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Public Service Commission

August 18, 2003

VIA ELECTRONIC FILING

Honorable Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW - Portals II, TW-A325
Washington, DC 20554

Re: WC Docket No. 03-109, Lifeline and Linkup

Dear Ms. Dortch:

Forwarded herewith are Comments of the Florida Public Service Commission (FPSC) in the above-referenced docket in response to the Notice of Proposed Rulemaking (Notice) released June 9, 2003.

We understand that a formal notice for responding to the survey will be issued at a future date. We will file a supplement to our initial response (Attachment A) at that time. Should you have additional questions, please contact Curtis Williams, the primary staff person in this docket, at (850) 413-6924.

Sincerely,

/ s /

Cynthia B. Miller, Esquire
Office of Federal and Legislative Liaison

CBM:pld
Attachment

cc: The Honorable Michael K. Powell, Chairman
The Honorable Kathleen Q. Abernathy, Commissioner
The Honorable Michael J. Copps, Commissioner
The Honorable Kevin J. Martin, Commissioner
The Honorable Jonathan S. Adelstein, Commissioner
Brad Ramsay, NARUC
Qualex International, Inc.

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**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of:)
)
Lifeline and Link-Up) WC Docket No. 03-109
)

**COMMENTS OF THE FLORIDA PUBLIC SERVICE COMMISSION
REGARDING THE FEDERAL-STATE JOINT BOARD ON UNIVERSAL SERVICE
LIFELINE AND LINK-UP RECOMMENDED DECISION**

The Florida Public Service Commission (FPSC) submits these comments in response to the Notice of Proposed Rulemaking (Notice) released on June 9, 2003. In this Notice (FCC 03-120), the Federal Communications Commission (FCC) seeks comment on the Federal-State Joint Board on Universal Service (Joint Board) Recommended Decision regarding the Lifeline and Link-Up programs. We encourage the FCC to:

- ▶ Adopt an income-based eligibility criterion;
- ▶ Add the Temporary Assistance to Needy Families program (TANF) and the National School Lunch free lunch program (NSL) to the program-based eligibility criteria;
- ▶ Take caution in adopting self-certification due to the increased risk of waste, fraud, and abuse and adopt more rigid verification procedures;
- ▶ Adopt automatic enrollment as a means of certifying eligibility and increasing enrollment; and
- ▶ Advocate more vigorous outreach efforts.

As we discussed in our December 26, 2001, comments to the Joint Board, the FPSC continues to support the original intent of Lifeline and Link-Up, which is to help low-income households obtain basic telephone service. Under existing rules, however, the low-income support mechanism continues to produce some inequitable results. According to data from the U.S. Census Bureau, approximately 60% of the nation's population in poverty reside in ten states.¹ Of these ten, only two, California and New York, are net recipients under the low-income program. The remaining eight states, including Florida, and a majority of all fifty states are net contributors to the low-income fund. Several factors may account for this; however, it is noteworthy to point out that both California and New York have adopted two of the more aggressive enrollment practices, self-certification and automatic enrollment, respectively. We do find possible merit in New York's application of automatic enrollment and recommend that the FCC continue to explore broader application of this enrollment mechanism.

It has become increasingly clear that greater emphasis must be placed on accountability. The FPSC believes the long-term sustainability of the fund is critical, and that appropriate accountability standards are necessary to insure the long-term success of the program. To protect the integrity of the program, we believe only those customers who are eligible and are in need of support should be allowed to participate.

In regard to national eligibility standards, we support the Joint Board's recommendation that the FCC not mandate any federal eligibility criteria for states. We agree with the Joint Board that

¹ U.S. Census Bureau, Table 25. Poverty Status by State in 2000, URL: http://ferret.bls.census.gov/macro/032001/pov/new25_001.htm . In order of largest to smallest: California, Texas, New York, Florida, Illinois, Ohio, Pennsylvania, Michigan, North Carolina, Georgia.

states should maintain the flexibility to respond to the unique needs of their constituents. We agree that, generally, states are in a better position than the federal government to target the needs of their own consumers. For example, in Florida, our states' demographics are such that in some regions, pockets of poverty exist to a degree that places significant low-income funding pressure on small and rural carriers that are required to participate in Florida's universal service program. A uniform list of eligibility criteria imposed on all states would not extend needed flexibility to address such unique circumstances.

