

LIFELINE PROGRAM



In 2015, USAC focused on two major Lifeline Program goals. We enhanced program integrity by continuing to make measurable and vital progress towards reducing program inefficiencies and waste. We also committed to supporting the needs of Lifeline Program stakeholders through a more detailed understanding of their challenges.

ENHANCE PROGRAM INTEGRITY

The National Lifeline Accountability Database (NLAD) helped USAC uphold the integrity of the Lifeline Program as it continued to eliminate duplicative claims. To combat fraud, waste, and abuse, USAC reviews the NLAD processes regularly to increase compliance and identify avenues for operational improvements. For example, within NLAD, we enhanced the duplicate checking methodology, deployed a new dispute resolution process that minimizes user error, and made other important system improvements to tighten standards and minimize abuse. In addition to the validation processes associated with NLAD, USAC continued to improve and refine program controls, such as audit processes.

SUPPORT LIFELINE STAKEHOLDERS

The Lifeline Program team worked to better understand the unique circumstances and needs of those most directly impacted by the successful implementation of this program. To do this, USAC has focused on data analytics to improve customer service and outreach approaches. NLAD has yielded insight into the demographics of Lifeline Program subscribers such as median age, duration of benefit, and the qualifying program under

which these subscribers enroll. With this data, we see an opportunity to not only increase the reach and effectiveness of the program, but a chance to better serve stakeholders through tailored customer service and engagement.

USAC also worked closely with Lifeline Program providers to support their efforts to educate Lifeline Program subscribers and reduce fraud, waste, and abuse. Annually, Lifeline Program providers need to recertify subscribers' eligibility and intent to participate in the program. Some Lifeline Program providers request USAC to recertify subscribers, and we quickly identified this process as an area where USAC could improve engagement and support. With a deeper understanding of Lifeline Program subscribers, their needs, and their past challenges with recertification, we employed targeted outreach campaigns that dramatically improved recertification outcomes. As a result, we saw an increase in the overall response rates from subscribers. In 2013 and 2014, USAC's recertification rate, or the percentage of subscribers successfully recertifying their continued eligibility and desire to participate in the Lifeline Program, was 33 and 39 percent, respectively. In 2015, USAC increased the rate significantly, to over 72 percent.

Looking to the future, we hope that leveraging new and existing data sources and supporting providers and subscribers will allow us to better support the FCC as it considers modernization of the Lifeline Program to close the technology gap that exists today in so many communities across the United States. ■

TYPICAL SUBSCRIBER¹



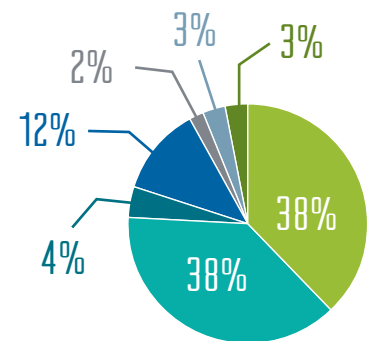
LOCATION: CITY
 AGE: 49
 ENROLLED: 1.75 YEARS
 ELIGIBILITY: SNAP OR MEDICAID
 SUPPORT FOR: WIRELESS SERVICE

AVERAGE AGE OF SUBSCRIBERS¹

Carrier Type	Wireline	Wireless
Total Subscribers	570K	9.8M
18-39 Years	8%	35%
40-65 Years	36%	50%
65+ Years	56%	14%

Note: Wireline subscribers are, on average, older than wireless subscribers.

ELIGIBILITY OF SUBSCRIBERS¹



- Approved by State Administrator
- Misc.
- SNAP
- Medicaid
- Eligibility Based on Income
- Supplemental Security Income (SSI)
- State Assistance Programs

¹ Data based on NLAD subscribers as of November 2015 and excludes data from the five NLAD opt-out states.



2015 UNIVERSAL SERVICE PROGRAM STATISTICS

The following pages contain data from the four universal service programs administered by USAC. To better understand the data, please note the difference between authorized support and funding commitments as well as funding year versus calendar year.

FUNDING YEAR

For the Rural Health Care and Schools and Libraries programs, a funding year runs from July 1 to June 30 of the following year.

CALENDAR YEAR

The High Cost and Lifeline programs disburse funds on a calendar year basis. Data in these tables are for calendar year 2015.

AUTHORIZED SUPPORT

Authorized support represents funding that has been approved for disbursement for January through December 2015. It does not include recoveries from audits, appeals, or other enforcement actions during that timeframe.

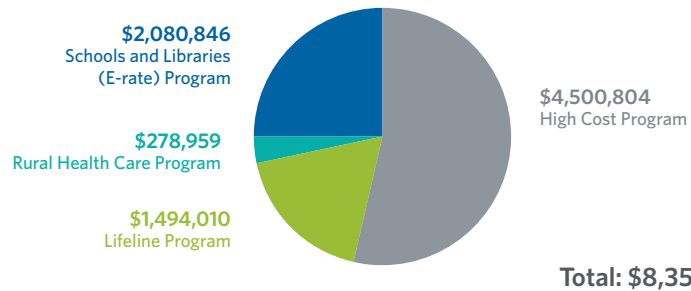
FUNDING COMMITMENTS

Funding commitments are not disbursements. Funding commitments are issued by the Rural Health Care and Schools and Libraries programs via commitment letters that approve what will be funded through support for a particular funding year.

