



# 2023 Annual Report

California LifeLine Program

Program Years January 2022 – December 2023

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**California Public  
Utilities Commission**



## Mission

The California LifeLine Program(California LifeLine or Program) provides high-quality, affordable communications services to California's greatest number of low-income households.

## Vision

California LifeLine meets the evolving communications needs of Californians by giving discounts on plans and services available in the marketplace and streamlining access for all eligible populations.

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# Commissioner's Message



As the assigned Commissioner to the California Public Utilities Commission's (CPUC) LifeLine proceeding, I am pleased to highlight some key accomplishments of the California LifeLine program (California LifeLine) in 2022-2023.<sup>1</sup>

Over the past several years, California LifeLine has undergone major changes as communications needs have shifted to rely almost exclusively on access to the internet. Yet, unlike telephone service a decade ago, internet service is still not universally available. A recent report by Cal Advocates<sup>2</sup> found that Californians who are most in need of broadband for healthcare, education, and social services are less likely to have access to internet service, much less at affordable rates.

The CPUC LifeLine team is working on several fronts to adapt to changing user needs by making the program more robust and responsive in the following ways:

- **Auto-Renewals:** After the Federal Communications Commission's resumed Lifeline renewals following the COVID-19 pandemic, the CPUC started fully utilizing CalFresh database matching. This allowed California LifeLine to approve over one million participants without the need for them to go through the manual renewal process.
- **Customer Portal:** In response to Assembly Bill 74 (Gonzalez 2021), California LifeLine developed and implemented Phase 1 of a customer portal, which confirms the identity of existing program participants and allows them to update their profiles for the annual renewal process. Phase 2, planned for 2024, will provide functionality for new program applicants.
- **Affordable Connectivity Program (ACP) Pilot:** The Commission authorized a pilot that leverages federal funds from the ACP to test new approaches for providing high quality broadband service in combination with California LifeLine. As of December 2023, approximately 90,000 customers have enrolled in the pilot program.
- **Foster Youth:** With the foster youth pilot set to sunset on July 31, 2024, the Commission issued a staff proposal to permanently provide foster youth access to free devices and communications services through California LifeLine. A final decision is expected in early 2024.

The Commission will soon award an unprecedented amount of state and federal grant funding to build broadband access to underserved and unserved households throughout the state. California LifeLine will be an important

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<sup>1</sup> Commissioner Shiroma served as the Assigned Commissioner for the California LifeLine Program until her retirement in March 2024. We would like to express our gratitude for her dedication and guidance in leading the California LifeLine Program.

<sup>2</sup> <https://www.publicadvocates.cpuc.ca.gov/press-room/reports-and-analyses/broadband-affordability-health-and-wellbeing-in-california>

vehicle to achieve the state’s digital equity goals by continuing to provide affordable communications services to those communities most in need.



# Executive Summary

Established in 1984 as the Moore Universal Telephone Service Act, California LifeLine ensures that high-quality communications services remain affordable for approximately 1.2 million low-income Californians. California LifeLine subsidizes a range of services including wireline, wireless and Voice Over Internet Protocol (VoIP) communications services. The Commission remains committed to improving the program by incorporating new technologies, innovative pilot programs, and other changes to best meet the needs of low-income, underserved, and vulnerable households.

This annual report summarizes the Program's key initiatives and accomplishments for the years 2022 through 2023.

As a result of COVID-19, the Commission authorized the suspension of annual renewals which extended through June 30, 2022, to ensure continued accessibility of essential communications.<sup>3</sup> After the renewals resumed, from July through December 2022, the Commission automatically renewed approximately 57.88 percent of subscribers through the CalFresh Confirm database match.

The Program continues to implement additional improvements by incorporating new technologies and innovative pilot programs and addressing the changing federal policy landscape which includes the following.

- **ACP Pilots:** The Commission adopted Decision (D.)23-06-003, approving pilot programs to leverage federal ACP funds to test new approaches for proving high-quality broadband service.
- **iFoster Pilot:** The Commission adopted D.23-01-003 extending the iFoster pilot through July 31, 2024.
- **California LifeLine Customer Portal:** In response to AB 74 (Gonzalez, 2021), the Commission completed Phase 1 of a customer portal that will enable applicants and subscribers to submit Program forms and documents securely. The portal also allows registered users to view and update their personal data stored with the California LifeLine Third-Party Administrator (TPA) and complete pending forms for enrollment and renewal. The Commission anticipates the completion of Phase 2 in 2024.
- **Independent Economic Household (IEH):**<sup>4</sup> The TPA deployed a standalone IEH worksheet process, which included decoupling the IEH process from the annual renewal process. This change allows the TPA the ability to initiate CalFresh Confirm database matching as the first step of the renewal process for all subscribers to determine their continuing eligibility for the Program.

