Attachment A

Department of Regulatory Agencies

Colorado Department of Human Services

*people who help people*


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Legislative Fact Sheet

# Repeal the State Low Income Telephone Assistance Program (LITAP)

## Senator Steadman / Representative Gerou

## DORA & CDHS SUPPORT SB 194

**The State LITAP and federal Lifeline programs currently work in tandem to help eligible low-income consumers obtain affordable access to basic local telephone service. As a result of newly mandated federal consumer eligibility requirements, the State's cost to administer the LITAP will increase more than seven-fold this year. However, no federal funding will be given to the state to cover the expansion of the program. SB- repeals the state LITAP and saves the state and consumers significant costs. Low-income consumers will still be able to obtain affordable services through the federal Lifeline program.**

- The Public Utilities Commission (PUC) and the Department of Human Services (DHS) currently administer the state and federal programs, which provide a combined benefit of up to $15.75 ($6.50 state & $9.25 federal) per month. A surcharge of $.07 on consumer's phone bills covers the state portion.
- Approximately 13,000 eligible consumers currently receive the combined programs benefit. An additional 16,000 currently receive only the federal Lifeline discount through "free wireless" service offerings or other discounted wireless service plans.
- As a result of the expanded federal requirements, it is expected that state administrative costs will increase from $118,000 to as much as $900,000 a year. The consumer phone surcharge will need to increase to cover these costs.
- The majority of growth in low-income participation is occurring in the federal Lifeline-only program, and not in the LITAP program. The federal discount will also continue to be available.
- By repealing the LITAP the state and consumers will see the following benefits:
  a. Colorado consumers will save over $2 million per year.
  b. Transfer of program administration to the federal government eliminates an estimated $900,000 in cost to the state.
  c. The federal Lifeline program remains available to low-income consumers.

# QUESTION AND ANSWER SHEET FOR SB-194
# LOW-INCOME TELEPHONE ASSISTANCE PROGRAM (LITAP) BILL

***Q: How is the low income assistance program eligibility currently administered?***

**A: State statutes govern eligibility of the combined programs.** The Colorado Department of Human Services (CDHS) determines eligibility for the combined state (LITAP) and federal (Lifeline) programs at a current administrative cost of $118,000 per year.

State statute requires CDHS to verify low income consumer participation in at least one of the following programs in order to receive a telephone assistance benefit: Old Age Pension, Aid to the Needy Disabled, Aid to the Blind, Supplemental Security Income (SSI), Colorado Works; or Low Income Energy Assistance Program (LEAP).

***Q: Why does Colorado have to make changes to the LITAP?***

**A: The FCC issued new unfunded mandates.** The FCC recently mandated implementation of uniform national eligibility criteria by July 1, 2012 for its Lifeline program that expand beyond current LITAP eligibility criteria and include income at or below 135% of the federal poverty level, the National Free School Lunch (free lunch) program, Federal Public Housing Assistance (Housing), and Medicaid. Currently, CDHS does not have access to data that identifies who in Colorado is receiving benefits under two of (NOTE: WE DO HAVE ACCESS TO MEDICAID PARTICIPATION VIA CBMS) these programs, and estimates a cost of up to $900,000 per year to obtain such access, verify income, and administer the program.

Additional unfunded national mandates such as the use of a national eligibility database and expected expansion of eligibility criteria will continue to drive up costs for the state.

***Q: Why repeal the state LITAP program?***

**A: Cost to consumers is growing while the number of consumers that benefit is shrinking.** Consumers will be paying a minimum of over 2 million dollars per year for the state to continue to administer the LITAP program, and provide benefits for a rapidly declining base of approximately 13,000 low income consumers. Colorado is experiencing significant growth in the wireless federal Lifeline-only program offerings which in a short period of time have garnered over 16,000 eligible subscribers. If the LITAP is repealed the FCC will administer the Lifeline program and CDHS costs will be eliminated.

28 States currently do NOT have state low income assistance programs and two more states are currently considering eliminating their state program.

**Q.** ***Are low income consumers impacted if this bill passes?***

**A. Low income consumers have alternatives to minimize or eliminate the impact.** Low-income consumers will continue to receive the $9.25 federal discount for either wireline or wireless service. Wireless programs that offer a "free phone" and 250 free minutes per month cost the consumer nothing and are available virtually statewide. In the limited situation where the wireless service is not available, the consumer will no longer receive the state benefit of up to $6.50 per month.

