

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Federal-State Joint Board on Universal)	
Service Lifeline and Link Up)	WG Docket No. 03-109
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COMMENTS OF THE NEBRASKA PUBLIC SERVICE COMMISSION

The Nebraska Public Service Commission (NPSC) hereby submits these comments in response to the Federal-State Joint Board on Universal Service’s (Joint Board) request for comments on the questions presented to the Joint Board by the Federal Communications Commission (FCC).¹ Specifically, the Joint Board is seeking comments regarding eligibility, verification, and outreach rules for the universal service low-income programs. The NPSC appreciates the opportunity to offer comments on the issues raised by the Joint Board. The NPSC further applauds the FCC and the Joint Board’s desire to explore means to make the benefits of the low-income program more readily available and to seek ways to protect the fund from fraud and abuse.

The *Referral Order* specifically asks for consideration of four main areas, 1) the combination of federal and state rules that govern customer eligibility to receive benefits under the Lifeline and Link Up programs; 2) best practices among the states for effective and efficient verification of customer eligibility, both at sign-up and there-after; 3) appropriateness of various outreach and enrollment programs; and 4) the potential expansion of the low-income program to include broadband.²

¹ See *Federal-State Board on Universal Service, Lifeline and Link Up*, CC Docket No. 96-45, WC Docket No. 03-109, Order, FCC 10-72 (rel. May 4, 2010) (*Referral Order*).

² Id.

Consumer Eligibility

Requirements must ensure initial eligibility of applicants for benefits, and must also ensure, on an on-going basis, that those receiving benefits remain eligible. Eligibility is best verified and determined at the state level and must be done on a state by state basis. States are the “front lines” of the eligibility issue, as the FCC acknowledges in its *Referral Order*, “the states are well-versed in the issues surrounding consumer eligibility.”³ As a result, states should be given maximum flexibility to administer and determine the best ways to determine and verify eligibility.

In Nebraska, the NPSC utilizes income verification done in connection with other low-income programs to ensure compliance with Lifeline and Link Up eligibility requirements. If applicants qualify and are receiving benefits from Medicaid, Food Stamps, Low-Income Housing Energy Assistance Program (LIHEAP), Federal Public Housing Assistance, or Supplemental Security Income (SSI) they are eligible to receive Lifeline and Link Up benefits. These programs were chosen as they are based on income eligibility requirements that mirror those of Lifeline and Link Up and compliance with the eligibility qualifications is verified. Other programs such as the free lunch program were rejected as no requirement beyond a statement by the applicant that they meet the income guidelines is required to verify eligibility. The NPSC makes use of work that has already been done, income verification of the applicant by the agencies in charge of the programs listed. By avoiding duplicative income verification, we save both time and resources while accomplishing the same goal. The NPSC works in conjunction with the State Department of Health and Human Services (DHHS) to receive confirmation of an applicant’s participation in a qualifying program. For federal programs, documentation from the federal agency is required to confirm participation in one of the qualifying programs by the

³ Id. at p. 7, ¶ 17.

applicant. The NPSC recommends encouraging coordination and cooperation with other state agencies administering low-income programs with similar eligibility requirements to allow for more efficient and economical eligibility verification for first time applicants and verification of on-going eligibility. Each state must be allowed the flexibility to determine the details of collaboration with sister agencies.

Self-certification of an applicant for Lifeline and Link Up support as proof of initial eligibility or continued eligibility is not sufficient. Supporting documentation must be required. Self-certification should not be the sole means of verification of eligibility with other simple means at the disposal of states, such as discussed above. Self-certification does nothing to safeguard the low-income funds. Further, “penalties” for abusing the self-certification requirement are threats with no enforcement. Simply requiring a statement with no check of the veracity of that statement is tantamount to aiding in defrauding the program. This practice must and should be discarded.

The concept of automatic eligibility for certain classes of individuals, such as residents of homeless shelters, raises many concerns. To confer eligible status on a person simply by their mere presence at a homeless shelter would invite fraud and abuse. While the goal of reaching some of the most unfortunate in our society is laudable, it must not be done at the expense of the entire fund and those who depend on it. Any applicant, regardless of situation, must meet the same requirements to prove eligibility as any other Lifeline applicant. Any weakening of eligibility requirements, such as automatic eligibility because of an applicant’s physical presence in certain places, would severely decrease the ability to properly administer the program and significantly increase the difficulty of protecting against fraud and abuse. Some carriers that have attempted to reach those individuals living in shelters have admitted it is extremely difficult

to verify eligibility. However, requiring proof of eligibility, even with difficulties for some situations, is critical to the ongoing viability of the fund. Carriers that seek an easing of eligibility requirements to automatically enroll certain applicants have not provided any practical methods to protect against abuse nor to verify that the benefit is retained and used by the individual that receives it. The current Lifeline and Link Up programs are simply not structured to contemplate automatic enrollment for certain classes or situations. Appropriate safeguards and checks already in place must continue to be used for all applicants to ensure the continued availability of the benefits into the future.

Regarding automatic enrollment of individuals when they qualify for other public assistance programs, the NPSC agrees significant administrative, technological, and financial burdens still exist. Most, if not all states are facing budget shortfalls and financial stress of varying degrees. Currently broadband is under consideration for inclusion in the program. It seems that automatic enrollment at this time would be cost prohibitive and blind to the realities of state and federal government in the current economic climate. Further, Nebraska and other states have a state USF that contribute to Life Line/Link Up programs. Until all states set up a mechanism for a potentially huge influx of applications, it seems unfair to impose the additional burden on those that have one.