We also agree with the Joint Board that the FCC should not establish a minimum federal floor upon which states would be able to expand their own eligibility criteria. Again, our concern is that a minimum floor would impose a uniform list of eligibility criteria on all states.

Income-Based Eligibility Criterion

The Joint Board recommended that a consumer be eligible for Lifeline and Link-Up when the consumer's income is at or below 135% of the Federal Poverty Guidelines (FPG). This would enable, for example, a family of four whose annual income is at or below \$24,840 to qualify for Lifeline and Link-Up support. The Joint Board found that adding an income-based criterion of 135% of the FPG will increase low-income participation in the Lifeline and Link-Up programs without significantly burdening the universal service support mechanism.

The FPSC supports the application of an income-based standard in general; however, we believe additional data and analysis are needed before any specific standard can be endorsed beyond that which is set forth in our state statute. In accordance with Section 364.10, Florida Statutes, the FPSC currently applies an income-based eligibility standard of 125% in certain circumstances.

Program-Based Eligibility Criteria

The FPSC supports the Joint Board's recommendation to add two additional assistance programs—the Temporary Assistance to Needy Families program (TANF) and the National School Lunch free lunch program (NSL)—to the current list of default federal eligibility criteria in an effort to capture more low-income individuals and, in doing so, increase telephone subscribership among low-income households. The FPSC has endorsed the application of TANF as an eligibility criterion in Florida and we believe that adding both TANF and NSL to the list of program-based eligibility criteria can increase program participation. Further, we would point out that both TANF and NSL are currently used in determining eligibility for Tier Four Support (Tribal Lands). Therefore, adding TANF and NSL would make Tier One Support eligibility criteria consistent with Tier Four Support eligibility criteria.

We recognize that the addition of an income-based standard, TANF, and NSL to the default federal criteria will likely increase the size of the fund, to which Florida is a net contributor. However, we support the goals of the low-income program and believe that these increases can be mitigated if the FCC increases its efforts to reduce program waste, fraud, and abuse.

Self-Certification and Verification

Consistent with our comments to the Joint Board, the FPSC has concerns with the application of self-certification due to the increased risk of waste, fraud, and abuse. As stated earlier, we believe the long-term sustainability of the fund is contingent upon the application of appropriate accountability standards. We believe rigid verification is appropriate and believe that if states want to exercise the flexibility to have self-certification, they must implement effective verification procedures on a going forward basis.

In California, where self-certification is used, participation in the Lifeline and Link-Up programs exceeds 100% of the eligible population.² During Funding Year 2002, California received \$313,608,000 in low-income support, representing almost half (46%) of the \$673,061,000 in total low-income support distributed. In contrast, Florida, which is similar to California in size and poverty characteristics, received \$15,521,000 (2.2%) of the total low-income support distributed during Funding Year 2002.³

The FPSC has reservations that a verification process that relies on end-users validating their eligibility can be effective at minimizing waste, fraud, and abuse. For example, under existing federal rules, customers can simply sign a document stating that they are eligible to receive Lifeline support without providing any documentation demonstrating this to be the case. If a verification process is intended to confirm a customer's eligibility, allowing self-certification as a means of verification by its very nature defeats this purpose. At a minimum, a periodic verification process should affirmatively validate a customer's eligibility. This could be done through documentation such as providing a copy of a customer's most current Medicaid card, filing a form certified by a representative of a qualifying agency, or through automatic enrollment.

Automatic Enrollment

We agree with the Joint Board's recommendation that the FCC encourage all states, including states that currently use the default federal criteria, to adopt automatic enrollment as a means of certifying eligibility. Further, we support the Joint Board's definition of automatic

²The Telecommunications Industries Analysis Project (TIAP) Issued July 19, 2000.

