

Staff Briefing Papers

Meeting Date	December 19, 2017	Agenda Item *1
Company	Local Exchange Companies, Eligible Telecommunications Carriers	
Docket No.	P999/M-17-20 In the Matter of the 2017 Lifeline Re-Certification Results	
Issues	What action, if any, should the Commission take regarding the ETC's 2017 Lifeline Re-certification Results?	
Staff	Michael McCarthy	Michael.mccarthy@state.mn.us 651-201-2208



Relevant Documents

Date

Commission Order (P999/PR-16-20)	January 17, 2017
ETC's Re-certification reports (DOC Attachment 1)	January 4 – August 17, 2017
Department of Commerce (DOC) Comments	September 12, 2017

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Statement of the Issues

What action, if any, should the Commission take regarding the ETC's 2017 Lifeline Recertification Results?

Introduction

Lifeline Overview

The [Federal Lifeline Program](#) helps families in need by providing monthly service discounts per household for voice service and, as of December 2, 2016, for broadband service. Lifeline is one of 4 programs administered by the [Universal Service Administration Company](#) (USAC), a not-for-profit corporation designated by the FCC to administer the \$10 billion [Universal Service Fund](#) (USF). The USF is funded through fees paid by telecommunications carriers (wireline and wireless companies, and interconnected Voice-Over Internet Protocol providers, including cable companies that provide voice service) based on an assessment of their interstate and international end-user revenues.

The Lifeline discount amount is now \$9.25 per household. Lifeline may also be used for both mobile and fixed broadband as of December 2, 2016. Support for both mobile and fixed voice-only service was scheduled by the previous FCC administration to gradually decrease to zero during the next five years.

Eligibility, Application and ETC Recertification

The FCC Lifeline and Minnesota Telephone Assistance Plan (TAP) both provide discounts to the same pool of eligible households. [Eligibility](#) is based on either low-income thresholds, or having a household member participating in one of several programs specified in law. In Minnesota, one can [apply](#) for both discounts using the same application and submitting it to a company providing service to the applicant's household. Through 2016, the year addressed in this year's recertification report, all program participants recertified their continuing eligibility each calendar year. Beginning in 2017 program participants are recertifying their continued eligibility on the one-year anniversary of their enrollment on a rolling basis.

Eligible Telecommunications Carriers (ETCs) file the results of their annual Lifeline recertification process (the vetting of existing program participants for continued participation) by submitting FCC Form 555 "Annual Lifeline Eligible Telecommunications Carrier Certification Form" by January 31st of each year. Each filing addresses information from during the previous calendar year. The form reports the results along with data accuracy certifications.

To continue enrollment in the Lifeline Program, participants enrolled during 2015 must have their continuing eligibility affirmed for the year 2016. ETC's may confirm continuing eligibility by direct contact, by checking data at the Minnesota Department of Human Services (DHS), or a combination of database assessment and contact. Duplicate Lifeline subscriptions per household can be screened using the Federal National Lifeline Accountability Database (NLAD) administered by the Universal Services Administration Company (USAC) for the FCC.

The Commission has previously considered Lifeline recertification matters in Docket Nos. 16-20, 15-20, 14-20, 13-20, 12-1315, 11-1212, and 10-211.

Alternative USAC Recertification Process

In the 2012 Lifeline Reform Order, the FCC required ETCs to recertify the eligibility of ETCs' base of subscribers "annually." Starting in 2013, ETCs had the option of having USAC conduct the annual recertification process on their behalf. The FCC delegated to the Wireline Competition Bureau the authority to establish, in coordination with USAC, a process for USAC to recertify subscribers. The process for 2016 remained largely the same as in 2015.¹ Next year's recertification report addressing 2017 data will address this new rolling recertification process.

ETC's electing to have USAC conduct their 2016 recertification process needed to give them notice by May 2, 2016. Those who elected to have USAC conduct their recertification process for prior years would continue absent notice of withdrawal from the program by the same date.²

When recertification is conducted by USAC, subscriber lists forwarded by ETCs are mailed a letter informing program participants they have 30 days to recertify their continued eligibility or be de-enrolled from the Lifeline program. The letter explains how they may confirm on-going eligibility. Subscribers also will receive a call or text message during the 30-day period to help prompt a response. However, any subscriber response submitted after the 30-day deadline will not be processed, the subscriber will be considered ineligible for the program and will be de-enrolled.³

USAC allows three methods to respond to the letter and recertify eligibility. First, by calling a toll-free number, during which consumers will be able to recertify eligibility through an Inter-Active Voice Response (IVR). Second, USAC will allow consumers to verify their identity, read the certification language, and submit a response indicating they are recertifying their eligibility through a website maintained by USAC. Third, subscribers may also recertify by signing a recertification form provided by USAC and mailing the signed form to a receiving address designated by USAC.⁴

All ETCs must de-enroll all subscribers who do not recertify their eligibility by December 31, 2016 and make any necessary updates to the NLAD within one business day thereafter.

¹ See FCC WC Docket 11-422, *Wireline Competition Bureau Provides Guidance to Eligible Telecommunications Carriers on the Process to Elect USAC to Perform Lifeline Recertification*, DA 16-347, para. 2, April 1, 2016.

² *Id.* Para 3.

³ *Id.* Para. 5.

⁴ *Id.* Para. 6.

