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FEDERAL-STATE JOINT BOARD ON UNIVERSAL SERVICE SEEKS COMMENT ON REVIEW OF LIFELINE AND LINK-UP SERVICE FOR ALL LOW-INCOME CONSUMERS

CC Docket No. 96-45

Released: October 12, 2001

Comment Date: **60 days from publication in the Federal Register**
Reply Comment Date: **120 days from publication in the Federal Register**

By this Public Notice, the Federal-State Joint Board on Universal Service (Joint Board) invites comment regarding its review of Lifeline/Link-Up, two federal support programs that are used to preserve and advance universal service and to ensure that quality telecommunications and information services are available to low-income consumers at just, reasonable and affordable rates, as required by the Telecommunications Act of 1996.[1]

I. BACKGROUND

Since 1984, the Commission, in conjunction with the states and local telephone companies, has administered a Lifeline program designed to promote universal service by providing low-income individuals with monthly discounts on the cost of receiving telephone service.[2] The Commission also established "Link-Up America," a program designed to help low-income individuals pay the initial costs of commencing telephone service.[3] In June 2000, the Commission expanded the Lifeline and Link-Up programs to provide additional discounts to those individuals living on Indian reservations.[4]

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[1] Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996) (1996 Act). The 1996 Act amended the Communications Act of 1934. 47 U.S.C. §§ 151, *et seq.*

[2] *See MTS and WATS Market Structure, and Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board,* Recommended Decision, CC Docket Nos. 78-72 and 80-286, 49 Fed. Reg. 48325 (rel. Nov. 23, 1984) (recommending the adoption of federal lifeline assistance measures); *MTS and WATS Market Structure, and Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board,* Decision and Order, CC Docket Nos. 78-72 and 80-286, FCC 84-637, 50 Fed. Reg. 939 (rel. Dec. 28, 1984) (adopting the Joint Board's recommendation).

[3] *MTS and WATS Market Structure, and Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board,* Report and Order, CC Docket Nos. 78-72 and 80-286, 2 FCC Rcd 2953

In the 1996 *Joint Board Recommended Decision*, the Joint Board determined that Congress's intent would best be served if all low-income consumers had access to Lifeline/Link-Up assistance.[5] Accordingly, the Joint Board found that the goal of increasing low-income subscribership would best be met if the Commission maintained the basic framework for administering Lifeline/Link-Up qualification in states that provide matching support from the intrastate jurisdiction, with the criteria to be based solely on income or factors directly related to income.[6] The Joint Board also recommended that for states choosing not to provide intrastate matching support, the Commission should adopt specific default means-tested eligibility standards.[7]

Consistent with the Joint Board's recommendations, the Commission maintained the basic framework for administering the Lifeline program that existed prior to the adoption of the *Universal Service Order*.[8] The Commission also adopted the Joint Board's recommendation to apply a specific, means-tested eligibility standard, by requiring participation in Medicaid, food stamps, Supplementary Security Income (SSI), federal public housing assistance (Section 8), or Low Income Home Energy Assistance Program (LIHEAP), in order for an individual to be eligible for Lifeline/Link-Up in states that choose not to provide matching support from the intrastate jurisdiction.[9]

An individual living on tribal lands may also qualify for Lifeline/Link-Up assistance if he/she certifies participation in one of the following federal programs: Bureau of Indian Affairs general assistance, Tribally-administered Temporary Assistance for Needy Families; Head Start (only for those meeting its income qualifying standard); or National School Lunch Program.[10]

In the *Universal Service Order*, the Commission explained that: "We clarify, however, that the Joint Board recommendation, which we adopt, requires states to base eligibility on income or factors directly related to income and merely suggests using

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(1987), Memorandum Opinion and Order on Reconsideration, 3 FCC Rcd 4543 (1988).

[4] *Federal-State Joint Board on Universal Service; Promoting Deployment and Subscribership in Unserved and Underserved Areas, Including Tribal and Insular Areas,* CC Docket No. 96-45, Twelfth Report and Order, Memorandum Opinion and Order and Notice of Proposed Rulemaking, 15 FCC Rcd 12208 (2000) (*Twelfth Report and Order*).

[5] *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Recommended Decision, 12 FCC Rcd 87 (1996) (*1996 Recommended Decision*).

[6] *Recommended Decision*, 12 FCC Rcd 87, 303 (1996).

[7] *Recommended Decision*, 12 FCC Rcd 87, 303 (1996).

[8] *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776 (1997), as corrected by Errata, CC Docket No. 96-45 (rel. June 4, 1997) (*Universal Service Order*).

[9] *Universal Service Order*, 12 FCC Rcd 8776, 8973 (1997).