³Universal Service Administrative Company Annual Report 2002, Page 28.

enrollment as “an electronic interface between a state agency and the carrier that allows low-income individuals to automatically enroll in Lifeline/Link-Up following enrollment in a qualifying public assistance program.”⁴

While recognizing the privacy, technical, and financial issues that must be addressed, the FCC should encourage states to adopt procedures that give consumers the option of automatically enrolling in Lifeline and Link-Up programs when they enroll in an eligible program. Ideally, this would occur through an automated process that would serve both to expand participation and verify eligibility. This recommendation is consistent with the National Association of Regulatory Utility Commissioners' (NARUC) resolution adopted February 28, 2001.⁵

Outreach

The FPSC believes that more vigorous outreach efforts may increase Lifeline and Link-Up participation in states that have experienced relatively low take rates thus far. The Joint Board noted that its analysis revealed “that significant differences in low-income telephone penetration exist over time and among the states.” While acknowledging that the program has been successful in some states, the Joint Board stated that “Lifeline/Link-Up continues to serve only a small portion of the low-income households in this country. Lifeline/Link-Up take rates have been highest in states that provide matching funds and engage in proactive targeted efforts such as automatic enrollment, aggressive outreach and intrastate multi-agency cooperation.”

⁴Joint Board Recommended Decision, Page 20.

⁵ NARUC, Resolution Concerning low-income components of the Federal Universal Service Mechanism, Sponsored by the Committee on Telecommunications, Second Resolved, Adopted by the NARUC Board of Directors, Adopted February 28, 2001.

The Joint Board recommended the FCC provide outreach guidelines to states and carriers. The guidelines would provide states and carriers with examples of how to reach those likely to qualify, but would still allow states and carriers to retain authority to determine the most appropriate outreach mechanisms for their consumers. The Joint Board recommended the following guidelines: (1) states and carriers should utilize outreach materials and methods designed to reach households that do not currently have telephone service; (2) states and carriers should develop outreach advertising that can be read or accessed by any sizeable non-English speaking populations within the carrier's service area; and (3) states and carriers should coordinate their outreach efforts with governmental agencies/tribes that administer any of the relevant government assistance programs.

The FPSC, in coordination with various sister agencies, and a host of other concerned citizens and organizations, has engaged in aggressive outreach efforts. The FPSC is continuing to identify organizations and agencies that come into contact with potential benefit recipients. Lifeline and Link-up brochures and posters are being provided to organizations such as charities, churches, senior centers, and various state agencies. We have found that by creating partnerships with state and federal agencies, local governments, and private organizations we can get information into the hands of many more eligible citizens than we could accomplish alone. We agree that more vigorous outreach efforts are necessary.

Conclusion

The FPSC continues to support the original intent of the Lifeline and Link-Up programs, which is to help low-income households obtain basic telephone service. States should make every effort to ensure that eligible households with and without telephone service are aware of and can easily enroll in the Lifeline and Link-Up programs. Further, we maintain that the long-term

sustainability of the fund is contingent upon the application of appropriate accountability standards, including rigid verification procedures. In summary, the FPSC submits that the FCC should:

- ▶ Adopt an income-based eligibility criterion;
- ▶ Add the Temporary Assistance to Needy Families program (TANF) and the National School Lunch free lunch program (NSL) to the program-based eligibility criteria;
- ▶ Take caution in adopting self-certification due to the increased risk of waste, fraud, and abuse and adopt more rigid verification procedures;
- ▶ Adopt automatic enrollment as a means of certifying eligibility and increasing enrollment; and
- ▶ Advocate more vigorous outreach efforts.

Respectfully Submitted,

/ s /

CYNTHIA B. MILLER
Office of Federal and Legislative Liaison
(850) 413-6082

FLORIDA PUBLIC SERVICE COMMISSION
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

DATED: August 18, 2003

Lifeline/Link-Up State Survey

1. What changes, if any, has the state implemented in its Lifeline/Link-Up program due to changes in the Federal Lifeline/Link-Up program? Of those changes, which have been most effective in increasing the state's telephone penetration rate?

Response -

Florida has not implemented any changes in its Lifeline/Link-Up program due to changes in the Federal Lifeline/Link-Up program. However, changes have been implemented due to Legislative requirements at the state level, as will be discussed in more detail in Question 5 below.