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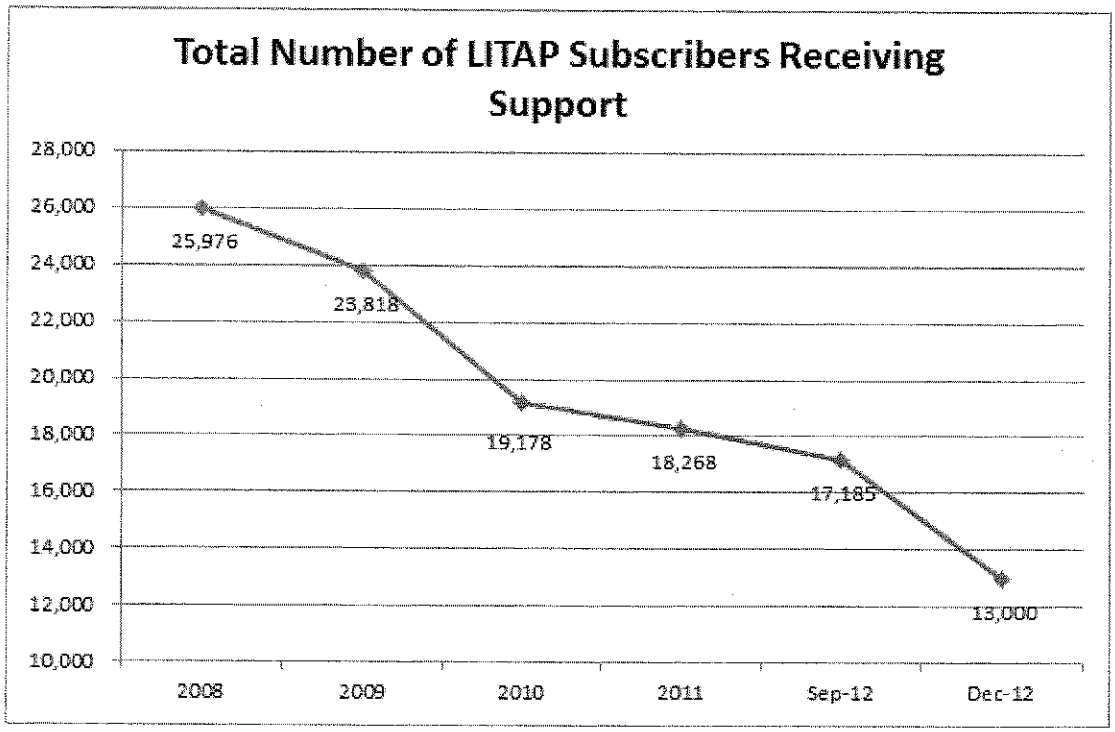


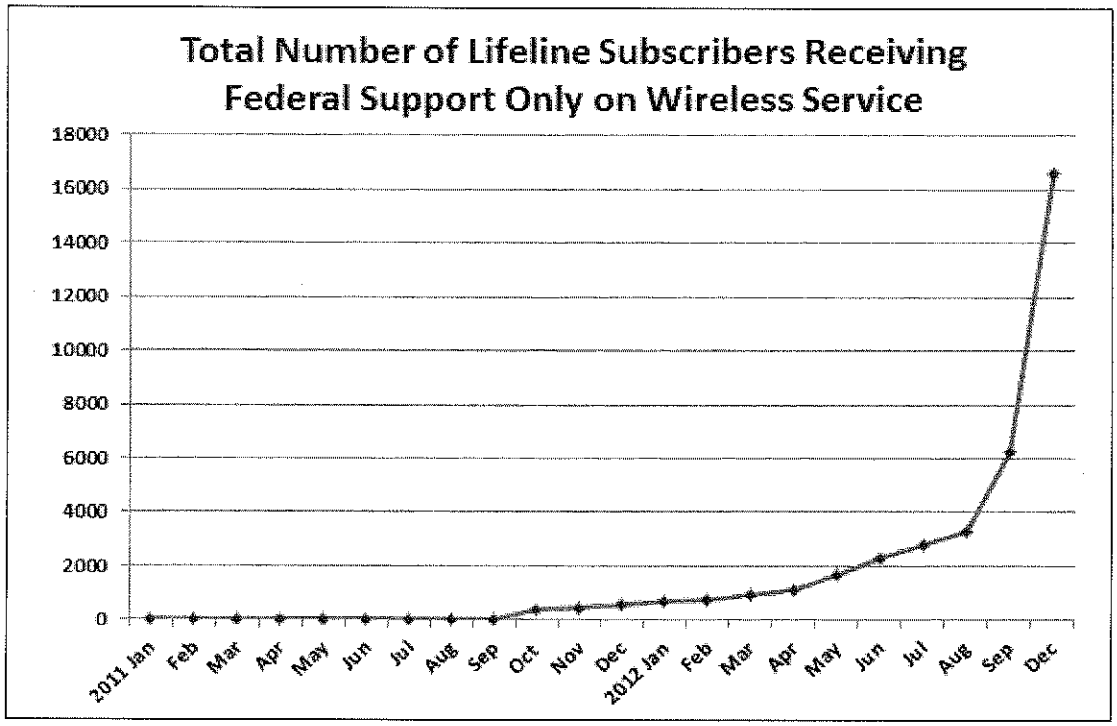


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