[10] 47 C.F.R. § 54.409(c); *see also Twelfth Report and Order,* 15 FCC Rcd 12208 (2000).

participation in a low income assistance program as the criterion."[11] The Commission further explained that: "[w]e have tied the default Lifeline qualification standards (which will apply in states that do not provide intrastate funds) to programs that commenters believe to be unaffected or minimally affected by the new welfare legislation. We will, however, continue to monitor the situation and may make further changes in the future if it appears that changes to other programs unduly limit Lifeline eligibility."[12]

On December 21, 2000, the Commission referred the low-income support issues to the Joint Board and stated: "...we ask the Joint Board to undertake a review of Lifeline and Link-Up service for all low-income customers, including a review of the income eligibility criteria."[13]

A. The Effectiveness of the Current Lifeline/Link-Up Program.

According to the 2001 *Trends in Telephone Service Report*, an estimated 5.9 million consumers paid reduced rates for local telephone service under the low-income provisions of the Lifeline program in 2000.[14] Since the inception of the Link-Up America program in 1987, approximately 10.6 million low-income consumers have been able to initiate telephone service using Link-Up.[15] We note that, in a recent study, the Missouri Office of Public Counsel estimated that 26 percent of households with incomes at or below 150 percent of the federal poverty level take advantage of the Lifeline/Link-Up program.[16]

We invite parties to develop a full record on the effectiveness of the Commission's existing Lifeline/Link-Up rules. In particular, we seek comment from all interested parties who may have data on the Lifeline/Link-Up enrollment in each state. Commenters should provide information on the number and percentage of low-income households that are with and without telephones within the living unit; the number and percentage of low-income households who receive Lifeline/Link-Up support; the number and percentage of low-income households who do not receive Lifeline/Link-Up support; and the number and percentage of households that are low-income and not enrolled in federal assistance programs. Where possible, commenters should break these figures into on-reservation and off-reservation categories.

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[11] *Universal Service Order*, 12 FCC Rcd 8776, 8974 (1996).

[12] *Universal Service Order,* 12 FCC Rcd 8776, 8974 (1996).

[13] *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Order, 15 FCC Rcd 25257 (rel. Dec. 21, 2000).

[14] FCC, *Trends in Telephone Service Report*, Table 7.2 (August 2001) (*2001 Trends Report*).

[15] *2001 Trends Report*, Table 7.3.

[16] *See* Letter from Martha Hogerty, Missouri Office of Public Counsel, to Magalie Roman Salas, Federal Communications Commission, dated September 19, 2001 (discussing United States Census Bureau data). We note that "150% of the poverty level" is a standard measure of low-income status and is used in assessing various assistance programs.

The *2001 Trends Report* includes some of the information we seek; however, states and/or telecommunications companies may have gathered more comprehensive information concerning Lifeline/Link-Up enrollment in their respective state(s). In the interest of compiling the most complete and accurate record, we therefore encourage commenters to provide as much detail as possible with respect to Lifeline/Link-Up enrollment, including the source of the information, when and how this information was compiled, or other information the commenters believe to be relevant.

We also invite parties to discuss the reasons that some low-income individuals are not receiving Lifeline/Link-Up assistance. For example, these individuals may be excluded from qualifying programs because of federal or state program restrictions; they may not be receiving adequate information about the Lifeline/Link-Up program; or they may be excluding themselves by choice from participating in qualifying programs.

We also seek comment regarding welfare reform and its impact on the number of low-income households that are participating in Lifeline/Link-Up. In particular, we seek comment on whether the number of low-income households eligible for Lifeline/Link-Up assistance has changed as a result of state and federal efforts to reduce the number of participants in welfare programs such as food stamps, SSI, LIHEAP, etc.

We encourage commenters to discuss whether there are other reasons that low-income individuals may not enroll in qualifying programs or participate in Lifeline/Link-Up. Commenters also should discuss whether existing or proposed qualification standards and enrollment procedures may serve to encourage or discourage increased participation among all low-income households.

In addition, there may be special concerns regarding recent immigrants, individuals living on reservations, and other groups that may need to be considered. In this regard, we invite comment on the extent to which immigrants may be underrepresented in public assistance programs for legal or social reasons. Commenters also should discuss whether individuals living on reservations face barriers to participation and what modifications to the Lifeline/Link-Up program may be necessary to overcome those barriers.

Moreover, we seek comment on the innovative ways in which states are implementing their respective Lifeline/Link-Up programs. Specifically, commenters should discuss what steps have been taken to increase Lifeline/Link-Up subscribership in their respective state(s). Commenters should also discuss ways in which successful state methods could be implemented at the federal level.

B. Modifying the Existing Lifeline/Link-Up Rules.

We seek comment on whether changes to the current Lifeline/Link-Up program are warranted to further the goal of bringing affordable rates to low-income consumers. We discuss various possible changes below.