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<sup>3</sup> [Decision 20-05-043](#)

<sup>4</sup> The IEH worksheet is a mandatory Federal Communications Commission (FCC) form for monitoring and determining adherence to the "one LifeLine benefit per independent economic household" Program rule. Before the standalone IEH process, it was triggered during new enrollment and renewal processes, leading to potential waste, fraud, and abuse. The Commission and TPA collaborated to introduce a standalone IEH Worksheet, de-coupling the workflow from the annual renewal process. This ensures subscribers' enrollment in the California LifeLine is based on their economic unit, preventing duplicate discounts, and ensuring qualified applicants receive discounts.





## Program Overview

The Moore Universal Telephone Service Act (Act) established the California LifeLine program and has directed the Commission to investigate “...the feasibility of redefining universal telephone service by incorporating two-way voice, video and data services as components of basic service.”<sup>5</sup> In January of 2014, the Commission issued D. 14-01-036 (2014 Decision) to “...develop rules allowing the addition of wireless service to the California LifeLine Program...”<sup>6</sup> The 2014 Decision accomplished several goals, including assuring that minimum communication needs are met regardless of income.<sup>7</sup>

The 2014 Decision also adopted service elements to reflect changes in the communications marketplace and the services necessary to meet Program participants’ minimum communications needs.

The service elements established include both wireline, wireless and VOIP technologies. The Decision noted that the Commission would continue to monitor the California LifeLine marketplace and “...take further action if:

1. California LifeLine services become unaffordable;
2. Participants’ communications needs are not adequately met,
3. The Commission’s and Moore Act’s goals of promoting public safety, the economy, and civic participation through LifeLine are not being achieved, or
4. The program needs [adjustment] to ensure that ratepayer funds are used prudently and in a fiscally sound manner.”<sup>8</sup>

As of December 1, 2023, approximately 1.2 million qualifying California households participate in the Program. Approximately 87 percent subscribe to wireless services and 13 percent to wireline services, showing significant changes in subsidized technologies and participation within the Program. Today, the Program covers wireline , wireless bundles, and VoIP. California LifeLine continues to adapt to the changing market and changing user needs.

Program communication service has become an important means of connecting vulnerable communities to essential services such as telehealth, education, and with critical family and friend support systems.

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<sup>5</sup> Pub. Util. Code § 871.7(c).

<sup>6</sup> D.14-01-036, p. 2.

<sup>7</sup> Id.

<sup>8</sup> Id.at p. 37.

## A. Population Served

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Eligible households may qualify for the Program in two ways: (1) Program-based eligibility, enrolling in an eligible public assistance program or (2) Income-based eligibility, meeting the required income threshold.<sup>9</sup> More than 95 percent of participants qualify through program-based eligibility.

Under the program-based eligibility, households may qualify for the Program discounts if at least one household member is enrolled in one or more eligible public-assistance programs. Eligible public-assistance programs currently include the following:

- Medicaid/Medi-Cal
- Low Income Home Energy Assistance Program (LIHEAP)
- Supplemental Security Income (SSI)
- Federal Public Housing Assistance or Section 8
- CalFresh, Food Stamps or Supplemental Nutrition Assistance Program (SNAP)
- Women, Infants and Children Program (WIC)
- National School Lunch Program (NSLP)
- Temporary Assistance for Needy Families (TANF)
- California Work Opportunity and Responsibility to Kids (CalWORKs)
- Tribal TANF
- Bureau of Indian Affairs General Assistance
- Head Start Income Eligible (Tribal only)
- Food Distribution Program on Indian Reservations
- Federal Veterans and Survivors Pension Benefit Program

Under income-based eligibility, households with total annual gross income at or less than approximately 150 percent of the Federal Poverty Level are eligible. The Commission annually adjusts income thresholds, effective June 1 of the year, to reflect inflation based on the Federal Consumer Price Index.<sup>10</sup> Table 1. Income-based Qualification Eligibility lists the annual income limits effective from June 1, 2021, through May 31, 2024.

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<sup>9</sup> D. 17-01-032, issued January 25, 2017, revised the California LifeLine income-based criterion to 135 percent of the Federal Poverty Level and eliminated some of the qualifying programs for California LifeLine to align with the FCC Lifeline program rules. The Commission later issued D. 18-02-006 on February 9, 2018, to restore the eliminated programs to the list of qualifying programs and restore income-based eligibility for the California LifeLine Program to at or below 150 percent of the Federal Poverty Level. These changes to the eligibility criteria are effective indefinitely or until another Decision is issued.

<sup>10</sup> See the Commission's GO 153, section 5.2.1: The income limit is calculated by applying the previous income limits for the different household sizes and multiplying it by the Consumer Price Index for all Urban Consumers (CPI-U) rate. The Commission obtained the CPI-U rate from the U.S. Department of Labor, Bureau of Labor Statistics, Economic News Release, available at <http://www.bls.gov/news.release/cpi.toc.htm>.