Commitments made in calendar year 2015 may be for applications filed during previous funding years and/or the current funding year.

2015 AUTHORIZED SUPPORT BY PROGRAM

Unaudited (in thousands)



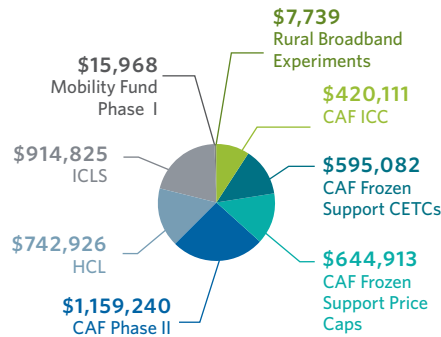
HIGH COST PROGRAM

Authorized Support By Year



2015 High Cost Authorized Support

(in thousands)



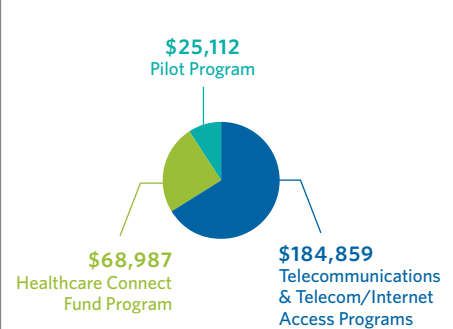
RURAL HEALTH CARE PROGRAM

Authorized Support By Year



2015 Rural Health Care Authorized Support

(in thousands)

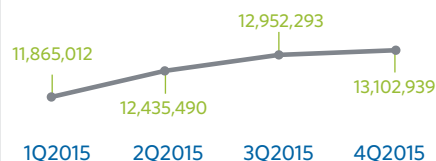


LIFELINE PROGRAM

Authorized Support By Year



Subscribers Supported



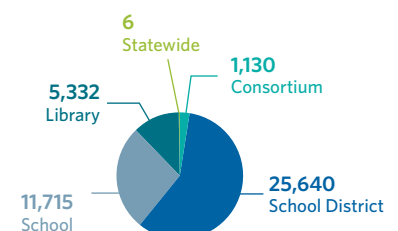
Note: Quarterly numbers are averages.

SCHOOLS AND LIBRARIES PROGRAM

Authorized Support By Year



Applications Funded, Funding Year 2015



LIFELINE PROGRAM Authorized Support by Component, 2015 (Unaudited | in thousands)

State	Lifeline	Tribal Link Up	Total Authorized Support ¹ 2015	Total Support ² 1998-2015
Alabama	\$ 21,715	\$ 0	\$ 21,715	\$ 253,345
Alaska	10,395	16	10,411	214,546
American Samoa	77	0	77	1,048
Arizona	47,123	205	47,328	393,525
Arkansas	11,850	0	11,850	182,494
California	229,262	0	229,262	4,358,341
Colorado	9,331	0	9,331	70,632
Connecticut	12,917	0	12,917	130,337
Delaware	3,594	0	3,594	23,196
District of Columbia	4,637	0	4,637	37,029
Florida	89,586	0	89,586	863,030
Georgia	50,347	0	50,347	571,217
Guam	176	0	176	4,952
Hawaii	3,181	0	3,181	21,475
Idaho	1,617	0	1,617	51,253
Illinois	53,701	0	53,701	497,682
Indiana	21,741	0	21,741	156,920
Iowa	6,325	0	6,325	81,700
Kansas	6,509	0	6,509	72,964
Kentucky	26,295	0	26,295	202,646
Louisiana	25,406	0	25,406	379,517
Maine	4,750	0	4,750	149,513
Maryland	21,697	0	21,697	226,249
Massachusetts	25,178	0	25,178	365,100
Michigan	59,674	0	59,674	566,269
Minnesota	11,390	0	11,390	120,276
Mississippi	16,362	0	16,362	174,763
Missouri	17,137	0	17,137	191,230
Montana	1,574	15	1,589	44,455
Nebraska	1,017	0	1,017	30,521
Nevada	14,010	0	14,010	109,967
New Hampshire	1,992	0	1,992	19,765
New Jersey	27,108	0	27,108	307,673
New Mexico	17,284	147	17,431	192,684
New York	98,845	0	98,845	1,319,914
North Carolina	35,786	0	35,786	474,351
North Dakota	1,717	9	1,726	42,885
Northern Mariana Islands	169	0	169	2,215
Ohio	59,375	0	59,375	779,411
Oklahoma	108,214	35	108,249	1,211,623
Oregon	7,339	0	7,339	101,867
Pennsylvania	50,234	0	50,234	462,967
Puerto Rico	60,852	0	60,852	410,689
Rhode Island	5,539	0	5,539	86,153
South Carolina	23,762	0	23,763	187,185
South Dakota	1,008	9	1,017	52,496
Tennessee	33,221	0	33,221	347,716
Texas	81,637	0	81,637	1,252,312
Utah	3,784	7	3,791	58,520
Vermont	1,281	0	1,281	46,316
Virgin Islands	348	0	348	1,784
Virginia	19,462	0	19,462	186,945
Washington	17,973	0	17,973	291,154
West Virginia	8,805	0	8,805	73,263
Wisconsin	19,171	1	19,172	209,724
Wyoming	85	0	85	8,160
Total	\$ 1,493,565	\$ 446	\$ 1,494,010	\$ 18,673,963

