Lifeline Compliance

Lifeline Program

December 9, 2025

Universal Service Administrative Co.

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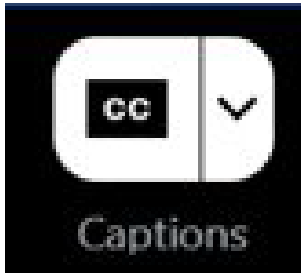

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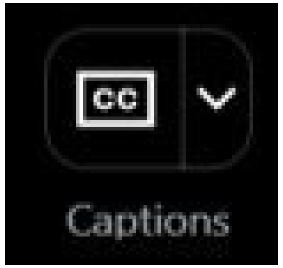

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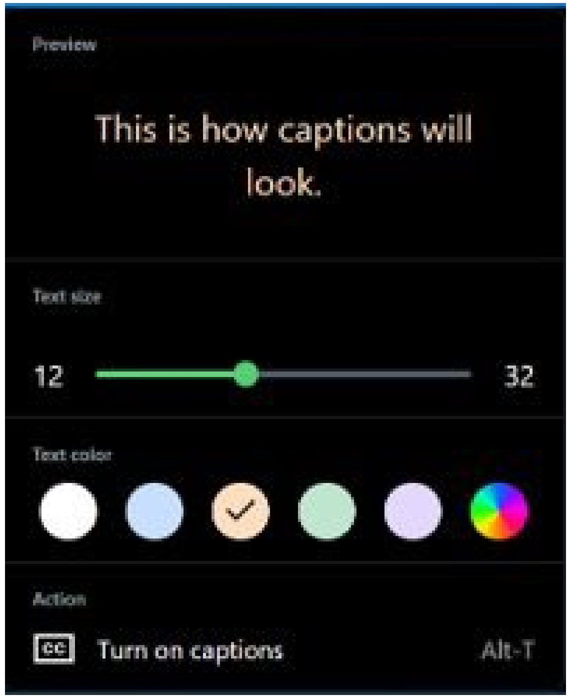

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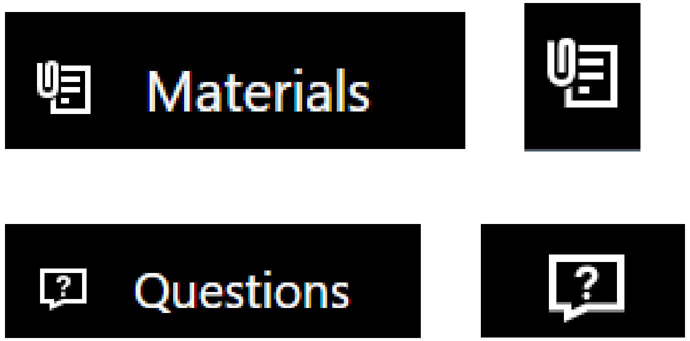


Meet Our Team

Rashonda Ward
Senior Audit & Assurance Advisor

Linnita Hosten
Senior Communications Specialist

Teodora Dimitrov
Manager of Communications

Gem Shandiin Labarta
Tribal Liaison
TribalLiaison@usac.org

Upcoming Dates

- Lifeline
  - Completing the Annual FCC Form 555 – December 10, 2025, at 3 p.m. ET – Register
  - Representative Accountability Database (RAD) 101 Office Hours – December 16, 2025, at 3 p.m. ET – Register
  - Representative Accountability Database (RAD) 101 Office Hours – December 18, 2025, at 3 p.m. ET – Register
- High Cost
  - Avoiding Common Audit Findings – December 12, 2025, at 2 p.m. ET – Register
- Service Providers
  - December Office Hours: Reseller Certificates – December 10, 2025, at 2 p.m. ET – Register
  - Revenue Reporting for Resellers – December 11, 2025, at 2 p.m. ET – Register

Lifeline Program Overview

- Universal Service Administrative Company (USAC) is an independent, not-for-profit organization designated by the Federal Communications Commission (FCC) as the administrator of the Universal Service Fund (USF) and its four programs.
  - The USF aims to ensure that all people in the United States have access to quality, affordable connectivity service.
  - The FCC develops policies and regulations for all four programs and provides guidance to USAC.
  - USAC administers the programs and educates stakeholders on processes, systems, and rules and requirements.

Lifeline Program
Discounted phone and internet service to eligible low-income consumers.

