


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 11-0724

Date: February 21, 2011

Prime Sponsor(s): Rep. Joshi

Bill Status: House Transportation

Fiscal Analyst: Bill Zepernick (303-866-4777)

TITLE: CONCERNING THE REPEAL OF THE LOW-INCOME TELEPHONE ASSISTANCE PROGRAM.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
Cash Funds		
Low-income Telephone Assistance Cash Fund	(\$2,230,000)	(\$2,230,000)
State Expenditures		
Federal Funds		
Cash Funds		
Low-income Telephone Assistance Cash Fund	(\$2,222,365)	(\$2,222,365)
FTE Position Change	(1.1 FTE)	(1.1 FTE)
Effective Date: July 1, 2011.		
Appropriation Summary for FY 2011-2012: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

The bill repeals the Low-income Telephone Assistance Program (LITAP) as of July 1, 2011. The program subsidizes telephone access for eligible low-income families. The subsidies are funded from a monthly surcharge on residential and business landline telephones collected by telephone carriers. The program is administered by the Public Utility Commission (PUC) and eligibility determination for the subsidy is conducted by the Department of Human Services (DHS).

State Revenue

The bill reduces revenue to Low-income Telephone Assistance Fund in the Public Utility Commission by up to (\$2,230,000) per year beginning in FY 2011-12. Revenue is deposited into the fund from telephone carriers who have excess LITAP surcharge funds after providing subsidies to their eligible customers. Moneys in the cash fund are used to reimburse telephone carriers who had higher LITAP subsidy costs compared with revenue collected, and to pay for eligibility determination staff in the DHS.

Fee impact on individuals, families or business. Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. The bill eliminates the Low-income Telephone Assistance Program, so the PUC is no longer required to set a monthly surcharge on landline telephones to pay for the program. Currently, this surcharge is \$0.07 per month. Table 1 below identifies the fee impact of this bill.

Table 1. Fee Impact on Individuals, Families or Business				
Type of Fee	Current Fee	Fee Change	Number Affected	Total Fee Impact*
Telephone Surcharge	\$0.07/month	(\$0.07/month)	2,600,000	(\$2,184,000)

* Total fee impact does not match state revenue because not all fees collected by telephone carriers are transferred to the Low-income Telephone Assistance Cash Fund.

State Expenditures

The bill reduces state expenditures by a total of \$2,222,365 and 1.1 FTE per year beginning in FY 2011-12. These costs are paid from the Low-income Telephone Assistance Fund and include the following:

- a reduction of \$2,143,752 in the PUC for low-income telephone assistance subsidies; and
- a reduction of \$78,613 and 1.1 FTE in the DHS for eligibility determination staff.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Reductions Not Included Under HB11-1224*		
Cost Components	FY 2011-12	FY 2012-13
Employee Insurance (Health, Life, Dental, and Short-term Disability)	(\$7,810)	(\$7,810)
Supplemental Employee Retirement Payments	(3,557)	(4,191)
TOTAL	(\$11,367)	(\$12,001)

*More information is available at: <http://colorado.gov/fiscalnotes>

State Appropriations

The bill requires the following appropriations in FY 2011-12:

- a reduction of (\$2,143,752) to the PUC in the Department of Regulatory Agencies from the Low-income Telephone Assistance Fund; and
- a reduction of (\$78,613) and 1.1 FTE to the DHS from the Low-income Telephone Assistance Fund.

Departments Contacted

Human Services Regulatory Agencies