Department of Commerce Comments

On September 12, 2017 the Department of Commerce (Department) filed Comments that summarize and analyze 2016 Lifeline recertification by Minnesota's ETCs. Data grouped by ETC and recertification methodology are presented in the Department's 4 attachments.

The Department finds that all ETCs have complied with the requirement to submit their re-certification results to the Commission. The re-certifications comply with required re-certification procedures of the Lifeline Order and the Commission's Order in Docket No. 16-20.

The reader is directed to the Department's Comments on pages 5-7 for observations regarding general trends from year to year and among approaches to verifying the program participants continued eligibility. The Department offers these essential points:

- The principle cause of de-enrollment is that when the program participant is not found in an authorized database, they do not respond to a follow up contact; and
- The DHS database is much, much more accurate and complete than the USAC database.

Hence, the Department highlights that ***ETC's using both the state databases and direct contact have only a 5.27 percent de-enrollment rate.*** While the lack of response from a program participant following contact is the biggest cause for de-enrollment, the highly effective DHS database greatly reduces mistaken removal of eligible program participants. ***Those relying only on USAC and its database results in a de-enrollment rate of 31.76 percent, a 600% higher rejection rate.***

The Department cautions how this might be reflected in the upcoming report on 2017 recertification in its Comments on page 3. The Lifeline Modernization Order revised the Lifeline eligibility criteria and began a system of rolling (versus annual) recertification. As the Department explains:

Recertification was not required in 2017 for customers with anniversary dates during the transition period of January through June, 2017.

With the introduction of the rolling recertification process, ETCs that choose to use USAC for recertification will not use the Minnesota DHS database. USAC will use the National Lifeline Accountability Database (NLAD) to retrieve subscriber information ... USAC will recertify every subscriber listed in NLAD ... (emphasis added.)

Given the additional complexity of administering rolling recertification, the Department cautions at page 8:

Companies that choose to use USAC for rolling recertification [during 2017] will not first perform verification with the state database. If past experience continues, companies will either choose USAC and experience a higher de-

enrollment rate, or perform direct recertification with first using the state database and have a lower de-enrollment rate.

The Department presents the following alternatives and recommendation:

1. Accept the Department's analysis regarding the ETC's 2016 Lifeline recertification surveys. All ETCs have complied with the requirement to submit their re-recertification results to the Commission, and the re-certification results comply with required recertification procedures. **(Department recommended)**
2. Accept the Departments analysis regarding the ETC's 2016 Lifeline recertification surveys with modifications.
3. Reject the Departments analysis regarding the ETC's 2016 Lifeline recertification surveys.

Staff concurs with the Department's **Staff Analysis** assessment that the ETCs have complied with the requirement to submit their recertification results to the Commission and that the results comply with the required recertification process.

Importantly, this report continues over 4 consecutive years of essentially the same findings. That is, by far the most successful re-enrollment process is the use of the state DHS database with a direct follow-up (about 5% rejection); and that the least successful is that provided by USAC (about 30% rejection). Staff, the Department and ETCs all share an understanding that the difference in outcome is the quality of the database applied to fact-checking eligibility. Directly stated, the Minnesota DHS data is reliable and substantially complete. USAC's is not. Nonetheless, to date, no remedial action has been directed by the Commission.

This year's recertification report will be the last to reflect an annual process. As the process of rolling recertification is implemented, Staff shares the Department's concerns that additional administrative complexity will cause an increasing numbers of ETCs to elect to have USAC recertify their Lifeline customers continuing in the program. This would cause Lifeline participants to be increasingly screened without the DHS data and to be mistakenly rejected in increasing numbers.

Furthermore, there is much tumult in the Lifeline program as new initiatives proceed following the November 16, 2017 Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking, and Notice of Inquiry, FCC-CIRC1711-05. At this time Comments are pending on these matters. Department and Commission Staff are presently assessing the issues.

Taken as a whole, Staff finds the following warrants further direction by the Commission:

- the known, but continuing and unresolved problem of failed customer responses to contact for recertification;
- the known superiority of the state DHS database (versus the USAC databases); and
- the uncertainty from the pending FCC rulemakings and inquiries.

Staff believes it prudent to address these issues now in a number of ways, including discussing possible mitigation measures in either the Department's existing ETC workgroup or the TAP workgroup recommended by staff in today's TAP Docket No. 17-677, through additional communications with ETCs and the low income community and through additional Commission outreach materials. In addition, the Commission can reach out to USAC and the FCC about its findings as appropriate. The Commission could memorialize this commitment to additional work by making a finding regarding the widely varying results in the state and USAC recertification processes and direct staff and the Department to take all efforts appropriate to reduce the number of eligible Lifeline subscribers dropped due to the USAC process.

Lifeline/TAP Working Group and that such a working group be established at this time. Staff recommends that the Lifeline/TAP Working Group be comprised of stakeholders such as ETCs, state agencies, Lifeline program participants and community organizations supporting them more broadly.

Options

Decision Options and Recommendations

- A. Accept the Department's analysis regarding the ETC's 2016 Lifeline recertification surveys. All ETCs have complied with the requirement to submit their re-recertification results to the Commission, and the re-certification results comply with required recertification procedures. **(Department and Staff recommended)**
- B. Authorize Staff and the Department to take all appropriate action to reduce the number of eligible Lifeline subscribers dropped during the re-certification process. **(Staff recommended)**
- C. Other remedies as the Commission may deem prudent.

Recommendation: Staff recommends Options A and B.