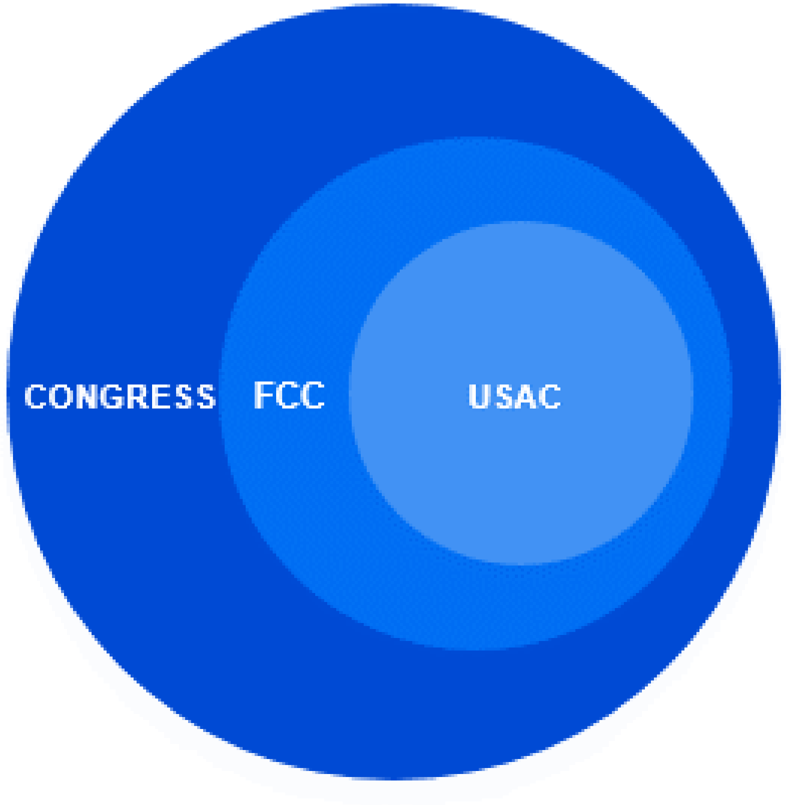
E-Rate Program
Funding for broadband services to eligible schools and libraries.

Rural Health Care Program
Funding for telecom and broadband services for eligible rural health care providers.

High Cost Program
Reduced rates for telecom and broadband services in eligible high-cost areas.

Overview: Who Makes the Rules?

- Congress directed the FCC to establish the USF and the four universal service programs.
- The FCC sets rules and policies for the USF programs and gives direction to USAC.
- USAC is responsible for the day-to-day administration of the USF in accordance with FCC requirements.



Agenda

- Announcements
- Lifeline Program Overview
- Audits & Assessments
- Common Audit Findings
- Resources

Announcements

FCC Order on California Process Changes

Summary

- On November 20, 2025, the Wireline Competition Bureau (Bureau) of the FCC issued an Order announcing changes to the federal Lifeline program in California.
- **Effective February 1, 2026**, California Lifeline service providers will need to use the National Verifier to determine eligibility and perform duplicate checks for consumers, and the National Lifeline Accountability Database (NLAD) to enroll eligible consumers.
- California service providers are encouraged to thoroughly review the Order for additional details.

FCC Form 555 Due February 2, 2026

- The 2025 FCC Form 555, or Annual Lifeline Eligible Telecommunications Carrier Certification Form, is due on **Monday, February 2, 2026**.
- This form is used for the annual recertification process and non-usage reporting for the Lifeline program. The form must be submitted electronically to USAC via USAC's One Portal which will open on December 10, 2025. USAC will notify stakeholders when the 2025 FCC Form 555 becomes available.
- In preparation for the opening of the submission window, service providers should:
  - Register for the FCC Form 555 December Lifeline webinar.
  - Ensure they have One Portal login credentials. If providers need assistance with their One Portal account, they can email CustomerSupport@usac.org.