Of more concern than the potential costs of automatic enrollment, is the disturbing lack of choice by the individual. Ultimately consumers should be the decision maker on whether or not to avail themselves of any benefits offered under a program. Further, the Lifeline program provides a credit toward the cost of receiving phone service; it does not make the service free to the recipient.⁴ The NPSC is concerned some automatically enrolled in the program would be

⁴ We are aware that some prepaid wireless carriers offer free handsets and free minutes monthly. However, these minutes are often inadequate for most customer needs requiring the Lifeline customer to purchase additional minutes

unable to make the remainder of the payment for the service after receiving the credit. The NPSC urges caution and careful consideration of any plans to require automatic enrollment.

Verification

Proper oversight on eligibility also demands verification of the on-going eligibility of those currently receiving benefits. Verification requires cooperation between the state commission and the carriers receiving Lifeline and Link-Up support. In Nebraska, to ensure carrier and NPSC records are kept up to date, carriers are required to notify the NPSC monthly of any changes, additions or deletions regarding Lifeline subscribers. Further, biannually the carriers are required to submit to the NPSC a list of all Lifeline customers with that carrier, the NPSC then verifies the accuracy of NPSC and carrier records. A close working relationship between state commissions and carriers offering Lifeline and Link Up is essential to the success of the program and should be encouraged as much as possible. The necessity of working relationships in offering Lifeline services again raises concerns with the prepaid business model. Prepaid services lack a relationship between the carrier and its customers and as a result the carrier and the utility commission are virtually unable to verify the eligibility status of recipients.

Recertification in Nebraska is done every two years. Nebraska again works with DHHS to check the list of recipients of Lifeline to verify that those individuals are enrolled in a qualifying program. Lifeline customers receive a letter and have two months to return the letter with updated and corrected information or proof of continued eligibility if necessary. Recipients on federal programs receive a similar letter and are required to submit documentation of continued eligibility.

A statistically significant sample of recipients for the purposes of recertification or

during the month. Nebraska currently has no prepaid carriers offering Lifeline services so only offers opinions based on the experience observed in other states.

verification of continued eligibility is not sufficient and at the very least the percentage required to be sampled should be increased, and the NPSC recommends all recipient eligibility be verified. With the size of the low-income fund and the potential growth looming on the horizon, the need to verify that support received by a carrier for Lifeline customers is indeed being passed on to an eligible customer has never been more critical. The burden of verifying eligible customers are receiving the benefit for which a carrier receives funding should remain firmly on the carrier. With the resources available there is no reason that the eligibility of all recipients in the program cannot be verified. Carriers should not be allowed to continue to receive support by merely sampling a few customers. While the cost may be more to provide verification of all customers, the importance of verification as a safeguard against fraud and abuse cannot be stressed enough.

Verification and eligibility work hand and hand and should be managed in much the same manner. A national database maintained by USAC or other designated body with a goal toward “real time” verification, would be more efficient both initially and on an on-going basis and should be considered with special attention given to protecting the privacy of customers. A database would require cooperation of state and federal agencies in information sharing. Initially such a system would pose many administrative and technical issues, but the benefits of such a system could far outweigh any initial hardships. As it relates to privacy, such a database should contain no specific customer information beyond name and address and the carrier serving the customer to protect the privacy of customers. If state specific information in the national database was added and maintained at the state level, each state would be empowered to continue to determine the best method of determining eligibility. The states would be the gatekeeper of determining who is added to the national Lifeline and Link Up database and who remains on the

database.

State Deferment

Some states defer decisions on ETC designation to the FCC. Efforts to obtain and consolidate into a national database could require some states to take on responsibilities they previously have not had and may not want to have imposed. Those states should be asked if they have suggestions or mechanisms for consideration in participation, possibly through their social services agencies. Any or all of the aforementioned matters may require state legislation. If a national database is considered, a special task force comprised of FCC designees should be developed to discuss all matters.

Outreach

Outreach of the availability of Lifeline and Link Up is, and should remain, a requirement on carriers. Carriers are in the best position to advertise as they already utilize advertisement in the normal course of business. However, more oversight should be exercised to ensure that advertisements are accurate and contain all essential information about eligibility, such as only one supported line, wireless or otherwise, per household. Further, such advertisements should be structured for maximum effectiveness to reach markets with the most potential participants in the program. Inaccurate and misleading information should be protected against as much as possible. Once again the states are in the best position to exercise oversight of any advertising by a participating ETC.

Further, coordination between state regulatory commissions and state social service agencies to include information on Lifeline and Link Up programs along with information on other assistance programs is invaluable. For example, in Nebraska when an applicant for food stamps or Medicaid receives notification that they have been approved for the program, DHHS

includes a letter regarding Nebraska's Lifeline program and the benefits available. State agencies should be encouraged as much as possible to cooperate and coordinate outreach to populations in need of benefits and support.

National Broadband Plan

At the present time, the NPSC declines to comment on the impacts of expanding the low-income programs to include broadband. Sufficient details of the plan are simply not available to properly address the issues that may arise. Particulars such as whether a support program would encompass service only or both service and equipment, for example, computers and routers, would influence comments. Until more details are available, it is premature to provide comments on this matter.

Dated this 15th day of July, 2010.

Respectfully Submitted,

Nebraska Public Service Commission

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