2. Please provide any additional information the state wishes to submit regarding positive or negative results experienced due to adoption of new Lifeline/Link-Up procedures during the past 12 months.

Response - N/A

3. Please provide any additional information the state wishes to submit regarding any administrative burdens or inefficiencies that the state has experienced due to adoption of new Lifeline/Link-Up procedures during the past 12 months.

Response - N/A

4. Describe the state's Lifeline/Link-Up eligibility requirements.

Response -

Eligibility for Florida's Lifeline/Link-Up program is based on a telephone subscriber enrolled under one of the following means-tested programs:

- Temporary Assistance to Needy Families (TANF)
- Food Stamps
- Medicaid
- Low-Income Home Energy Assistance Program (LIHEAP)
- Supplemental Security Income (SSI)
- Federal Public Housing Assistance (Section 8)
- Bureau of Indian Affairs programs:
 - Tribal TANF
 - Head Start Subsidy
 - National School Lunch Program

Additionally, during the 2003 Florida Legislative Session, a new law was enacted that requires certain participating telephone companies to enroll subscribers who meet an income eligibility test

at 125 percent or less of the federal poverty income guidelines. The new law will be discussed further in Question 5 below.

5. Describe the state's Lifeline/Link-Up procedures for enrollment and certification, including documentation requirements. Do any state agencies qualify applicants for the Lifeline/Link-Up program?

Response -

Lifeline/Link-Up enrollment and certification procedures in Florida require an eligible subscriber to submit proof of eligibility to a telephone carrier prior to the initiation of service. The Florida Department of Children and Families and the Office of Public Counsel are the two key state agencies in Florida which qualify applicants for Lifeline/Link-Up.

In addition, we would like to share some historical information about Florida's Lifeline/Link-Up program, as well as some exciting new projects that the Florida Public Service Commission (FPSC) has undertaken this year.

Florida's Lifeline/Link-Up Program History

Section 364.0252, Florida Statutes, requires the FPSC to inform consumers of the availability of the Lifeline and Link-Up programs. The FPSC publishes a variety of educational materials, including brochures and posters in both English and Spanish. These materials are updated regularly to reflect current information about the programs. We are continually seeking new avenues for getting this vital information out to eligible consumers. We have found that by creating partnerships with state and federal agencies, local governments, and private organizations we can get information into the hands of many more eligible citizens than we could accomplish on our own. Through these partnerships, we were alerted to a growing need to provide Lifeline and Link-Up information in the Haitian Creole language to reach the Haitian population in Florida. The FPSC's Lifeline and Link-Up brochures and posters are currently being translated into Haitian Creole.

On March 3, 1998, the FPSC entered into an "Interagency Agreement For Assistance in Consumer Awareness Campaign for Lifeline Assistance Program and Link-Up Florida" (Agreement) with the Florida Department of Children and Families (FDCF), Florida Department of Elder Affairs (FDEA), and former Florida Department of Labor and Employment Security. Pursuant to the Agreement, the PSC agreed to provide Lifeline educational materials to the other agencies, and the agencies agreed to in turn provide those materials to eligible clients. During 1998, the FDCF distributed the Lifeline materials through a mass mailing, and the FDEA began regularly including information about Lifeline in its Elder Update newsletter. We witnessed an increase in Lifeline enrollment following both of these events.

During 2002, we partnered with the AARP in an outreach campaign to inform Florida AARP members about these programs. We were once again joined by the FDCF and FDEA in this venture, as well as the participating incumbent local exchange companies (ILECs). Over time our list of partners has grown to include the Florida Department of Community Affairs, the 34 local agencies that administer the LIHEAP program, Florida's 57 Social Security Administration offices, the 128

local agencies that administer Section 8 Housing, and the Consumer Protection and Assistance Departments for several of Florida's most heavily populated counties. The FPSC is continuing to identify organizations and agencies that come into contact with potential benefit recipients. Lifeline and Link-Up brochures and posters are being provided to organizations such as Catholic Charities, A.M.E. Churches, Senior Centers, Jewish Community Centers, the Florida Department of Education - Division of Vocational Rehabilitation, and the University of West Florida - Division of Social Work. We believe the grassroots efforts in the local communities are a significant component in our overall consumer awareness program.

