



Department for Children and Families  
Commissioner's Office  
280 State Drive – HC 1 North  
Waterbury, VT 05671-1080  
[www.dcf.vt.gov](http://www.dcf.vt.gov)

[phone] 802-241-0929  
[fax] 802-241-0950

*Agency of Human Services*

## Memorandum

**To:** House Energy and Technology Committee  
**From:** Ken Schatz *KAS*  
**Date:** March 14, 2017  
**Subject:** H.216: Lifeline Program

Thank you for allowing me to provide testimony today on H.216. The Department for Children and Families (DCF) supports this bill. Since the bill was introduced, DCF has been participating in meetings with the Department of Public Service (DPS) to discuss some proposed changes in the bill. DPS has drafted some modifications for the bill that DCF supports. This language is included at the end of this memo.

By way of background, the Lifeline Program is a telephone service benefit program that assists low-income consumers with paying their telecommunications services. There is a federal benefit of \$9.25 per month and a state supplemental benefit available for wireline (landline) services at an additional amount on top of the federal benefit (greater of 50 percent of the basic service charge or \$7; not to exceed the basic service charge). DCF administers eligibility for Lifeline and DPS regulates the telecommunication services in Vermont and manages the state supplemental benefit funds. Currently, there are approximately 16,000 Vermont wireline Lifeline households and a little less than 4,000 Qlink cellular households enrolled in the Lifeline program in Vermont.

In the past few years, participation in Lifeline in Vermont has declined. Much of the reason for this decline is that DCF is not equipped or staffed to keep up with the administration and expansion of the Lifeline program. Modernization requirements at the federal level mean that broadband services have been added to the mix of currently eligible Lifeline communication services. DCF currently only receives Lifeline applications for landline and some cellular services. In addition, because DCF is a state agency, DCF is not eligible for any federal funding to support its administration or expansion of the Lifeline program. Apparently, Vermont is the only state which does not receive federal funding to support program administration.

### *Expansion of Lifeline Access and Services*

In order to expand access to the Lifeline program, H.216 transfers the administration of the Lifeline program from DCF to Eligible Telecommunications Carriers (ETCs), which has the advantage of potentially adding tens of thousands of households to the program as this shift in administration would remove barriers to participation. Many states already have their Lifeline programs





administered through telecommunications carriers because they are able to receive administrative federal funds to run the program that DCF is not eligible to receive. DCF supports this change in administration and is committed to working with the ETCs on a smooth transition. If this bill moves forward, DCF's role will be limited to providing verification of eligibility of the public benefits programs that it administers.

### ***Other Federal Changes Necessitating Legislation***

As part of the federal modernization requirements, Vermont is losing its state-specific waiver that maintained expanded eligibility in Vermont to certain categories of households previously allowed under the old, pre-modernization federal regulations. In addition to the following federal eligibility criteria:

- Less than 135 percent federal poverty level (FPL) or
- Categorical eligibility because a current recipient of Medicaid, SNAP (supplemental food benefit), SSI (supplemental security income), federal public housing assistance or veterans and survivors pension benefits,

Vermont has codified in statute the expanded eligibility criteria that were permissible under the old federal regulations. The waiver it received from the federal communications commission (FCC) allowed Vermont to continue providing eligibility for both the federal benefit and state supplemental benefit to the following households:

- Over 65 years of age and less than 175 percent FPL,
- Less than 150 percent FPL, or
- Recipients of fuel assistance or Reach Up benefits (TANF)

The federal government is phasing out all state waivers and is specifically phasing out Vermont's waiver effective October 31, 2017. Vermont's waiver is codified in 30 V.S.A. §218(c)(3) and so is proposed to be repealed in this bill.

DCF does not break out its data based on eligibility criteria and so it is unknown how many households are currently eligible solely through Vermont's waiver. We do know that of the roughly 20,000 households currently receiving Lifeline benefits, approximately 2,000 are households with members over 65 years of age. Under the federal eligibility criteria, which are the only criteria applicable as of November 1<sup>st</sup>, a household receiving SNAP (3SquaresVT food benefits) is categorically eligible for Lifeline. That means that any household with income less than 185 percent of FPL is eligible for SNAP and also Lifeline; thus, *all* households would be eligible for Lifeline under the federal criteria that are currently eligible under the Vermont waiver criteria as long as they sign up for SNAP benefits.