Lifeline Program Overview

Lifeline Program Overview

Rules

- Lifeline program requirements are based on the FCC rules in 47 C.F.R. Sections 54.400-423.
- The FCC also releases Orders to clarify existing program requirements and revise rules.
- As the Lifeline administrator, USAC is primarily responsible for the following:
  - Confirming consumer eligibility
  - Recertifying subscribers
  - Managing the Lifeline Support Center
  - Educating stakeholders on processes, systems, rules, and requirements

Lifeline Program Overview

Service Provider Role

- Service providers are responsible for complying with program rules, including:
  - Registering for Representative IDs in the Representative Accountability Database (RAD) to perform applicable transactions.
  - Ensuring Lifeline eligible consumers have qualified through the National Verifier where applicable.
  - Enrolling Lifeline qualified consumers in the National Lifeline Accountability Database (NLAD), ensuring that enrolled subscribers are not currently enrolled with another service provider, and keeping NLAD up-to-date.
  - Submitting claims to receive reimbursement in the Lifeline Claims System (LCS).
  - Preparing forms and annual filings (FCC Form 555 and FCC Form 481).

Lifeline Program Overview

Service Provider Role (Cont.)

- Providing Lifeline subscribers with Lifeline-supported services that meet Lifeline's minimum service standards.
- Advertising Lifeline to their consumers.
- Providing USAC and auditors with correct information and documentation in response to program integrity, Payment Quality Assurance (PQA) assessments, and audit requests.
- Tracking Lifeline subscriber's usage.
- De-enrolling ineligible consumers.
- Documenting compliance with FCC and state requirements.
- Avoiding distributing financial incentives to enrollment representatives (including third-party agents).

Audits & Assessments

Audits & Assessments

- Beneficiary and Service provider audits may be performed by:
  - USAC’s Audit and Assurance Division (AAD)
  - FCC Office of Inspector General (OIG)
  - Offices of other federal agencies
  - A firm under contract to USAC or the FCC
  - A firm under contract to the Eligible Telecommunications Carrier (ETC) (e.g., Biennial audits)

Audits & Assessments

- Lifeline program audit types include:
  - Beneficiary and Contributor Audit Program (BCAP)
  - FCC Office of Inspector General (OIG)
- Service providers might also be required to obtain a third-party biennial audit of their compliance with program rules.
- Lifeline program assessments include:
  - Payment Quality Assurance (PQA) in which USAC provides the FCC with information about improper payments to program beneficiaries.

Audits & Assessments

- USAC obtains documentation from providers to evaluate program compliance including:
  - Number of subscribers claimed for reimbursement
  - Amount claimed per subscriber
  - Beneficiary eligibility to receive Lifeline program support
  - Subscriber eligibility to receive Lifeline program support
  - Lifeline program support passed through to subscribers
  - Adequacy of advertising efforts
  - Compliance of minimum service standards
  - Subscriber in designated ETC area(s)
  - Usage
  - Enrollment representative commissions

Audits & Assessments

Audit Process Overview

1 Planning

The audit announcement, entrance conference, and beneficiary receives data.

2 Testing

Documentation review, beneficiary inquiries, documentation questions, sample selection, and site visit (if applicable).

3 Reporting

Draft findings, exit conference, audit survey, and final audit report.

Audits & Assessments

PQA Process Overview

1 Planning	**2** Testing	**3** Reporting
Receive PQA notification letter and provide requested documentation.	Documentation review.	Final closure email to service providers, calculation and reporting of improper payments, and assessment survey.

Questions?

Common Audit Findings

Common Audit Findings

- Subscriber Ineligible for Tribal Enhanced Benefit
- Subscriber Ineligible for Tribal Link Up
- Improper Tribal Link Up Amount
- Improper Non-Usage
- Lack of Documentation — Pass Through
- Improper Pass Through of Lifeline Program Support
- Inadequate Eligibility Documentation
- Improper De-Enrollment
- Enrollment Representative Commissions

Common Audit Findings

Tribal Benefit Rule

Lifeline service providers are required to ensure only eligible residents of Tribal lands qualify for and receive the Tribal benefit (§ 54.400(e)) and § 54.403(a)(3).

Common Audit Findings

Subscriber Ineligible for Tribal Benefit

Example	Prevention
• Claiming Tribal support for an ineligible subscriber who does not meet the qualifications to receive the Tribal benefit.	• The provider must only apply the Tribal benefit to subscribers who reside on eligible Tribal lands (§ 54.400(e)).

Common Audit Findings

Tribal Link Up Subscriber Rule

Residents of Tribal lands can receive a reduction of up to $100 for first-time connection charges for **telecommunications service** at their primary residence (§ 54.413(a)(1).