Note: Numbers may not add due to rounding.

¹ Authorized Support includes all funding approved for disbursement for the months of January-December 2015, including funding approved but not yet disbursed (due to the Red Light Rule). It does not include recoveries from audits, appeals, or other enforcement actions.

² Total Support includes all funding approved for disbursement and is reflective of recoveries from audits, appeals, or other enforcement actions, as of December 31, 2015.

LIFELINE PROGRAM Authorized Support by Carrier Type, 2015 (Unaudited | in thousands)

State	ILEC vs. CETC		SERVICE CATEGORY		Total Authorized Support ¹ 2015
	Incumbent Carriers	Competitive Carriers	Wireline	Wireless	
Alabama	\$ 1,233	\$ 20,482	\$ 1,697	\$ 20,018	\$ 21,715
Alaska	1,466	8,945	1,589	8,822	10,411
American Samoa	56	21	56	21	77
Arizona	1,863	45,465	1,927	45,402	47,328
Arkansas	679	11,170	697	11,153	11,850
California	73,092	156,170	79,820	149,441	229,262
Colorado	586	8,745	586	8,745	9,331
Connecticut	352	12,564	390	12,527	12,917
Delaware	39	3,555	39	3,555	3,594
District of Columbia	106	4,530	106	4,530	4,637
Florida	4,134	85,452	4,240	85,346	89,586
Georgia	1,846	48,501	1,868	48,479	50,347
Guam	156	21	156	21	176
Hawaii	342	2,839	342	2,839	3,181
Idaho	693	923	694	923	1,617
Illinois	1,253	52,448	1,278	52,423	53,701
Indiana	644	21,097	644	21,097	21,741
Iowa	811	5,514	915	5,410	6,325
Kansas	709	5,800	885	5,624	6,509
Kentucky	2,157	24,139	2,354	23,941	26,295
Louisiana	514	24,891	617	24,789	25,406
Maine	1,323	3,427	1,323	3,427	4,750
Maryland	246	21,451	246	21,451	21,697
Massachusetts	2,004	23,174	2,004	23,174	25,178
Michigan	1,173	58,501	1,201	58,472	59,674
Minnesota	1,942	9,448	2,043	9,346	11,390
Mississippi	772	15,590	918	15,443	16,362
Missouri	1,614	15,523	1,680	15,457	17,137
Montana	1,202	387	1,212	377	1,589
Nebraska	637	380	803	214	1,017
Nevada	672	13,339	695	13,315	14,010
New Hampshire	169	1,823	169	1,823	1,992
New Jersey	2,656	24,452	2,656	24,452	27,108
New Mexico	2,352	15,079	2,421	15,010	17,431
New York	9,144	89,702	10,818	88,028	98,845
North Carolina	2,473	33,312	2,491	33,295	35,786
North Dakota	983	743	1,023	703	1,726
Northern Mariana Islands	169	0	169	0	169
Ohio	3,574	55,801	3,670	55,705	59,375
Oklahoma	5,107	103,142	17,697	90,552	108,249
Oregon	2,337	5,002	2,397	4,942	7,339
Pennsylvania	2,811	47,422	2,811	47,422	50,234
Puerto Rico	3,627	57,225	3,627	57,225	60,852
Rhode Island	331	5,209	658	4,881	5,539
South Carolina	1,402	22,360	1,427	22,336	23,763
South Dakota	618	399	711	306	1,017
Tennessee	1,631	31,591	1,702	31,519	33,221
Texas	11,584	70,053	11,985	69,652	81,637
Utah	662	3,129	662	3,129	3,791
Vermont	1,268	14	1,268	14	1,281
Virgin Islands	33	315	33	315	348
Virginia	530	18,932	552	18,910	19,462
Washington	3,472	14,501	3,477	14,497	17,973
West Virginia	282	8,523	282	8,523	8,805
Wisconsin	1,563	17,609	1,583	17,589	19,172
Wyoming	65	20	72	13	85
Total	\$ 163,159	\$ 1,330,852	\$ 187,389	\$ 1,306,622	\$ 1,494,010

Note: Numbers may not add due to rounding.

¹ Authorized Support includes all funding approved for disbursement for the months of January-December 2015, including funding approved but not yet disbursed (due to the Red Light Rule). It does not include recoveries from audits, appeals, or other enforcement actions.