HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 235 Lifeline Telecommunications Service
SPONSOR(S): Williams and others
TIED BILLS: **IDEN./SIM. BILLS:**

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	Energy & Utilities Policy Committee		Keating	Collins
2)	Governmental Affairs Policy Committee			
3)	General Government Policy Council			
4)				
5)				

SUMMARY ANALYSIS

Lifeline Assistance is a program under the federal Universal Service Fund that provides credits against the cost of basic local telecommunications service or other lifeline assistance plans to qualifying low-income customers to encourage those customers to subscribe to telephone service. Carriers that are designated as eligible telecommunications carriers (ETCs) are eligible to participate in and receive benefits from the federal Universal Service Fund. Currently, according to the PSC, 21 companies in Florida have been designated as ETCs and participate in the Lifeline program. Another 14 applications for ETC status are pending. All ETCs in Florida that are local exchange telecommunications companies with more than 1 million access lines must provide Lifeline services to qualifying customers or potential customers if the customer's income is 150 percent or less of the federal poverty income guidelines (the "income eligibility test").

The bill amends s. 364.10(3), F.S., to authorize commercial mobile radio service (CMRS) providers designated as eligible telecommunications carriers (ETCs) to utilize an income eligibility test to qualify customers for the Lifeline program. The bill also authorizes the Department of Children and Family Services (DCF), the Department of Education (DOE), the Public Service Commission (PSC), and the Office of Public Counsel (OPC) to exchange sufficient information with appropriate ETCs, such as a person's name, date of birth, service address, and telephone number, so that the carriers can identify and enroll an eligible person in the Lifeline and Link-Up programs. The bill provides that this information will remain confidential pursuant to s. 364.107, F.S., and may only be used for purposes of determining eligibility and enrollment in Lifeline.

The bill extends until December 31, 2010, the deadline for development of procedures by DCF, DOE, PSC, and telecommunications companies to promote Lifeline participation. The bill amends the requirement for development of such procedures to specify that the telecommunications companies participating in development of these procedures are those that are "designated eligible telecommunications carriers" providing Lifeline services.

The bill also extends until December 31, 2010, the deadline for the PSC, DCF, and OPC to enter into a memorandum of understanding (MOU) to establish their respective duties in establishing an automatic enrollment process for Lifeline. The bill requires that these agencies enter into an MOU with each ETC offering Lifeline and Link-Up services.

The PSC reports that it can meet the requirements of the bill at existing staffing levels with no fiscal impact. The DCF estimates first-year, non-recurring implementation costs of $61,456 primarily for system programming. The DCF also indicates that an undetermined workload will be required to enter into separate MOUs with each eligible telecommunications carrier.

The effective date of the bill is July 1, 2010.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Lifeline Assistance is a program under the federal Universal Service Fund that provides credits against the cost of basic local telecommunications service or other lifeline assistance plans to qualifying low-income customers to encourage those customers to subscribe to telephone service. Carriers that are designated as eligible telecommunications carriers (ETCs) are eligible to participate in and receive benefits from the federal Universal Service Fund. Either the Federal Communications Commission (FCC) or the Florida Public Service Commission (PSC) designates a telecommunication carrier in Florida as an ETC using the definition provided in the FCC's universal service rules.[1]

Currently, according to the PSC, 21 companies in Florida have been designated as ETCs and participate in the Lifeline program. Another 14 applications for ETC status are pending. All ETCs in Florida that are local exchange telecommunications companies with more than 1 million access lines must provide Lifeline services to qualifying customers or potential customers if the customer's income is 150 percent or less of the federal poverty income guidelines (the "income eligibility test").[2]

Under federal law, commercial mobile radio service (CMRS) providers may be designated as ETCs if they comply with state requirements.[3] The FCC designated the wireless carriers Sprint-Nextel and ALLTEL Communications as ETCs. In approving these designations, the FCC noted that ETCs must comply with state requirements in states that have Lifeline programs. Subsequently, the PSC found that it had authority to consider applications by CMRS providers to be designated as ETCs.[4]

Section 364.10(3)(h), F.S., requires each state agency providing benefits to persons eligible for Lifeline to develop procedures to promote Lifeline participation in cooperation with the Department of Children and Family Services (DCF), the Department of Education (DOE), the PSC, and telecommunications companies providing Lifeline services. This subsection required that these procedures be developed by December 31, 2007. In addition, this subsection required that, by the same date, the PSC, DCF, and the Office of Public Counsel (OPC) enter into a memorandum of understanding (MOU) to establish the respective duties of each entity to establish an automatic enrollment process for Lifeline services.