Common Audit Findings

Subscriber Ineligible for Tribal Link Up

Example	Prevention
• Charging a consumer an activation fee that is routinely waived, reduced, or eliminated with the purchase of additional products, services, or minutes, or a fee imposed only on low-income consumers.	• Link Up support is only available on ordinary charges a provider imposes and collects from all subscribers to initiate service.

Common Audit Findings

Improper Tribal Link Up Amount

Example	Prevention
• Reducing a consumer's first-time connection charges for voice service at their primary residence by **more than $100**.	• If a fee is assessed and collected from a subscriber, the provider must reduce the subscriber's first-time connection charges for voice service by up to, and no more than, $100.

Common Audit Findings

Non-Usage Rules

Lifeline service providers are required to:

- Have an effective process for identifying subscribers that have not established usage as defined in § 54.407(c)(2) within 30 consecutive days, if the ETC does not assess and collect a monthly fee from the subscriber.
- After 30 days of a subscriber's non-usage, issue a notice to subscribers, using clear and easy-to-understand language, stating that failure to use the Lifeline service within 15 days (cure) will lead to service termination.
- Not claim reimbursement after 30 consecutive days of non-usage (including during the 15-day cure period) for subscribers who have not used the service, unless the subscribers cure the non-usage, after which the ETC may seek reimbursement (i.e., the ETC can revise its claim upward).

Common Audit Findings

Non-Usage Rules (Cont.)

Lifeline service providers are required to:

- De-enroll subscribers that have not used their service in 45 consecutive days.
- Retain records of proper usage activities (if service provider plans to seek reimbursement).

Common Audit Findings

Improper Non-Usage Example #1

Example	Prevention
• Charging a consumer an upfront or annual fee and later deducting from the fee to record a monthly payment.	• If a monthly fee is not assessed **and** collected directly from a subscriber, the provider must track subscribers’ usage.

Common Audit Findings

Improper Non-Usage Example #2

Example	Prevention
• Encouraging consumers to overpay on their account to generate an account credit and later apply that credit amount towards a monthly payment.	• If a monthly fee is not assessed **and** collected directly from a subscriber, the provider must track subscribers' usage.

Common Audit Findings

Improper Non-Usage Examples #3

Example	Prevention
• Assessing account activity as usage if the consumer completes an inbound call from a service provider, activates call forwarding, or forwards a voicemail deposit.	Service providers must adhere to the qualifying usage activities below that define Lifeline service usage: • Completion of an outbound call or usage of data. • Purchase of minutes or data from the ETC to add to the subscriber's service plan. • Answering an incoming call from a party other than the ETC, ETC's agent, or representative. • Responding to direct contact from the ETC and confirming that he or she wants to continue receiving Lifeline service. • Sending a text message.

Common Audit Findings

Improper Non-Usage Example #4

Example	Prevention
• Claiming a subscriber who has not cured their non-usage during their 15-day cure period.	If a subscriber does not use their service during the 15-day period, the service provider may not claim reimbursement for the 30-day non-usage period or 15-day cure period. If a subscriber uses their service (as defined in § 54.407(c)) during the 15-day period, the service provider should retroactively claim the subscriber for that service period.

Common Audit Findings

Improper Non-Usage Examples #5

Example	Prevention
• Service providers failing to retain detailed documentation to prove subscriber usage within 30 consecutive days.	• Service providers must maintain the documentation for three full preceding calendar years. • This requirement is not waived if a service provider no longer has access to the system(s) that houses the data (e.g., transfers in ownership, retirement of a legacy system, changes in third-party providers, etc.).

Common Audit Findings

Lack of Documentation — Pass Through Rule

- Service providers are required to maintain records to document compliance with all Commission and state requirements for at least three full preceding calendar years and to maintain certain documentation for as long as the subscriber receives Lifeline service, but no less than three years, § 54.417(a).
- This documentation includes records that prove the service providers pass through the benefit to the subscriber.

Common Audit Findings

Lack of Documentation — Pass Through Rule Examples #1

Example	Prevention
• Service providers are unable to provide documentation to demonstrate the monthly replenishment of minutes/data on subscriber accounts.	• Service providers should ensure their systems can provide the level of documentation when asked.

