

Resolution to Improve Lifeline Annual Recertification Process

WHEREAS, On February 6, 2012, the Federal Communications Commission (FCC) released the Lifeline Reform Order which establishes various procedures to eliminate waste, fraud and abuse in the Lifeline program, (*Report and Order and a Further Notice of Proposed Rulemaking* (FCC 12-11 Lifeline Reform Order)); *and*

WHEREAS, Some Eligible Telecommunications Carriers (ETCs) are distributing free cellphones with Lifeline service activated before confirming the eligibility of a household, while some States require confirmation of customer eligibility before the customer can receive the Lifeline service; *and*

WHEREAS, Such a process has potential for waste, fraud, and abuse; *and*

WHEREAS, With any public program such as Lifeline, unscrupulous providers and customers will commit fraudulent acts and/or fail to comply with FCC rules; *and*

WHEREAS, The new FCC procedures require ETCs to annually recertify all Lifeline program subscribers; *and*

WHEREAS, The Lifeline Reform Order provides for the creation of two automated processes which would assist ETCs in their annual Lifeline recertification process of Lifeline subscribers; *and*

WHEREAS, The two processes are the *National Accountability Database*, used to determine whether a subscriber is receiving duplicative Lifeline support, and an eligibility database, used to determine Lifeline eligibility for the most common programs through which consumers qualify for Lifeline; *and*

WHEREAS, The FCC in its Lifeline Reform Order, asserts that the *National Accountability Database* will be operational within one year from the date of release of the Order and the eligibility database will be available as early as possible but no later than the end of December 2014; *and*

WHEREAS, Many ETCs were required to obtain signed certification forms from their Lifeline subscribers to recertify eligibility in 2012 without the assistance of the automated processes of the *National Accountability Database* or the eligibility database; *and*

WHEREAS, On January 31, 2013, all ETCs were required to file the results of their 2012 Lifeline subscriber recertification efforts as reported on the FCC's new Form 555; *and*

WHEREAS, The 2012 results from these filings show that many ETCs de-enrolled more than half of their Lifeline subscribers; *and*

WHEREAS, Recent media reports have claimed that the vast number of de-enrolled Lifeline subscribers is proof of continuing waste, fraud and abuse in both the Lifeline program as well as

the Federal Universal Service Fund, although the reasons for de-enrollment have not been thoroughly studied and the recertification process needs to be reviewed for effectiveness; *and*

WHEREAS, Based on the large number of de-enrolled Lifeline subscribers, Congress has expressed concern about the effectiveness of the program and held a hearing April 25, 2013; *and*

WHEREAS, A significant proportion of the customer de-enrollment may have occurred because eligible consumers failed to complete and return their forms or experienced difficulty completing the required forms completely and accurately; *and*

WHEREAS, States that have been granted waivers and opted-out of the FCC's recertification process and instead rely upon their own State databases to recertify consumers for the Lifeline program have generally seen lower de-enrollment rates or almost no change; *and*

WHEREAS, A recertification form that is simpler and easier for consumers to understand, to be used in the interim period before the automated eligibility process is implemented, may improve the accuracy of program participation; *and*

WHEREAS, While the National Association of Regulatory Utility Commissioners (NARUC) supports the annual recertification process as a necessary step in helping to eliminate waste, fraud and abuse, it believes that requiring ETCs to obtain signed recertification forms may not be the most efficient option for Lifeline subscribers or ETCs; *therefore be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2013 Summer Committee Meetings in Denver, Colorado, commends the FCC on its efforts to eliminate waste, fraud and abuse in the Lifeline program; *and be it further*

RESOLVED, That NARUC urges the FCC to examine the recertification process to ensure that legitimate eligible consumers continue to receive the benefits provided by the Lifeline program; *and be it further*

RESOLVED, That the FCC promptly initiate a collaborative process with the States to develop and implement a mechanism for States and/or Universal Service Administrative Company (USAC) to efficiently administer determination of eligibility and recertification for consumers to participate in the Lifeline program in an effort to minimize waste, fraud and abuse, and to learn from State Lifeline enrollment and recertification processes, databases and systems; *and be it further*

RESOLVED, That the FCC should swiftly take strong enforcement action against Lifeline providers and customers engaging in fraudulent practices and/or failing to comply with FCC rules that ensure households that truly qualify receive assistance; *and be it further*

RESOLVED, That NARUC encourages the FCC to ensure that the *National Lifeline Accountability Database* and the eligibility database are available before the end of 2013 so that ETCs and States may use these databases in 2014.

Sponsored by the Committee on Telecommunications

Adopted by the NARUC Board of Directors July 24, 2013