1. Eligibility Criteria.

We seek comment on whether the current eligibility criteria should be modified.[17] Specifically, commenters should address whether new eligibility criteria should be added to the existing list for Lifeline/Link-Up and enhanced Lifeline/Link-Up, or whether particular eligibility criteria should be deleted from the existing list.

Commenters also should discuss whether there are programs used by states that are particularly effective in determining eligibility for Lifeline/Link-Up assistance. In addition, commenters should discuss how modifications to the current federal eligibility criteria may impact state Lifeline/Link-Up programs.

As indicated above, a state that has its own Lifeline/Link-Up program establishes the eligibility criteria for that program. As such, these criteria vary from state to state. To the extent a state has its own Lifeline/Link-Up program, we seek comment on the specifics of the eligibility criteria used. We also seek comment on whether all states should be required to include, at a minimum, the federal eligibility criteria in their respective programs or whether we should adopt one national standard for purposes of determining eligibility.

Moreover, we invite comment on whether individuals should be able to qualify for Lifeline/Link-Up support merely by being eligible for low-income assistance programs, rather than actually participating in them. If the Commission were to adopt such a standard, we invite comment on how eligibility might be certified or verified.

Commenters also are encouraged to discuss whether low-income individuals should be removed immediately from Lifeline enrollment when they no longer meet the eligibility standards, or whether Lifeline enrollment should be guaranteed for a specified minimum period of time.

We also seek comment on whether eligibility based on income level should be added to the existing eligibility standards as an additional means to qualify for Lifeline/Link-Up. In the *Twelfth Report and Order*, the Commission stated its intent to examine, in consultation with the Joint Board, revisions to section 54.409 of the Commission's rules to provide for eligibility based solely on income level.[18] We seek comment on whether this approach would reach more or fewer low-income consumers than the federal criteria, which condition eligibility on participation in low-income

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[17] *See* 47 C.F.R. § 54.409(a), (b), (c); 54.415(b), (c).

[18] *Twelfth Report and Order,* 15 FCC Rcd 12208, 12247 (2000).

assistance programs. We invite comment on what the appropriate income level might be, if an income-based test is used. Commenters should discuss whether the Federal Poverty Guidelines or some other mechanism should be used to establish an appropriate income level.

Commenters also should discuss how an individual may qualify for Lifeline/Link-Up support under an income-based standard; how an individual might certify his/her income level; and what, if any, special procedures should be implemented to verify an individual's income level.

2. Application/Verification.

We invite comment on the Lifeline/Link-Up application process. Currently, in order to receive Lifeline/Link-Up support under federal criteria, a consumer must certify that he/she participates in at least one of the qualifying federal programs set forth above. Under the federal criteria of the Commission's Lifeline/Link-Up rules, certification of participation in a federal assistance program is accomplished in the following manner: the eligible telecommunications carrier that is providing Lifeline/Link-Up service to the low-income consumer obtains the consumer's signature on a document certifying under penalty of perjury that the consumer receives benefits from at least one of the qualifying programs.[19] The consumer also must identify the program or programs from which he/she receives benefits and must agree to notify the carrier if he/she ceases to participate in the identified program(s).[20] We invite comment on whether this process effectively targets support. In this regard, commenters should discuss what application procedures should be considered in order to promote an efficient and effective Lifeline/Linkup program, including increasing participation where appropriate.

We also seek comment on whether an individual's eligibility to receive Lifeline/Link-Up support should be verified, and if so, what the federal verification measures should be (*e.g.*, requiring consumers to provide a copy of a food stamp coupon in order to receive support). We seek comment on the effects of any proposed verification procedures on enrollment, on the costs of administration, and on the effectiveness of the program. For instance, commenters should discuss whether verification of eligibility should occur periodically or whether the subscriber should be required to notify the carrier when he/she is no longer eligible to receive Lifeline/Link-Up assistance. In addition, we encourage commenters to provide information concerning best practices of states with regard to certification and/or verification procedures and whether those procedures have been successful. We also ask commenters to provide information on the extent and frequency of any fraudulent or otherwise inappropriate enrollment in Lifeline or Link-Up programs, or any other problems that lead to improper program expenditures. We seek comment on any problems relating to our existing

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[19] *See* 47 C.F.R. § 54.409(b), (c).

[20] *See* 47 C.F.R. § 54.409(b), (c).

procedures and also on any problems that could result from adopting new qualifying standards.

Finally, we seek comment regarding automatic enrollment and verification methods that could assist the states in more readily identifying low-income households that qualify for Lifeline/Link-Up, and reduce delay and inefficiency in the processing of applications.