Common Audit Findings

Lack of Documentation — Pass Through Rule Examples #2

Example	Prevention
• Service providers are unable to provide documentation to demonstrate a system-generated report showing at a minimum, Lifeline subscriber information to match subscriber claimed, **and the amount of Lifeline credit that was applied to their bill for each month of the audit period**.	• Service providers should ensure their systems can provide the level of documentation necessary when requested by USAC or auditors.

Common Audit Findings

Lack of Documentation — Pass Through Rule Examples #3

Example	Prevention
• Service providers could not provide documentation showing the monthly pass through of benefits because of system changes that occurred such as transfer of ownership, retiring of a legacy system, or change in third-party provider.	• Service providers should ensure change management procedures include access to prior systems to ensure compliance with the record retention requirements.

Questions?

Common Audit Findings

Improper Pass Through of Lifeline Program Support Rule

- Service providers are required to reimburse each subscriber receiving the Lifeline benefit in an amount equal to the federal support amount, including the support amounts described in § 54.403(a). The service provider's universal service support reimbursement shall not exceed the provider's rate for that offering, or similar offerings, subscribed to by consumers who do not qualify for Lifeline.

Common Audit Findings

Improper Pass Through of Lifeline Program Support Example

Example	Prevention
• The amount disbursed by the Lifeline program to the service provider exceeded the amount passed through to the subscribers.	• Service providers should ensure procedures are in place to verify that it passes through the full amount of Lifeline program support to its eligible Lifeline subscribers, including a reconciliation of its billing system with the Lifeline Claims system (LCS).

Common Audit Findings

Inadequate Eligibility Documentation Rule

Eligibility documentation must ensure that the subscriber is qualified for the Lifeline program through the following options:

- A government program such as:
  - Supplemental Nutrition Assistance Program (SNAP)
  - Supplemental Security Income (SSI)
  - Medicaid
  - Federal Public Housing Assistance (FPHA)
  - Veterans Pension or Survivors Benefit Programs
  - Tribal-specific programs (Bureau of Indian Affairs General Assistance, Head Start, Tribal Temporary Assistance for Needy Families, or Food Distribution Program on Indian Reservations)
- Subscriber income at or below 135% of the Federal Poverty Guidelines.

Common Audit Findings

Inadequate Eligibility Documentation Example

Example	Prevention
Eligibility documentation may be inadequate due to at least one of the following reasons: • Documents do not indicate a qualified program. • Documents do not show benefit coverage period. • Documents show a state where the subscriber does not reside in. • Income exceeds the 135% of the Federal Poverty Guidelines. • Documents appear suspicious. • Documents do not show subscriber's name, or the name on the documents does not match subscriber's name. • Document issue date is over a year old.	• Eligibility documentation must be carefully reviewed as required by the Lifeline rules before an eligibility determination is made (47 CFR § 54.410).

Common Audit Findings

Improper De-Enrollment Rule

Lifeline service providers are required to:

- Have an effective process to identify subscribers that no longer meet the criteria to be considered a qualifying low-income consumer under § 54.409.
- Notify the subscriber of impending termination of their Lifeline service.
  - Notification of impending termination must be sent in writing separate from the subscriber's monthly bill, if a bill is provided, and must be written in clear, easily understood language.
- Allow a subscriber 30 days following the date of the impending termination letter required to demonstrate continued eligibility.
- De-enroll any subscriber who fails to demonstrate eligibility within five business days after the expiration of the subscriber's time to respond under § 54.405 (e) (1).

Common Audit Findings

Improper De-Enrollment Rule (Cont.)

- De-enroll any subscriber from participation in the Lifeline program within five business days upon notification by the Lifeline program that a subscriber is receiving the Lifeline benefit from another service provider, or that more than one member of a subscriber's household is receiving the Lifeline benefit under § 54.405(e)(2).
- De-enroll any subscriber within two business days following a subscriber’s request to be de-enrolled under § 54.405(e)(5).

Common Audit Findings

Improper De-Enrollment Example

Example	Prevention

• Service provider failed to de-enroll subscribers that were no longer eligible to receive the Lifeline benefit due to the following:
  • Duplicative support
  • Failure to recertify
  • Subscriber request
	• Service providers should de-enroll subscribers in a timely manner when they become aware or are alerted that a subscriber is no longer eligible to receive the Lifeline benefit.

• Service provider failed to send a notice of impending termination letter to the subscribers that failed to recertify their eligibility.	• Service providers should notify the subscriber of their impending termination of their Lifeline benefit. The notification must be sent in writing separate from the subscriber's monthly bill, if a bill is provided, and must be written in clear, easily understood language.

