consumer action

Education and advocacy since 1971

A CONSUMER ACTION FACT SHEET

What you should know about the federal Lifeline modernization proposals

The Federal Lifeline program to subsidize phone services for low-income households helps move people out of poverty, by giving them access to job opportunities, health care, and social services. The Federal Communication Commission (FCC) has a plan to modernize Lifeline so that all Americans may benefit from and have access to 21st century communications services, including broadband Internet connections.

While Consumer Action is an ardent supporter of the Lifeline program, we are alarmed by recommendations to *limit Lifeline eligibility* to households on the federal Supplement Nutrition Assistance Program (SNAP), and to *rely on a voucher* or other Electronic Benefits Transfer (EBT)-based payment system to provide benefits.

This would be a grave misstep, and we are pushing back at these ideas. Here's why:

SNAP ONLY IS A BAD IDEA:

If the FCC adopts reforms that limit eligibility to participants in the SNAP program (formerly known as the Food Stamp Program), it will result in millions of current Lifeline households who qualified through other benefit programs or by income to no longer qualify. This would mean these individuals would no longer be eligible and would lose their Lifeline phone subsidies. The federal assistance programs now used to qualify Lifeline subscribers include:

- Federal Public Housing Assistance (FPHA) or Section 8;
- Low Income Home Energy Assistance Program (LIHEAP);
- Medicaid;
- National School Lunch Program's (NSLP) free lunch program;
- Supplemental Security Income (SSI);
- Temporary Assistance for Needy Families (TANF);
- Any additional qualifying program established by the individual's state;

Currently, even if you are not a benefit program recipient but have household income at or below 135 percent of the federal poverty guidelines, you qualify for Lifeline. This would end if eligibility is limited to SNAP.

Furthermore, even being a SNAP recipient will no longer guarantee eligibility for Lifeline. Roughly one million of the nation's poorest people will be cut off SNAP over the course of 2016, due to the return in many areas of a three-month limit on SNAP benefits for unemployed adults aged 18-50 who aren't disabled or raising minor children. This means these individuals would no longer be eligible for Lifeline.

WHAT USDA THINKS ABOUT SNAP ONLY:

In a comment letter submitted August 31, 2015, the U.S. Department of Agriculture (USDA) Food, Nutrition, and Consumer Services (FNS) Under Secretary Kevin W. Concannon states that the federal agency has "several serious concerns regarding FCC's SNAP-related proposals." They include:

- SNAP is a food assistance program, not a telecommunications program. SNAP's rules and operations were not established to determine eligibility for or to provide telecommunication services. Although there is some convergence of client populations between the two programs, SNAP necessarily focuses more on hunger, food access, household composition, household expenses and medical costs, not just household income (as is the case with Lifeline). ***Consequently, SNAP is not appropriate as the sole qualifier for Lifeline eligibility.***

- SNAP is unable to serve certain segments of the low-income population who may still be eligible for Lifeline services. For instance, SNAP cannot enroll certain types of students, drug felons, or individuals who have not met SNAP work requirements.

- There are other key populations that could benefit from Lifeline that do not receive SNAP benefits. Elderly households, for example, are notably underserved by SNAP. This could sideline seniors who would benefit from Lifeline services because of mobility issues that make them more dependent on telecommunication services to maintain connections with the world outside their homes.

VOUCHERS AREN'T THE SOLUTION:

Lifeline subscribers shouldn't be forced to comply with a voucher/pin system on a monthly basis to get Lifeline service. The onus would be on the consumer to go and obtain their subsidy each month.

We fear that a voucher system would be so complicated, and possibly require consumers to incur ATM or other charges, that it would result in a sharp reduction in the number of Lifeline subscribers.

To our knowledge, banks have not been approached to discuss their willingness to participate in a Lifeline voucher program. So we do not know how much money they would take to administer the program. Although we do not have information on what banks would charge Lifeline consumer to access their monthly subsidy, we do know how they charge SNAP recipients. Critics have noted that with minimal oversight or accountability, banks such as JPMorgan Chase administer SNAP in each state, reap big contracts that reveal little about how they turn a profit off these public benefits.

The Greenlining Institute, in its filing, said: *"Allowing vouchers creates a significant risk of fraud, waste and abuse by [financial services] providers."*

Low-income advocacy groups, including the National Consumer Law Center, United Church of Christ and the Low Income Utility Advocacy Project, oppose vouchers, saying *"Benefit card/voucher/PIN systems add a layer of complexity, cost to the program and inconvenience to the consumer that is not necessary to achieve … control over the benefit."*

The National Association of the Deaf (NAD), on behalf of other deaf organizations, opposes vouchers and has stated: *"The FCC should not switch to a voucher system to administer [Lifeline] subsidies."*

Take Action Now! Sign our petition to the FCC: bit.ly/protect_Lifeline