New Lifeline Projects

During the past year, the FPSC has undertaken two significant Lifeline/Link-Up projects resulting from State legislation; the FDCF Lifeline Project and Senate Bill 654 Implementation Project, respectively.

During the 2001 and 2002 Florida Legislative Sessions, the Legislature appropriated funds to be used by the FDCF for a Lifeline Project. During 2002 and 2003, FPSC staff worked with the FDCF, Florida Telecommunications Industry Association and participating local exchange telecommunications companies to implement the FDCF Lifeline Project. The FDCF has modified its procedures so that information about the Lifeline and Link-Up Florida Programs will be provided during client interviews. The FDCF provides an eligibility notice to all clients who are determined to be eligible for Medicaid, Food Stamps, or TANF. Effective April 21, 2003, the eligibility notice also began informing clients that they are eligible for Lifeline Assistance. The participating local exchange telecommunications companies agreed to accept the DCF's eligibility notice as proof of eligibility for Lifeline Assistance. We are optimistic that this new notification procedure and the streamlined eligibility verification will increase awareness and hopefully enrollment in these programs.

During the 2003 Florida Legislative Session, the Legislature enacted the Tele-Competition Innovation and Infrastructure Enhancement Act, also referred to as Senate Bill 654 (SB 654), which includes several provisions that apply to the Lifeline and Link-Up Florida programs. Pursuant to SB 654, each ILEC that is authorized by the FPSC to reduce its switched network access rate pursuant to s. 364.164 shall also provide Lifeline service to any customer who meets an income eligibility test at 125 percent or less of the federal poverty income guidelines. In Florida, the Office of Public Council (OPC) serves as the citizens' advocate in utility matters. Pursuant to SB 654, the OPC will certify and maintain income claims submitted by Lifeline customers. Prior to passage of SB 654, the OPC and one of Florida's ILECs entered into a settlement agreement whereby that ILEC extended Lifeline assistance to consumers based upon the 125 percent income eligibility criterion. Under the settlement agreement, the OPC certified and maintained the customers' income claims. Following passage of SB 654, the OPC expanded the income certification program to include additional ILECs. SB 654 also contains several provisions related to consumer education, and requires the ILECs, certain state agencies, and the FPSC to work cooperatively to develop procedures to promote Lifeline participation. The FPSC, OPC, FDCF, FDEA, ILECs, and other agencies and organizations will continue to work together to expand and improve Florida's Lifeline and Link-Up programs. We are optimistic that the FDCF Lifeline Project and implementation of SB 654 will increase Lifeline enrollment in Florida.

6. Describe the state's Lifeline/Link-Up procedures for verification, including documentation requirements. If the state plans to implement a verification program, please describe.

Response -

Verification in Florida is achieved through the telephone company requesting periodic audits by appropriate state agencies to ensure that a Lifeline subscriber's status is current and valid. If the audit/investigation produces a negative finding about the subscriber's eligibility status, the company can take action and discontinue Lifeline service to the subscriber. As we continue our work on the FDCF Lifeline Project and implementation of SB 654, we will continue to explore methods to improve the verification process.

7. List suggestions for improvements to the Federal Lifeline/Link-Up Program.

Response -

The following suggestions are provided for continued improvement to the Federal Lifeline/Link-Up Program.

- Encourage states to adopt procedures that give consumers the option of automatically enrolling in Lifeline and Link-Up programs when they enroll in an eligible service.
- Require all eligible telecommunications carriers (ETCs) to post their Lifeline services on the Lifeline Support website located at www.lifelinesupport.org.
- Encourage states to develop and implement formal procedures to verify eligibility.

8. Does the state require all incumbent LECs to provide Lifeline/Link-Up service?

Response -

Yes. Section 364.10(2), Florida Statutes, requires all Florida LECs to provide Lifeline Service (FPSC Order No. PSC-95-1150-FOF-TL; implemented by tariff)

9. Does the state require all competitive LECs to provide Lifeline/Link-Up service?

Response -

CLECs may provide Lifeline/Link-Up service; however, Federal reimbursement is contingent upon whether the company has been designated as an ETC.