
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**
Senator Ben Hueso, Chair
2021 - 2022 Regular

Bill No: SB 546 **Hearing Date:** 4/12/2021
Author: Wilk
Version: 3/25/2021 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Sarah Smith

SUBJECT: Communications: lifeline universal service

DIGEST: This bill requires the California Public Utilities Commission (CPUC) to extend an existing Lifeline telecommunications pilot program for foster youth.

ANALYSIS:

Existing law:

- 1) Establishes the Lifeline program by requiring the CPUC to create a class of Lifeline service needed to meet basic communications needs, set rates and charges for the Lifeline program, develop eligibility criteria, and assess progress towards universal service goals, including access to telephone service by income, ethnicity, and geography. Existing law clarifies that minimum communications needs includes the ability to make phone calls and access electronic information services. (Public Utilities Code §873)
- 2) Defines a “household” for the purposes of determining eligibility for the Lifeline program as a residential address that is the principal place of residence of the Lifeline telephone service subscriber. This definition excludes industrial, commercial, or other nonresidential addresses. (Public Utilities Code §872)
- 3) Restricts subscribers to one lifeline subscription per household and prohibits any other family member or household at the same address from obtaining an additional Lifeline subscription. Existing law prohibits a Lifeline applicant from reporting more than one residential address. (Public Utilities Code §878)

This bill:

- 1) Requires the CPUC to continue the iFoster pilot program as an element of the Lifeline program to provide eligible foster youth with a smartphone and monthly pre-paid mobile telephone service, including unlimited voice, text, and data service.

- 2) Specifies that current and former California foster youth between the ages of 13 and 26 are eligible for the pilot program. A former foster youth between the ages of 21 and 26 are eligible for the program if the applicant was in foster care on or after their 13th birthday.
- 3) Authorizes the CPUC to adjust the Lifeline support amounts for the program for a variety of reasons, including for inflation, increased data or hotspot needs for distance learning, academic and employment needs. This bill authorizes the CPUC to expand eligibility for the pilot program to youth younger than 13 years of age if the CPUC determines that the eligibility expansion can be done within existing funding resources.
- 4) Allows the CPUC to select one or more third-party administrators to administer the pilot program and partner with local government agencies to conduct outreach and enrollment efforts for the program.
- 5) Authorizes the CPUC to establish an appeals process for applicants who are denied enrollment in the program.
- 6) Allows the CPUC to determine the mobile telephone providers that will serve the program.
- 7) Authorizes the CPUC adopt rules specific to the foster youth pilot program that are not applicable to the Lifeline program, and the bill allows the CPUC to waive any rule that generally applies to the Lifeline program, including CPUC General Order requirements for the Lifeline program.

Background

Lifeline provides low-income Californians with affordable telecommunications service. The Lifeline program was created in the mid-1980s to ensure that low-income families could afford basic telephone service after the breakup of the Bell telephone system raised concerns about increasing local telephone costs. California's Lifeline program pre-dates the federal Lifeline program. The federal Lifeline program helps lower a participant's communications bill by \$9.25 per month and California's Lifeline program provides \$14.85 per month in assistance. These discounts are provided directly to the communications provider. When enrolled in both programs, a California Lifeline subscriber can lower their communications bill by approximately \$25 per month.

Federal Lifeline enrollment restrictions pose challenges for meeting many low-income Californians' telecommunications needs. Since its creation, the Lifeline program has grown to include both federal and state programs and expanded the types of telecommunications services for which low-income Californians can receive discounted service. In October 2020, the CPUC expanded the services covered by Lifeline to include broadband bundled with voice services. However, most Lifeline subscribers use their benefits to obtain affordable wireless service. Despite the growth of personal communications and the use of Lifeline benefits for wireless personal communications, Lifeline regulations still limit Lifeline subscribers to one subscription per household.

In 2012, the Federal Communications Commission (FCC) clarified that multiple low-income people residing at the same address may qualify for separate Lifeline subscriptions as long as they are not part of the same household. The federal regulations clarify that unrelated individuals at the same address are separate households if they are separate economic units. Existing state law defining a household for the purposes of the California Lifeline program has not been updated to match the federal definition. Certain Californians are more likely to have non-related adults sharing the same address, including migratory workers, individuals in transitional housing, certain tribal communities, and foster youth.

CPUC's iFoster pilot project aims to address the unique challenges of low-income foster youth. In April 2019, the CPUC adopted a decision (D. 19-04-021), creating a pilot project with iFoster and Boost Mobile within the Lifeline program to address the unique enrollment needs of low-income foster youth while also exploring policy options for improving enrollment for the entire Lifeline program. In February 2020, the CPUC opened a new proceeding (R. 20-02-008) to make program changes to the Lifeline program. As part of this proceeding, the CPUC adopted a decision (D. 20-11-006) to increase the Lifeline support for foster youth enrolled in the iFoster pilot from \$25 to \$40 to address the increased need for data use during the pandemic as schools and businesses shifted to virtual resources. The CPUC determined that the subsidy increase would not require additional funding for the pilot project.

Need for Amendments. As currently drafted, this bill requires the CPUC to extend the iFoster pilot program; however, this bill does not establish a sunset date for the program or clarify that the CPUC must make the program permanent. Since the iFoster pilot program is an element of the Lifeline program, the pilot's budget is dependent upon Lifeline surcharge collection. Additionally, the pilot program is intended to help identify opportunities to improve enrollment for the entire Lifeline program, including better serving foster youth. The CPUC opened a new proceeding in February 2020 to adopt broader changes to the Lifeline program, and

this proceeding is ongoing. This bill also does not clarify if the CPUC can implement this bill's requirements as part of its ongoing Lifeline proceeding. *To the extent that the author and committee wishes to prevent the need for unnecessary proceedings, ensure that the CPUC has the authority necessary to administer the iFoster program within its budget, and give the CPUC to the flexibility to sunset the pilot once it has adopted changes to the Lifeline program, the committee may wish to amend this bill to do the following:*

- *Clarify that the CPUC may continue the iFoster Lifeline program through a new or existing proceeding.*
- *Clarify that the CPUC may establish a sunset date for an extended iFoster program.*

Prior/Related Legislation

SB 394 (Hueso, 2021) would conform California's statutory definition of a household for the purposes of determining Lifeline eligibility to the definition adopted by the FCC. The bill is currently pending in the Assembly.

SB 203 (Bradford, Chapter 335, Statutes of 2020), as passed by this committee, would have made a variety of changes to Lifeline enrollment and eligibility, including updating the definition of a household for the Lifeline program to conform to the FCC's definition. The bill was amended into a different subject matter.

SB 704 (Bradford, 2019) would have made various changes to Lifeline enrollment and eligibility, including modifying the program's definition of a household and specifying that multiple foster youth in the same household may have more than one lifeline subscription for the same address. The bill was vetoed.

AB 2652 (Quirk, 2018) would have required the CPUC to consider a 60-day portability freeze for Lifeline participants seeking to change providers. The bill also would have modified the Lifeline program's enrollment and recertification process. The bill was vetoed.

AB 2537 (Carrillo, 2018) would have established the Lifeline Oversight Board and specify the board's membership and duties. The bill died in the Senate.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT:

Aspiranet
California Coalition for Youth
Children Now
Children's Law Center of California
iFoster
John Burton Advocates for Youth
Santa Cruz County Office of Education

OPPOSITION:

The Utility Reform Network, unless amended

ARGUMENTS IN SUPPORT: According to the author:

The California Public Utilities Commission administers the “iFoster Pilot Program” which provides California’s foster youth with smartphones and access to cellular data. This pilot program is set to expire this year, leaving thousands of foster youth without vital access to technology, which has become even more necessary during the pandemic. This pilot program supplies foster youth between ages 13 and 26 with smartphones and free unlimited voice, text, and data. Studies of California’s 33,000 foster youth in this age range show that many go without regular access to technology. Smartphone ownership empowers foster youth to succeed in school, find stable employment, communicate with family and friends, make telehealth appointments, and connect to their support networks. These benefits are especially crucial during the COVID-19 pandemic, where students are asked to do more, with fewer resources, and less support. Having a smartphone also provides peace of mind in the event of an emergency. SB 546 will codify the benefits that foster youth between the ages of 13 and 26 are currently able to access as a part of the California Public Utilities Commission’s “iFoster Pilot Program,” ensuring that foster youth continue to be supported.

ARGUMENTS IN OPPOSITION: In opposition, The Utility Reform Network (TURN) states:

TURN is supportive of expanding the benefits of discounted communications services to foster youth in California. Yet, we do not believe the Legislature should codify an obligation for the Commission to expend resources on a specific ratepayer funded pilot that favors a single

wireless carrier, has experienced significant barriers, and is already operational under the Commission's authority. Therefore, we propose that the bill should delete specific references to the current pilot and suggestions that the obligation could be limited to certain carriers. It should require the program to be part of the LifeLine program but with rules tailored to the needs of foster youth and the partnerships currently called out in the bill and retain the specific foster youth benefits and eligibility criteria tied to age for foster youth.

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