

Date of Hearing: April 25, 2018

ASSEMBLY COMMITTEE ON COMMUNICATIONS AND CONVEYANCE

Miguel Santiago, Chair

AB 3111 (Eduardo Garcia) – As Amended April 2, 2018

SUBJECT: Telecommunications: universal service

SUMMARY: Requires the California Public Utilities Commission (CPUC), in consultation with the Department of Corrections and Rehabilitation (CDCR), and the Department of Veteran Affairs, to develop outreach and enrollment programs for the California LifeLine Program for the formerly incarcerated and veterans. Specifically, **this bill:**

- 1) Requires the CPUC to ensure all eligible individuals, including students, veterans, and the formerly incarcerated, are provided with information about the lifeline program and given equal opportunities to subscribe to the lifeline telephone service. In performing this outreach, the CPUC shall seek to maximize the participation of all groups, including students, veterans, and the formerly incarcerated.
- 2) Requires the CPUC, in consultation with the CDCR, to develop an outreach and enrollment program for the formerly incarcerated as a part of the CDCR's reentry services.
- 3) Requires the CPUC, in consultation with the Department of Veterans Affairs, to develop an outreach and enrollment program for veterans.
- 4) Specifies in addition to any other proof of identification required for enrollment in the lifeline program, a prisoner identification card issued by the CDCR is a valid proof of identification for purposes of the specified program.
- 5) Deletes references, and the definition, of "household" as a principal place of residence in which a subscriber is eligible for lifeline telephone service, as specified.
- 6) Authorizes multiple lifeline telephone service subscribers to maintain the same principal place of residence.

EXISTING LAW:

- 1) Establishes the Moore Universal Telephone Service Act to achieve universal service by making basic telephone service affordable to low-income households through the creation of a lifeline class of service. Requires the CPUC and telephone corporations to employ every means to ensure that every qualified household is informed and afforded the opportunity to subscribe to the service. (Public Utilities Code (PUC) Section 871 et seq.)
- 2) Requires a lifeline telephone service subscriber to be provided with one lifeline subscription, as defined by the CPUC, at his or her principal place of residence, and no other member of that subscriber's family or household who maintains residence at that place is eligible for lifeline telephone service. An applicant for lifeline telephone service may report only one address in this state as the principal place of residence. (PUC Section 878)

- 3) Requires the CPUC to annually do all of the following:
 - a) Designate a class of lifeline service necessary to meet minimum communications needs;
 - b) Set the rates and charges for that service;
 - c) Develop eligibility criteria for that service; and,
 - d) Assess the degree of achievement of universal service, including telephone penetration rates by income, ethnicity, and geography. (PUC Section 873)
- 4) Specifies that the lifeline telephone service rates and charges shall be as follows:
 - a) In a residential subscriber's service area where measured service is not available, the lifeline telephone service rates shall not be more than 50 percent of the rates for basic flat rate service, exclusive of federally mandated end user access charges, available to the residential subscriber; and,
 - b) In a residential subscriber's service area where measured service is available, the subscriber may elect either of the following:
 - i) A lifeline telephone service measured rate of not more than 50 percent of the basic rate for measured service, exclusive of federally mandated end user access charges, available to the residential subscriber; or,
 - ii) A lifeline flat rate of not more than 50 percent of the rates for basic flat rate service, exclusive of federally mandated end user access charges, available to the residential subscriber. (PUC Section 874)
- 5) Requires the CPUC to require every telephone corporation providing telephone service within a service area to file a schedule of rates and charges providing a class of lifeline telephone service. Every telephone corporation providing service within a service area shall inform all eligible subscribers of the availability of lifeline telephone service, and how they may qualify for and obtain service, and shall accept applications for lifeline telephone service according to procedures specified by the CPUC. (PUC Section 876)
- 6) Establishes the Universal Lifeline Telephone Service Trust Administrative Committee (ULTSAC), which is an advisory board to advise the CPUC regarding the development, implementation, and administration of a program to ensure lifeline telephone service is available to the people of the state, as specified, and to carry out the program pursuant to the CPUC's direction, control, and approval. (PUC Section 277)
- 7) Requires the CPUC to require interconnected Voice over Internet Protocol (VoIP) service providers to collect and remit surcharges on their California intrastate revenues in support of specified public purpose program funds. (PUC Section 285)

FISCAL EFFECT: Unknown. This bill has been keyed fiscal by the Legislative Counsel.

