



## USAC Lifeline Discussion

Thursday, November 10, 2016  
10:00 AM-12:00 PM  
Ballard Spahr Offices

### Attendees:

Kelleigh Cole, Governor's Office of Economic Development  
Kendall Rathunde, Governor's Office of Economic Development  
Bert Granberg, Automated Geographic Reference Center  
Jessica Zufolo, Universal Service Administrative Company  
Aamina Amin, Universal Service Administrative Company  
Jaymie Gustafson, Universal Service Administrative Company  
Barbara Hollister, Utah Department of Workforce Services  
Kevin Burt, Utah Department of Workforce Services  
Shirlee Silversmith, Utah Division of Indian Affairs  
James Toledo, Utah Division of Indian Affairs  
Bill Duncan, Utah Division of Public Utilities  
Shauna Benvegna-Springer, Utah Division of Public Utilities  
Jenny Johnson, Public Service Commission  
Sabrina Scott, Utah Education and Telehealth Network  
Melinda Talbot, Utah Education and Telehealth Network

Rick Gaisford, Utah State Board of Education  
Jaqueline Lee, T-Mobile  
Karen Barton, T-Mobile  
Kristy Ellers, Direct Communications  
Jennifer Somers, CenturyLink  
Eric Isom, MIB Partners (representing CenturyLink)  
Tara Thue, AT&T  
Kira Slawson, Utah Rural Telecom Association  
Sharon Bertelsen, Ballard Spahr  
Roger Timmerman, UTOPIA  
Bill Brown, M-7 Education and Entrepreneur Center  
Marina Goldberg, Zayo

**Phone:**  
Jim Farr, CenturyLink

### Lifeline Presentation

***Information presented by Jessica Zufolo, Aamina Amin, and Jaymie Gustafson***

### **Lifeline Background**

Lifeline has been subsidizing phone service for low-income Americans since 1985. The program was implemented to ensure the opportunities associated with timely and reliable communication could be accessed by all Americans. First established as a program to offset the cost of landline service, Lifeline has been modernized over the years to include mobile service. On March 31, 2016 the program was again modernized by the Federal Communications Commission (FCC) to include broadband and to create a national third-party verifier.

The Lifeline subsidy is only meant to be received by one family member in each household. Many participating Eligible Telecommunications Carriers (ETCs) have crafted service plans specifically for lifeline customers so that monthly rates do not exceed the \$9.25 (\$34 for tribal recipients) monthly subsidy, though there are many customers that use the subsidy to offset the cost of other plans that better fit their needs. The program has faced criticism due to the challenges of enforcing the one per household rule and allegations of fraud. The new Lifeline order attempts to protect the system from misuse by establishing a national verifier that can be used by all participating ETCs.

### **Universal Service Administrative Company's (USAC) Role**

USAC is a nonprofit corporation that administers the Universal Service Fund (USF) and the programs funded by the USF, including Connect America, E-rate, Rural Health Care, and Lifeline. Historically USAC has collected data, managed the administrative needs of the program, and handled disbursement to ETCs. The 2016 Lifeline Modernization Order also establishes USAC as the new third party national verifier, which will require the development of an automated system to verify eligible Lifeline customers via enrollment databases from each state and qualifying federal program. To accomplish this task, USAC is meeting with key stakeholders to gather information and design the new system. USAC is hopeful this system will be more effective, efficient, and also protect the dignity of customers who apply for the program.

### **Lifeline Modernization**

Starting December 2, 2016, Lifeline customers will have the option to use their \$9.25 monthly subsidy towards fixed and mobile broadband offerings. Existing ETCs are expected to offer broadband plans to their Lifeline consumers. If they will not be offering

broadband service they must submit this information to USAC. The modernization will impact the more than 13 million households (33% of the eligible households in the U.S.) that participate in the Lifeline program. Until the third party verifier system is in place, providers will continue to determine eligibility with their customers. The subsidy cannot be applied towards technical equipment.

Minimum speed standards for Lifeline's broadband modernization will ramp up over time. Minimum service standards have been set for 2017 as follows:

Fixed Broadband - 10 Mbps download, 1 Mbps upload

Mobile – 3G connection with 500 MB data plan

### **Lifeline in Utah**

USAC's data indicates 236,000 households in Utah are eligible for the Lifeline subsidy. Currently, only 32,053 households participate in the program, meaning less than 14% of eligible households participate. This leaves Utah 20 percentage points behind the rest of the nation for Lifeline utilization. There are 28 participating ETCs in the state.

The State of Utah also collects a state universal service fund that subsidizes landline phones through the Utah Telephone Assistance Program (UTAP).

### **USAC as the National Verifier**

USAC is currently taking first steps towards reform by speaking with leaders of qualifying state or federal programs that manage enrollment databases. Qualifying programs include Medicaid, SNAP, some HUD programs (Section 8, Section 9, and possibly Section 202), VA pension and survivor programs, and tribally administered assistance programs. The goal is to "ping" these individual databases for a yes/no confirmation of Lifeline eligibility. USAC expects it will take considerable work to set up data sharing agreements and coordinate with many different systems. As such, USAC will not fully deploy the national verifier system in all 50 states until the end of 2019. By the end of 2017, however, USAC will have a pilot system deployed in at least 5 states.

USAC will develop a consumer interface that can be used by ETCs through their individual websites. ETCs will have the option to brand the interface so consumers won't have to feel like they are leaving the ETC's site to sign up for a separate program. USAC will also build their capacity to verify customers manually if the automated database doesn't function as intended. Since Lifeline customers must recertify every year, USAC will approach recertification with the same goal to make it automatic and easy for customers to stay enrolled in the program.

### **Ongoing Communication**

The USAC Lifeline team is available to answer questions as this process continues. See contact information below.

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