

ISSUE 2: TACKLING DIGITAL DISPARITIES: EXPANDING THE FCC LIFELINE PROGRAM TO SUPPORT BROADBAND SERVICES

The ubiquity of the Internet and its indisputable power to improve the country's economic posture and the social welfare of Americans make universal access a national imperative. Currently, 100 million¹ Americans do not have a home Internet connection. Many of them are Hispanic,* Black, and other low-income Americans. Home broadband affordability is a barrier contributing to persistent digital disparities.

Lack of affordability and other barriers² have prompted efforts to support home broadband connections and address persistent digital disparities, including by modernizing the Federal Communications Commission's (FCC) Lifeline program.³ The FCC is an independent government agency, overseen by Congress, that regulates interstate and international communications by radio, television, wire, satellite, and cable in all 50 states and the District of Columbia.⁴

The Lifeline program provides millions of low-income consumers with a discount on phone services to ensure that all Americans are able to connect, via telephone or mobile, to emergency services, family members, and jobs.⁵ In 2012 the FCC launched the Lifeline Broadband Pilot Program⁶ to explore how the agency could modernize its current Lifeline program to increase home broadband adoption rates among low-income Americans.

DIGITAL DISPARITIES IN THE LATINO COMMUNITY

Digital disparities among Hispanics are concerning for multiple reasons:

- The Internet has transformed the way we live, work, study, and communicate, and it has become essential to modern life.
- Internet usage increases employment and income, expands educational opportunities, and facilitates access to health information and services.
- Latinos are the least likely of all demographic groups to have home Internet.⁷
- Nationally, only 53% of Latinos report having home broadband, compared to 64% of Blacks and 74% of Whites.⁸
- In 2012, 47% of Hispanics lived in cell-phone-only households (i.e., with no home computer), compared to 38% of Blacks and 30% of Whites.⁹
- Mobile phone Internet usage by Latinos has increased Internet access, but usage remains heavily concentrated on social networking, email, and text communications.¹⁰

THE FCC LIFELINE PROGRAM

The Lifeline program was created in 1985¹¹ as part of the Universal Service Fund established by the 1934 Communications Act. Its goal was to ensure that Americans had rapid and efficient communications service at a reasonable cost.¹² The Communications Act of 1996 expanded the Universal Service Fund to include telephone service to rural health clinics as well as schools and libraries.¹³ In 2005, the Lifeline program was expanded to include cell phone service in addition to home telephone service.

- The program is available in all 50 states, U.S. territories, and tribal lands.
- Eligible consumers must prove that their income is below 135% of the Federal Poverty Guidelines (FPG) (\$25,500 for a family of four in 2013).¹⁴
- Eligibility can also be established if consumers participate in at least one government benefits program, such as Medicaid or the Supplemental Nutrition Assistance Program (SNAP).¹⁵
- Program discounts are limited to one Lifeline participant per household.
- Consumers must choose between assistance for home or cell phone service.
- The total value of the discount is currently set at \$9.25 per month.¹⁶
- Telecommunications providers are assessed a Universal Service Fee to fund the program.¹⁷

* The terms "Hispanic" and "Latino" are used interchangeably by the U.S. Census Bureau and throughout this document to refer to persons of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, Spanish, and other Hispanic descent; they may be of any race.

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- Some telecommunication providers pass on the cost of the Universal Service Fee to consumers, although the FCC does not require them to do so.¹⁸

EXPANDING LIFELINE TO SUPPORT BROADBAND

In 2012 the FCC adopted reforms to modernize the Lifeline program. The reforms included establishing the Lifeline Broadband Pilot Program to collect data and inform the FCC on how to expand Lifeline to support broadband. The FCC selected 14 pilot projects across 21 states and Puerto Rico.

The goals of the pilot projects¹⁹ were to determine how Lifeline could increase broadband adoption among participants and address existing challenges to broadband adoption, including monthly costs, the cost of devices, and digital literacy. The pilot projects were completed in November 2014. The FCC will issue a report in 2015.

LIFELINE PROGRAM CHALLENGES

While Lifeline guidelines limit eligibility to one telephone subscription per eligible household, the FCC found that some companies were providing more than one telephone subscription to eligible consumers and subsequently moved to strengthen oversight measures, control costs, and avoid fraud.²⁰ Lifeline modernization efforts have an opportunity to correct additional inefficiencies including:

- Administrative inefficiencies and lack of uniform eligibility criteria across all states

- Limited eligibility and lack of uniform federal poverty guideline requirements across federal benefit programs
- Inadequate outreach to targeted communities (Lifeline reaches only 32% of eligible consumers)²¹

NCLR'S RECOMMENDATIONS

NCLR supports federal policies and programs that assist Latinos in accessing telecommunications and Internet services. Expanding Lifeline to include broadband services is an important measure that will promote broadband adoption among Latinos and other low-income communities. Ongoing FCC Lifeline reforms and modernization efforts, however, could be stronger.

NCLR concurs with recommendations submitted to the FCC by The Leadership Conference on Civil and Human Rights²² to strengthen the Lifeline program. These recommendations include:

1. The FCC should expeditiously expand the Lifeline program to support broadband services.
2. Make eligibility requirements for Lifeline consistent with other federal programs by increasing eligibility from below 135% of the FPG to below 150%.
3. Simplify program eligibility requirements by mandating that states adopt uniform eligibility criteria.
4. Increase outreach to target populations and increase overall program participation.

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ENDNOTES

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- 9 Mark Hugo Lopez, Ana Gonzalez-Barrera, and Eileen Patten, *Closing the Digital Divide: Latinos and Technology Adoption* (Washington, DC: Pew Research Center, 2013), www.pewhispanic.org/2013/03/07/closing-the-digital-divide-latinos-and-technology-adoption (accessed November 2014).
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- 13 Ibid.
- 14 U.S. Department Health and Human Services, "2013 Poverty Guidelines," <http://aspe.hhs.gov/poverty/13poverty.cfm> (accessed February 2015).
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- 19 Federal Communications Commission, "Lifeline Program for Low Income Consumers."
- 20 Federal Communications Commission, "FCC Proposes 33 Million in Penalties Against Three Lifeline Providers," news release, November 1, 2013, www.fcc.gov/document/fcc-proposes-33-m-penalties-against-three-lifeline-providers (accessed February 2015).
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- 22 Wade Henderson for The Leadership Conference on Civil and Human Rights, *Response to Federal Communications Notice of Proposed Rule Making*, Federal-State Joint Board on Universal Service, CC Docket No. 96-45 Lifeline and Link-Up, WC Docket No. 03-109, 2011.