COMMENTS:

- 1) **Author's Statement:** According to the author, "Wireless Lifeline service is a vital service for the low income and underserved population of California. It is estimated that only 34% of those eligible for this wireless service are participating in the lifeline program. Under existing law, this critical service is limited to one subscriber per place of residence. The re-entry population, oftentimes, participates in shared housing as they transition from prison to career making this service unavailable to them. Additionally, the formerly incarcerated population often does not have "valid ID" to qualify for lifeline services despite the fact that they were previously wards of the State with State IDs from the CDCR. Assembly Bill 3111 addresses the lifeline program deficiencies resulting in low participation by acknowledging members of that subscriber's household who maintain residence at the subscriber's principal place of residence as also eligible for lifeline telephone service. Additionally, this bill would expressly provide that multiple lifeline telephone service subscribers may maintain the same principal place of residence. Lastly, this bill would recognize a CDCR as a valid ID for the purposes on enrolling in the lifeline program."
- 2) **Background:** Ensuring that everyone has access to safe, reliable, and high-quality telecommunications service is a bedrock principle of telecommunications policy. The CPUC is tasked with developing and implementing programs to advance universal access to necessary services, such as telephone and broadband services. To do so, the CPUC implements a number of public programs to promote universal service, including the California High Cost Fund-A, California High Cost Fund-B, the California LifeLine Program, the California Teleconnect Fund, the Deaf & Disabled Telecommunications Program, and the California Advanced Services Fund.

Such universal service programs are generally developed to provide support either for providers in areas of the state where it might not make economic sense to provide telecommunications services due to the difficulties in building and/or providing services, such as rural, remote, and sparsely populated areas; or support for individuals who are low income, deaf and disabled, or living in or serving disadvantage communities and institutions, that otherwise might struggle to access affordable telecommunications services. Universal service programs serve to give as many subscribers as possible access to the telecommunications network; further complimenting the network and advancing the State's telecommunications objectives.

The universal service programs are funded through a surcharge on each customer's phone bill for landline, wireless, and VoIP services. The surcharge for each program is typically adjusted on an annual basis to ensure adequate funding to cover carrier claims and administrative costs. As of March 1, 2018, the total surcharge for all universal service programs is 7.24 percent of each customer's phone bill for intrastate telecommunications service.

- 3) **California LifeLine Program:** The California LifeLine Program was created in 1984 following the enactment of the Moore Universal Telephone Service Act to provide access for low-income households to affordable basic residential telephone service. The California LifeLine Program helps consumers lower the cost of their phone bills by providing discounts for home phone and cell phone service to qualified California residents. The California LifeLine Program works in conjunction with the federal LifeLine program which provides an

additional discount on phone service for qualifying low-income consumers. Together each program participant can currently receive a monthly maximum discount of \$14.30 from the California LifeLine Program in addition to a monthly maximum discount of \$9.25 from the Federal LifeLine Program. As of March 1, 2018, the surcharge for Universal Lifeline Telephone Service is 4.75 percent of each customer's phone bill for intrastate telecommunications service.

To qualify for LifeLine, consumers must be enrolled in certain public assistance programs, such as, Medicaid/Medi-Cal; Supplemental Security Income; CalFresh, Food Stamps or Supplemental Nutrition Assistance Program; Women, Infants and Children Program; National School Lunch Program, among others. In addition, consumer may also qualify if their household's total annual gross income is less than a specified amount. Only one LifeLine discount is allowed per household for each residential address. As of January 2018, there are approximately 1.77 million participants in the California LifeLine Program.

- 4) **Veterans & the Formerly Incarcerated Population:** Veterans and the formerly incarcerated population represent a critical group of individuals who may benefit from Lifeline and other public assistance programs. California is home to approximately 1.8 million veterans; more than any other state. In January 2016, the U.S. Department of Housing and Urban Development reported that 40,000 of the nation's homeless were veterans, and 24 percent of them live in California. Of that, 58 percent of California's homeless veterans were unsheltered. Veterans returning to civilian life face a myriad of barriers to employment, including mental health challenges and access to affordable housing. In addition, providing resources to formerly incarcerated individuals is critical to furthering the goal of reducing recidivism rates in the State.

Certainly Lifeline can help reduce the cost of accessing telecommunications services, especially for those who may have limited incomes or may not have stable housing. Access to affordable telecommunications services not only provides individuals with a means of communications in emergencies, but with the evolution of telecommunications services to wireless and broadband technology also serves as a means to accessing additional support and resources. This bill requires the CPUC, in consultation with the CDCR, and the Department of Veterans Affairs, to develop an outreach and enrollment program for veterans and the formerly incarcerated and veterans.

