

**FINAL
FISCAL NOTE**

Drafting Number: LLS 13-0824
Prime Sponsor(s): Sen. Steadman
 Rep. Gerou

Date: June 18, 2013
Bill Status: Signed into Law
Fiscal Analyst: Alex Schatz (303-866-4375)

TITLE: CONCERNING A REPEAL OF A TELEPHONE ASSISTANCE PROGRAM FOR LOW-INCOME INDIVIDUALS, AND, IN CONNECTION THEREWITH, REDUCING AN APPROPRIATION.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
Cash Funds		
Low-income Telephone Assistance Fund - <i>reduction</i>	(\$725,548)	(\$725,548)
State Transfer		
Transfer from the Low-income Telephone Assistance Fund to the Department of Human Services	(\$118,272)	(\$118,272)
State Expenditures		
Cash Funds		
Low-income Telephone Assistance Fund - <i>reduction</i>	(\$725,548)	(\$725,548)
FTE Position Change - <i>reduction</i>	(1.5 FTE)	(1.5 FTE)
Effective Date: The bill was signed into law by the Governor and took effect on April 1, 2013.		
Appropriation Summary for FY 2013-2014: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This bill repeals the Low-income Telephone Assistance Program (LITAP) and makes conforming amendments to statutes that reference the program. Wind-up of the LITAP program is conducted prior to the end of FY 2013-14.

Background

LITAP subsidizes telephone access for low-income customers, reducing their bill based on allocation of funds collected by both the Public Utilities Commission (PUC) in the Department of Regulatory Agencies (DORA) and the telephone carrier.

Under current law, the PUC monitors and, as needed, provides reports on the effectiveness of the program. Statewide surcharges of seven cents per month on each telephone subscriber line are deposited into the Low-income Telephone Assistance Fund (LITAF) to support continued operation of LITAP.

The Department of Human Services (DHS) is required by current law to determine the eligibility of telephone customers for LITAP assistance. In addition to LITAP assistance, low-income telephone customers may receive assistance through the federal Lifeline Assistance program, also administered through DHS.

State Revenue

State revenue to the LITAF is, in practice, a pass-through used to redistribute the LITAP subsidy between telephone carriers. The fiscal note assumes that all future use of the pass-through LITAF account, currently \$725,548 annually, will cease with the repeal of statutory authority for LITAP.

State Transfer

A portion of the PUC's annual appropriation from the LITAF is reimbursed to DHS for its costs to administer the eligibility determination and other aspects of the Low-income Telephone Assistance Program. In FY 2013-14 and future fiscal years, this transfer from the PUC appropriation is budgeted as \$118,272.

State Expenditures

The bill reduces costs in DHS and DORA by a total of \$725,548 in FY 2013-14 and in each subsequent fiscal year. Of this amount, \$118,272 in DHS is subject to annual appropriation.

DHS. Costs in DHS are reduced by \$118,272 and 1.5 FTE in FY 2013-14 and subsequent fiscal years, consisting of \$97,235 in savings for personal services and \$21,037 in savings for operating costs. Eligibility determinations and other administration of the Low-income Telephone Assistance Program will cease, with a corresponding reduction in appropriations. The fiscal note assumes that LITAF reimbursements to DHS include both direct and indirect costs for 1.5 FTE.

DORA - PUC. The bill eliminates an estimated \$725,548 in annual PUC expenditures from the LITAF. Other than administrative reimbursements to DHS, LITAF revenue is immediately allocated to eligible telephone customers, currently \$607,276 each year. The PUC does not incur administrative costs for this pass-through use of LITAF.

The Long Bill appropriation of LITAF money to DORA is informational, as telephone carriers are entitled to reimbursement from the fund, and actual expenditures vary depending on reimbursable charges of carriers statewide in each billing cycle.

State Appropriations

For FY 2013-14, Long Bill appropriations to the Low-income Telephone Assistance Program line item in the Department of Human Services and the informational Low Income Telephone Assistance line item in the Department of Regulatory Agencies are reduced by the full appropriation amount of both lines. Based on current budget review by the Joint Budget Committee, these reductions are \$118,272 and 1.5 FTE in the Department of Human Services and \$725,548 in the Department of Regulatory Agencies, both from the Low-income Telephone Assistance Fund.

Departments Contacted

Regulatory Agencies
Human Services
Personnel

Health Care Policy and Financing
Office of Information Technology