# FCC Reforms Lifeline Program to Prevent Duplicative Subsidies

June 22, 2011

On June 17, 2011, the FCC adopted a *Report and Order* seeking to prevent waste and abuse by prohibiting duplicative Lifeline program subsidies for low-income consumers already receiving support. The proceeding was prompted by concerns that qualified low-income consumers may be knowingly or unknowingly receiving Lifeline support from more than one eligible telecommunications carrier (ETC) – something the FCC has determined to be contrary to the goals of the program. These concerns spurred an increase in USAC auditing and an FCC rulemaking proceeding, culminating in the Report and Order.

The *Report and Order* includes the following provisions:

- Prohibits low-income consumers from receiving more than one Lifeline-supported service;

- Requires ETCs to offer Lifeline-supported service only to qualified low-income consumers that are not already receiving Lifeline-supported service from another ETC;

- Directs USAC to notify consumers receiving duplicative Lifeline support that they are allowed to receive only one subsidized phone service and that they have 30 days to select a single subsidized service;

- Directs USAC to continue to audit Lifeline claims for wasteful and duplicative support;

- Requires ETCs to de-enroll low-income consumers upon notice that the ETC was not selected to provide the single Lifeline-supported service to a qualified low-income recipient (who was identified by USAC as previously receiving duplicative subsidies);

- Directs the Wireline Competition Bureau to direct USAC to implement procedures to investigate and resolve duplicative Lifeline claims and, in the meantime, directs USAC to implement interim procedures.

ETCs need to be aware of these rule changes to the Lifeline program and the affect they have on their qualified low-income customers and their business models. When enrolling new Lifeline-eligible customers, ETCs need to explain to their customers that they are no longer permitted to receive more than one subsidy. It is clear that USAC will continue to audit Lifeline claims for duplicative support, requiring ETCs to be more proactive in preventing duplicative Lifeline support. In the meantime, the FCC is working in earnest toward adoption of an order and rules for a national database that should care for the duplicates issue in a much more straight-forward manner.