The bill specifies that in addition to any other proof of identification required for enrollment in the lifeline program, a prisoner identification card issued by the CDCR is a valid proof of identification. The CPUC currently accepts a number of identification documents including: U.S. Driver License; Certificate of US Citizenship; US Passport; Foreign Passport; US government, military, state, or tribal-issue ID; US Military ID cards, among others. The lack of valid identification cards for individuals recently release from prison is a major barrier to accessing services, such as LifeLine. Although some inmates may still have their original identification cards upon release; arguably, many do not. However, it is unclear if individuals leaving prison retain their prisoner identification card upon release.

The author may wish to consider an amendment to require the CPUC to consider alternative forms of identification as part of its specified outreach and enrollment programs.

- 5) **Household Eligibility:** In 2010, the Legislature passed AB 2213 (Fuentes), Chapter 381, Statutes of 2010, which among other things, specified that a lifeline subscriber can only have one lifeline subscription at their principle place of resident, and no other member of that subscribers family or household is eligible for lifeline service. Since then, LifeLine has been expanded to include wireless telephone services and the traditional concept of having one landline in one household is not as relevant. Today, one might have multiple individuals residing in the same address but are providing for their own individual income. This is especially true for individuals such as veterans or the formerly incarcerated who may reside in veterans homes or halfway houses until they are able to earn enough income to resident on their own.

The CPUC currently limits Lifeline subscription to one per household, with households being an individual or group of individuals who are living together at the same address as one economic unit. An economic unit consists of all adult individuals contributing to and sharing in the income and expenses of a household. This bill deletes the reference and definition to “household,” and authorizes multiple lifeline telephone service subscribers to maintain the same principle place of residence.

The author may wish to consider an amendment maintaining the reference to “households” instead of “family” to better align the bill with the current practices of the LifeLine program.

- 6) **Suggested Amendment:**

871.9 (c) In addition to any other proof of identification required for enrollment in the lifeline program, ~~a prisoner identification card issued by the Department of Corrections and Rehabilitation is a valid proof of identification for purposes of the program~~ the commission shall consider alternative forms of identification to increase participation in the program for the purposes specified in subdivision (b).

878 (a) A lifeline telephone service subscriber shall be provided with one lifeline subscription, as defined by the commission, at his or her principal place of residence, and no other member of that subscriber’s ~~family or~~ household who maintains residence at that place is eligible for lifeline telephone service.

- 7) **Arguments in Support:** According to TruConnect, “AB 3111, [...] seeks to improve outreach by requesting that the CPUC maximize enrollment opportunities for veterans, students and formerly incarcerated individuals. Additionally the bill seeks to address issues of eligibility by allowing for a prisoner identification card to be used as a valid proof of identification for the lifeline program and affirming the CPUC’s decision to recognize economic units within households vs just households. While the Lifeline program provides access to workforce, healthcare, educational, and other opportunities for vulnerable populations, less than 50% of eligible participants are enrolled in the Lifeline program. Moreover, many eligible populations continue to face additional hurdles for enrollment.”
- 8) **Related Legislation:** AB 2537 (Carrillo) of 2018 establishes the Lifeline Oversight Board to advise the CPUC on the California Lifeline Program. *Status: Pending in the Assembly Committee on Communications and Conveyance.*

AB 2652 (Quirk) of 2018 requires the CPUC to adopt a portability freeze and a rule to improve the cost-effectiveness of the delivery of the California LifeLine Program. *Status: Pending in the Assembly Committee on Communications and Conveyance.*

- 9) **Previous Legislation:** AB 2570 (Quirk) of 2016 required the CPUC to adopt a portability freeze rule for the California LifeLine Program that limits the ability of subscribers to change services. *Status: Chaptered by the Secretary of State, Chapter 577, Statutes of 2016.*

AB 2213 (Fuentes) of 2010 replaced the definition of “residential” for California’s low-income residential telephone service with a definition of “household” and defines household as a residential dwelling that is the principal place of residence of the lifeline telephone service subscriber. *Status: Chaptered by the Secretary of State, Chapter 381, Statutes of 2010.*

SB 742 (Escutia) of 2001 provided for an orderly transition of the Universal Service Telephone Programs, including the Universal Lifeline Telephone Service Program, to state fiscal and budgetary control. *Status: Chaptered by the Secretary of State, Chapter 118, Statutes of 2001.*

SB 669 (Polanco) of 1999 codified six existing CPUC advisory boards, including the ULTSAC, and requires the CPUC to administer the revenues used to fund the boards’ activities. *Status: Chaptered by the Secretary of State, Chapter 677, Statutes of 1999.*

REGISTERED SUPPORT / OPPOSITION:

Support

TruConnect

Opposition

None on file.

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