DCF is committed to working with community agencies on messaging this change and encouraging enrollment in SNAP to minimize the impact of the loss of the Vermont waiver. Please also note that the Universal Service Administrative Company (USAC), which is the company that supports Lifeline on







behalf of the federal government, is also required to provide outreach to consumers about Lifeline and ensuring maximum participation in the program. This participation is anticipated to be greatly increased when more carriers, including broadband carriers, are enrolled as Vermont Lifeline providers and providing federally supported administration of the Lifeline program.

DPS is also proposing a change to the state supplemental benefit amount to a maximum of \$4.25 per eligible household. DPS is better poised to explain the future of telecommunications and reasons behind this change and I understand that DPS will be providing testimony on this point. DCF supports the proposed addition of language by DPS in the bill (please see below) that would freeze the maximum benefit amount for all existing Lifeline state supplement households as of October 31, 2017. This language is aimed at minimizing the impact on consumers receiving the state supplement because these households will not be limited to the \$4.25 maximum if their benefits as of October 31 were greater.

As DPS can explain further, the federal government is phasing out the Lifeline Program altogether for wireline services with a target date of 2021. This shift is caused by a federal support of broadband services. This phase-out results in the fact that the Vermont supplemental benefit for wireline services has the potential to be obsolete in the future (please note that the proposed bill does not propose to phase out the state supplemental benefit, but the state supplemental benefit is tied to receipt of the federal benefit). The federal benefit of \$9.25 equates for many cellular and broadband companies to the basic service charge. This means that low-income households can receive a free phone and service through broadband solely with the federal Lifeline benefit amount. The state supplement cannot exceed the basic service charge and is, therefore, inapplicable when the federal benefit is equal to the basic service charge. In the phase-out of wireline, for those communities without access to broadband, there will still be 1,000 minutes of mobile voice for a \$5.25 benefit in areas where there is only one Lifeline provider. As DPS can explain further, there are many infrastructure efforts currently underway to work towards the goal of universal access to broadband by 2021.

DCF supports the following draft language prepared by DPS. This language is not drafted in underline and strikethrough format, but is rather a draft of how DPS is proposing the statute should be read:

*DPS Proposed Revisions to 30 V.S.A. 218(c):*

*Definitions:*

*Eligible Telecommunications Carrier (ETC) are those telecommunications providers designated as such by the Public Service Board pursuant to Federal law.*

*(c)(1) The Public Service Board shall take any action necessary to enable the State of Vermont and telecommunications companies offering service in Vermont to participate in the Federal Communications Commission telephone Lifeline program and the Vermont Lifeline program, as described in subdivision (2) of this subsection.*

*(2) A household who qualifies for participation in the Federal Communications Commission Lifeline under criteria established by the Federal Communications Commission or other federal law or regulation shall be eligible to receive a Vermont Lifeline benefit for wireline voice telephone service. The Vermont Lifeline benefit established under this subdivision*





*shall be set at an amount not to exceed the credit afforded a household as of October 31, 2017 or \$4.25, whichever is greater, and shall be applied as a supplement to a wireline voice benefit received through participation in the Federal Communications Commission Lifeline program. However, in no event shall the aggregate amount of the credits received through the federal and state benefit programs described in this subdivision exceed the monthly basic service charge, including any standard usage and mileage charges.*

*(3) Companies designated as Eligible Telecommunications Carriers by the Board shall verify eligibility for receipt of the Vermont and federal Lifeline benefit in compliance with any applicable law or regulation or as directed by the Vermont Agency of Human Services. The Vermont Agency of Human Services shall be responsible for providing the Federal Communications Commission or its agent with categorical eligibility data regarding applicant's status in qualifying programs under the Agency of Human's Services administration.*

*(4) Persons eligible to receive benefits under the Federal Communications Lifeline program shall receive such federal benefits pursuant to applicable federal law and regulations issued by the Federal Communications Commission.*

*(5) Notwithstanding any provisions of this subsection to the contrary, a subscriber who is enrolled in the Lifeline program and has obtained a final relief from abuse order in accordance with the provisions of 15 V.S.A. chapter 3 21 or 33 V.S.A. chapter 69 shall qualify for a Lifeline benefit credit for the amount of the incremental charges imposed by the local telecommunications company for treating the number of the subscriber as nonpublished and any charges required to change from a published to a nonpublished number. For purposes of this section, "nonpublished" means that the customer's telephone number is not listed in any published directories, is not listed on directory assistance records of the company, and is not made available on request by a member of the general public, notwithstanding any claim of emergency a requesting party may present. The Department shall develop an application form and certification process for obtaining this Lifeline benefit credit.*

*Effective Date: November 1, 2017*

In addition to this proposed language, DCF would also support language requiring DCF and DPS to annually report out on Lifeline benefits and participation.

Thank you.