3. Additional Modifications.

We invite comment on the ways in which the federal Lifeline/Link-Up program could be improved. For example, commenters may wish to discuss whether increased or alternative methods of Link-Up support would improve the Lifeline program.

We also seek comment regarding impediments that may prevent low-income households from obtaining affordable access to the network, including existing credit, collections, and disconnection policies and service application procedures that are required by local exchange companies. Commenters are requested to suggest alternatives to those procedures that are identified as impediments.

Commenters also are requested to provide information about specific procedures that have been adopted to eliminate impediments and provide efficient processing of Lifeline/LinkUp applications without undue delay. We are particularly interested in learning about specific credit and collection procedures that have resulted in increased subscribership in low-income households.

Commenters also should discuss whether there are initiatives in addition to Lifeline/Link-Up that could increase telephone subscribership among low-income households.

C. Outreach.

In the *Twelfth Report and Order*, the Commission amended sections 54.405 and 54.411 of its rules to require eligible telecommunications carriers to publicize the availability of Lifeline/Link-Up services in a manner reasonably designed to reach those likely to qualify for those services.[21] We seek comment on whether more extensive consumer education and outreach efforts are necessary to increase participation in the Lifeline/Link-Up program. We recognize that many carriers and states have been successful in locating and informing low-income consumers of the Lifeline/Link-Up program by various measures, such as mailings, hanging posters in churches and community centers, placing advertisements in local newspapers, and in some cases, canvassing. We seek comment on whether these efforts have been sufficient to educate low-income individuals about their telecommunications options. We encourage states, carriers, and interested non-profit organizations to continue to develop innovative consumer education and outreach programs that will increase public awareness and

[21] *Twelfth Report and Order,* 15 FCC Rcd 12208, 12250 (2000); *see also* 47 C.F.R. §§ 54.405, 54.411.

understanding of Lifeline/Link-Up. The Joint Board and the Commission are committed to working together to increase participation in these programs as well.

To this end, we invite comment on the best practices of states, telecommunications companies, and non-profit organizations with regard to increasing participation in the Lifeline/Link-Up program, including outreach efforts, assisting individuals in enrolling in Lifeline/Link-Up, and assisting in eligibility verification. Commenters should discuss the costs and benefits of preparing and distributing information to the public. Commenters also should discuss whether existing websites on Lifeline/Link-Up provide adequate information. We encourage commenters to provide as much detail as possible with respect to their consumer education and outreach efforts. Commenters also may wish to identify specifically those non-profit organizations that may be able to assist with consumer outreach efforts, Lifeline/Link-Up enrollment, and any eligibility verification procedures that may be adopted. In addition, commenters should discuss whether the Commission should adopt specific outreach requirements if current outreach efforts are not effectively providing Lifeline/Link-Up information to low-income consumers. We ask commenters to provide detailed comment on these as well as any other issues relating to Lifeline/Link-Up that they wish to raise.

Pursuant to sections 1.415 and 1.419 of the Commission's rules, interested parties may file comments 60 days from publication in the Federal Register, and reply comments 120 days from publication in the Federal Register.[22] Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies.[23] Comments filed through the ECFS can be sent as an electronic file via the Internet to http://www.fcc.gov/e-file/ecfs.html. Only one copy of an electronic submission must be filed. In completing the transmittal screen, commenters should include their full name, Postal Service mailing address, and CC Docket No. 96-45. Parties also may submit electronic comments by Internet e-mail. To receive filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and include the following words in the body of the message, "get form <your e-mail address>." A sample form and directions will be sent in reply. Parties who choose to file by paper must file an original and four copies of each filing.

All paper filings must be sent to the Commission's Secretary, Magalie Roman Salas, Office of the Secretary, Federal Communications Commission, 445 12th Street, S.W., Washington, D.C. 20554. Parties who choose to file by paper also should send three copies of their filings to Sheryl Todd, Accounting Policy Division, 445 12th Street, S.W., Room 5-B540, Washington, D.C. 20554. In addition, parties who choose to file by paper must send copies of their comments on diskette to the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC, 20554. Such submissions should be on a 3.5-inch diskette formatted in an IBM-compatible format using Word or compatible software. The diskette should be accompanied by a cover letter and should be submitted in "read only" mode. The diskette

[22] 47 C.F.R. §§ 1.415, 1.419.

[23] *See* Electronic Filing of Documents in Rulemaking Proceedings, 63 Fed. Reg. 24,121 (1998).

should be clearly labeled with the commenter's name, CC Docket No. 96-45, the type of pleading (comment or reply comment), the date of submission, and the name of the electronic file on the diskette. The label should also include the following phrase "Disk Copy - Not an Original." Each diskette should contain only one party's pleadings, preferably in a single electronic file.

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