
- **Builds on 2012 reforms and closes any remaining vulnerabilities to curb waste, fraud and abuse**
  - Establishes a National Eligibility Verifier as neutral third-party entity that removes the opportunity for providers to enroll ineligible subscribers
  - Refines list of federal programs that may be used to validate Lifeline eligibility to those that support electronic validation, are most accountable, and best identify people needing support (SNAP, SSI, Medicaid, Veterans Pension, Tribal), along with income-based eligibility
  - Increases transparency by making program data publicly available and understandable, including subscriber counts by provider and uniform disclosure of annual subscriber recertification data
  
- **Establishes budget mechanism to minimize impact on ratepayers**
  - Sets budget of \$2.25 billion, indexed to inflation, sufficient to allow for increased participation generated by support for broadband service
  - Requires FCC's Wireline Competition Bureau to notify Commission when spending reaches 90 percent of the budget and to prepare an analysis of the causes of spending growth, followed by Commission action within 6 months.
  - Maintains current \$9.25 monthly household subsidy

These and other changes will fully modernize Lifeline to support broadband service and obtain the highest possible value from the expenditure of Universal Service funds.