Common Audit Findings

Enrollment Representative Commissions Rule

- Lifeline service providers are prohibited from offering or providing to enrollment representatives or their direct supervisors any commission compensation that is based on the number of consumers who apply for or are enrolled in the Lifeline program with that eligible telecommunications carrier (54.406(b)).

Common Audit Findings

Enrollment Representative Commissions Example

Example	Prevention
• Service provider used enrollment representatives to enroll new subscribers into the Lifeline program and provided compensation to those agents based on the number of subscribers enrolled.	• Service providers should review the compensation structure for enrollment, supervisor, and third-party agents and ensure that the agents are not compensated based on the number of subscribers enrolled into the Lifeline program.

Questions?

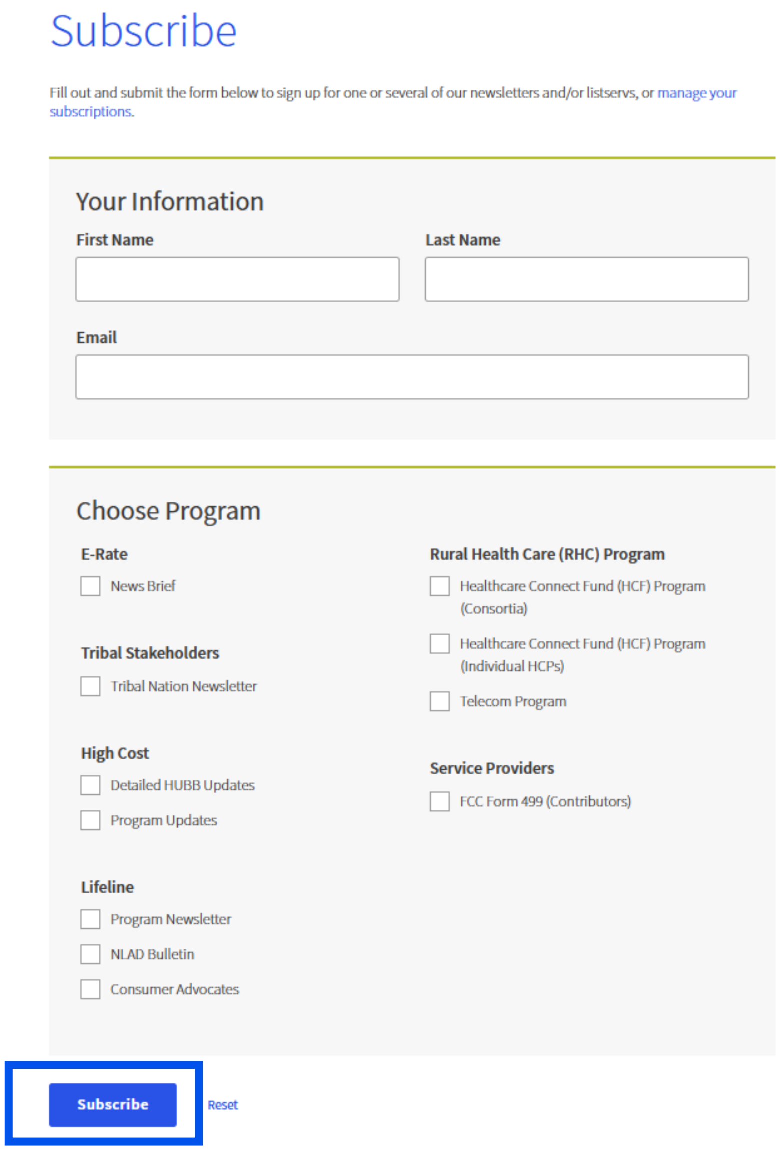
Resources

Resources

- To learn more about Lifeline program rules and how to comply, visit the follow webpages:
  - Get Started
  - Common Audit Findings
  - Beneficiary and Contributor Audit Program (BCAP)
  - Rules and Requirements
  - Orders
- For questions, assistance, and general application inquiries, service providers should email LifelineProgram@usac.org and cc our Tribal Liaison at TribalLiaison@usac.org.

Lifeline Monthly Newsletter

- Subscribe to the Lifeline monthly newsletter for program updates, reminders, and announcements.



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