[1] Subsections 54.201(b) and (c), CFR.
[2] Section 364.10(2), F.S.
[3] FCC Nextel Order, DA 04-2667, adopted August 25, 2004, footnote 30; FCC ALLTEL Order, DA 04-3046, adopted September 24, 2004, footnote 29; FCC Sprint Order, DA 04-3617, adopted November 18, 2004, footnote 27.
[4] Order No. PSC-07-0288-PAA-TP, issued April 3, 2007.

Effect of Proposed Changes

The bill amends section 364.10(3), F.S., to authorize CMRS providers designated as ETCs to utilize the income eligibility test to qualify customers for the Lifeline program. The bill also authorizes DCF, DOE, PSC, and OPC to exchange sufficient information with appropriate ETCs, such as a person's name, date of birth, service address, and telephone number, so that the carriers can identify and enroll an eligible person in the Lifeline and Link-Up programs.[5] The bill provides that this information will remain confidential pursuant to s. 364.107, F.S., and may only be used for purposes of determining eligibility and enrollment in the Lifeline and Link-Up programs.

The bill extends until December 31, 2010, the deadline for development of procedures by DCF, DOE, PSC, and telecommunications companies to promote Lifeline participation. The bill amends the requirement for development of such procedures to specify that the telecommunications companies participating in development of these procedures are those that are "designated eligible telecommunications carriers" providing Lifeline services.[6]

The bill also extends until December 31, 2010, the deadline for the PSC, DCF, and OPC to enter into an MOU to establish their respective duties in establishing an automatic enrollment process for the Lifeline and Link-Up programs. The bill amends the requirement for development of an MOU to specify that these agencies enter into an MOU with each ETC offering Lifeline and Link-Up services. The PSC notes that it does not currently enter into MOUs with private entities.

B. SECTION DIRECTORY:

Section 1. Amends s. 364.10, F.S., related to the provision of Lifeline service.

Section 2. Provides an effective date of July 1, 2010.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   None.

2. Expenditures:

   The PSC reports that it can meet the requirements of the bill at existing staffing levels with no fiscal impact. The DCF estimates first-year, non-recurring implementation costs of $61,456 primarily for system programming. The DCF also indicates that an undetermined workload will be required to enter into separate MOUs with each eligible telecommunications carrier.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None.

2. Expenditures:

   None.

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[5] Link-Up America is a program which helps income-eligible customers initiate telephone service, whereas Lifeline Assistance provides discounts on basic monthly services for qualified telephone subscribers.

[6] As defined in s. 364.02(14), F.S., the term "telecommunications company" specifically excludes CMRS providers. If the intent of the bill is to include CMRS providers in the development of procedures to promote Lifeline participation, the phrase "telecommunications providers" could be deleted from s. 364.10(h)1., F.S.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The PSC reports that the bill should make it easier for eligible citizens to acquire wireless service. It is unclear whether increased use of Lifeline will increase direct private sector costs, costs to utilities, competition, private enterprise, or the employment markets. It is clear that demand for this program has grown rapidly in recent years, as the PSC reports that subscribership grew 236% from June 2008 to June 2009.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not appear to: require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill amends the requirement for development of procedures to promote Lifeline participation to include "telecommunications companies designated eligible telecommunications carriers" providing Lifeline services. As defined in s. 364.02(14), F.S., the term "telecommunications company" specifically excludes CMRS providers. If the intent of the bill is to include CMRS providers in the development of procedures to promote Lifeline participation, the phrase "telecommunications providers" could be deleted.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES