

CONCURRENCE IN SENATE AMENDMENTS
AB 74 (Lorena Gonzalez and Santiago)
As Amended September 1, 2021
Majority vote

SUMMARY

Original Committee of Reference: INS

This bill requires the California Public Utilities Commission (CPUC) to make various changes to the enrollment and recertification process for California's Lifeline (Lifeline) program.

Senate Amendments

Current Committee Recommendation: Concur.

The Senate amendments delete the previous contents in the bill and insert the following:

- 1) Directs the CPUC to, before March 1, 2022, adopt updated rules for the Lifeline program to minimize barriers to lifeline subscriber recertification and reduces the burden and cost of recertification on the Lifeline program.
- 2) Requires that the updates rules shall do all of the following:
 - a) Allow a Lifeline subscriber to enroll in the program using an electronic signature.
 - b) Enable a Lifeline subscriber to complete the annual recertification using an electronic signature instead of a personal identification number (PIN).
 - c) Provide an option for Lifeline subscribers to receive electronic communications regarding their subscription.
- 3) Directs the CPUC to, before January 1, 2023, adopt updated rules for the Lifeline program with the goal of achieving recertification rates equivalent to those of the federal Lifeline program.
- 4) Requires the CPUC to annually publicly report on its internet website the participation and recertification rates of eligible lifeline subscribers.

COMMENTS

- 1) *Annual Recertification Process.* On an annual basis, Lifeline participants must demonstrate their continued eligibility for the program through a recertification process. Recertification is intended to reduce waste, fraud, and abuse in the program. Under federal recertification rules, the CPUC is required to take certain steps to verify the identity of program participants and their income. To identify subscriber's identity the CPUC currently uses a unique PIN mailed to participants at the time of recertification in a pink envelope. Participants must use this PIN when submitting information demonstrating that they are still eligible for Lifeline. However, use of a mailed PIN can pose challenges for certain Lifeline subscribers who move frequently or primarily use electronic communications. This bill would require the CPUC to adopt Lifeline rules to eliminate the need for a PIN and instead require the CPUC's third party-

administrator, the organization that conducts the verifications, to verify a subscriber's identity using personally identifiable information that the third-party administrator already has on file. This bill also requires the CPUC to shift all its Lifeline subscriber communications to electronic communications unless a subscriber requests otherwise. To the extent that eliminating the use of PIN requires the CPUC to modify its mechanism for complying with federal Lifeline standards for fraud prevention, this bill may require the CPUC to obtain additional Federal Communications Commission (FCC) approvals for an alternative fraud prevention system.

- 2) *Temporary suspension of renewal process.* At the onset of the COVID-19 pandemic, in March 2020, the CPUC ratified¹ the FCC's temporary suspension of the annual renewal process for the Lifeline federal program. In that same decision, the CPUC also authorized the temporary suspension of the program's renewal process to be extended for so long as the renewal process for other state public assistance programs remains suspended, or the federal Lifeline's program renewal process was suspended. Most recently, on June 28, 2021, the FCC issued the latest order extending the temporary suspension through September 30, 2021. As authorized, the CPUC also extended the California Lifeline program renewal process through September 30, 2021. It is unclear at this point, given the spread of the corona virus across the nation, if the FCC and CPUC will extend the temporary suspension yet again. In any case, Lifeline subscribers have not had to recertify their eligibility or identity since March 2020 and as a result subscribers have not been removed from the program for failing to do so.
- Proposed Changes to Lifeline Program.* There is currently a proposed decision² before the CPUC which would implement a Lifeline working group's recommendations for improving the recertification process. Provisions of this bill that aim to minimize barriers in the recertification process are consistent with the working group's recommendations. For example, one of the recommendations is to authorize the Lifeline third-party program administrator to access state and federal program databases, such as food assistance or public health programs, to verify the eligibility of program participants. Other recommendations are to improve the online renewal portal and improve communication between subscribers and the third-party administrator. The proposed decision is scheduled for a vote at the CPUC's September 9th voting meeting.

According to the Author

"Mobile phone and broadband connectivity is critical for individuals and families from access to emergency services and healthcare, to telework and remote learning. While the California LifeLine Program provides discounted phone service discounts to low-income households, the difficult and burdensome enrollment and renewal processes can end up preventing households from utilizing the program. AB 74 will reduce barriers to participation in the LifeLine program by revamping and streamlining the outdated process."

Arguments in Support

Proponents of this legislation support changes to the Lifeline program's recertification process. They argue that the state's arcane and confusing administration of the program makes it

¹ Decision D. 20-05-043. <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M389/K956/389956939.PDF>

² Proposed Decision of Commissioner Shiroma Authorizing Eligibility Verifications Through Database Access. <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M398/K225/398225088.PDF>

inaccessible for many eligible Californians, leaving low-income Californians without reliable access to phone or internet service.

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Senate Appropriations Committee analysis:

- 1) One-time costs of \$755,000 and ongoing costs of \$196,000 annually (Universal Lifeline Services Trust) to adopt and implement updated rules for the LifeLine program in order to modify the recertification process with the intent to minimize barriers to recertification.
- 2) To the extent that this bill results in increased renewals and greater participation in the LifeLine program, unknown but significant ongoing costs, likely in the tens or hundreds of millions of dollars annually (Universal Lifeline Services Trust), for payment of additional phone subsidies.

VOTES

ASM INSURANCE: 13-0-0

YES: Daly, Mayes, Berman, Bigelow, Chen, Cooley, Cooper, Frazier, Gipson, Grayson, Rodriguez, Voepel, Wood

ASM APPROPRIATIONS: 16-0-0

YES: Lorena Gonzalez, Bigelow, Calderon, Carrillo, Chau, Megan Dahle, Davies, Fong, Gabriel, Eduardo Garcia, Levine, Quirk, Robert Rivas, Akilah Weber, Holden, Luz Rivas

ASSEMBLY FLOOR: 78-0-1

YES: Aguiar-Curry, Arambula, Bauer-Kahan, Bennett, Berman, Bigelow, Bloom, Boerner Horvath, Bryan, Burke, Calderon, Carrillo, Cervantes, Chau, Chen, Chiu, Choi, Cooley, Cooper, Cunningham, Megan Dahle, Daly, Davies, Flora, Fong, Friedman, Gabriel, Gallagher, Cristina Garcia, Eduardo Garcia, Gipson, Lorena Gonzalez, Gray, Grayson, Holden, Irwin, Jones-Sawyer, Kalra, Kiley, Lackey, Lee, Levine, Low, Maienschein, Mathis, Mayes, McCarty, Medina, Mullin, Muratsuchi, Nazarian, Nguyen, O'Donnell, Patterson, Petrie-Norris, Quirk, Quirk-Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Rodriguez, Blanca Rubio, Salas, Santiago, Seyarto, Smith, Stone, Ting, Valladares, Villapudua, Voepel, Waldron, Ward, Akilah Weber, Wicks, Wood, Rendon

ABS, ABST OR NV: Frazier

SENATE FLOOR: 37-0-3

YES: Allen, Archuleta, Atkins, Bates, Becker, Bradford, Caballero, Cortese, Dahle, Dodd, Durazo, Glazer, Gonzalez, Grove, Hertzberg, Hueso, Hurtado, Jones, Kamlager, Laird, Leyva, Limón, McGuire, Melendez, Min, Newman, Nielsen, Ochoa Bogh, Pan, Portantino, Roth, Rubio, Skinner, Umberg, Wieckowski, Wiener, Wilk

ABS, ABST OR NV: Borgeas, Eggman, Stern

ASM COMMUNICATIONS AND CONVEYANCE: 11-0-2

YES: Santiago, Patterson, Boerner Horvath, Cervantes, Davies, Holden, Low, Quirk-Silva, Rodriguez, Valladares, Akilah Weber

ABS, ABST OR NV: Bryan, Eduardo Garcia

UPDATED

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