Table 1. Income-based Qualification Eligibility

Household Size	Annual Income Limit		
	June 1, 2021- May 31, 2022	June 1, 2022- May 31, 2023	June 1, 2023- May 31, 2024
1-2	\$28,500	\$30,500	\$32,500
3	\$33,100	\$35,400	\$37,700
4	\$40,300	\$43,100	\$45,900
Each Additional Member	\$7,200	\$7,700	\$8,200

## B. Participant Statistics

Pursuant to Public Utilities Code section 873(a)(4), shown below in the following tables are program participation levels for California Households from 2022 – 2023.

Approximately 95 percent of applicants qualified through program-based eligibility. The remaining 5 percent qualified under a total annual gross income at or less than approximately 150 percent of the Federal Poverty Level.

Overall, Program participants represented 8.52 percent of all California households.<sup>11</sup> The tables below show the aggregate number and percentage of all participating households in the state and participation levels in the following categories:

1. Participants as a Percentage of Households
2. Age 65 or greater
3. Tribal Participation
4. Language Preferences

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<sup>11</sup> American Community Survey

Table 2. LifeLine Participants as a Percentage of Households

California Region <sup>12</sup>	Total Households <sup>13</sup>	Total Participants <sup>14</sup>	Percent of Households
California	13,550,586	1,154,698	8.52%
Superior California	1,170,140	99,072	0.73%
North Coast	364,564	17,501	0.13%
San Francisco Bay Area	2,554,898	137,813	1.02%
Northern San Joaquin Valley	552,373	72,012	0.53%
Central Coast	790,231	43,599	0.32%
Southern San Joaquin Valley	797,266	118,878	0.88%
Inland Empire	1,443,666	155,832	1.15%
Los Angeles County	3,415,726	337,600	2.49%
Orange County	1,085,225	72,088	0.53%
San Diego – Imperial	1,223,220	100,230	0.74%

Table 3. Participants Aged 65 and older

	Total Participants	Participants Aged 65 and older	Percent of Participants Aged 65 and older
Wireline	144,894	109,529	75.7%
Wireless	1,009,804	231,083	22.9%

Table 4. Tribal Participation

California Region	Tribal Participants
Superior California	101
North Coast	41

<sup>12</sup> Regions | CA Census

<sup>13</sup> The margin of error ±19,485

<sup>14</sup> Zip code errors did not account for 73 households.

California Region	Tribal Participants
San Francisco Bay Area	3
Northern San Joaquin Valley	53
Central Coast	1
Southern San Joaquin Valley	39
Inland Empire	105
Los Angeles County	15
Orange County	19
San Diego – Imperial	59
<b>Total:</b>	<b>436</b>

Table 5. Language Preferences for Written Communications of LifeLine Participants

Language Preferences	Percentage
English	94.16%
Spanish	3.88%
Chinese	1.21%
Vietnamese	0.48%
Korean	0.21%
Tagalog	0.04%
Japanese	0.03%

## C. Service Provided

The Program uses the Carrier of Last Resort (COLR) methodology outlined in D.10-11-033<sup>15</sup> to calculate the Specific Support Amount (SSA).<sup>16</sup> The SSA is set at 55% of the highest COLR’s basic residential rate as reported to the Commission.

As shown in the table below, participants received up to \$16.23 in 2022 and up to \$17.90 in 2023.

<sup>15</sup> [D1011033 Modifications to California LifeLine Program](#)

<sup>16</sup> SSA is a fixed dollar subsidy that California Lifeline provides regardless of the service provider.

Table 6. Specific Support Amount

	2022	2023
Monthly flat rate service discount of up to:	\$16.23	\$17.90
Monthly wireless phone service discount of up to:	\$16.23	\$17.90
Service connection discount of up to:	\$39.00	\$39.00

Participants also receive the following:

- Exemption from Public Purpose Program surcharges, CPUC’s user fee, federal excise tax, local franchise taxes, and State 911 tax associated with phone service.
- Discounts on two telephone lines if a customer uses a teletypewriter (TTY) or is enrolled in the Deaf and Disabled Telecommunications Program.

In addition, the Program continues to subsidize the federal makeup of \$2.00 for wireline service plans that do not meet the federal Lifeline broadband minimum service standards.

## D. Program Administration

The Commission administers the Program in accordance with the Moore Act and the Program regulations of the Federal Communications Commission (FCC). Under the Commission’s oversight and supervision, the TPA (presently Maximus, Inc.) is responsible for all aspects of the Program including:

- Determining the eligibility of households for the Program, including enrolling, approving, and denying customers; operating and monitoring dynamic and responsive Information Technology (IT) systems that support the flow of information between Contractor, customers, California LifeLine Service Providers, and CPUC staff;
- Providing a dynamic, responsive, and comprehensive customer service solution which includes a call center, Toll-Free service lines, Interactive Voice Response (IVR) system, and website;
- Performing records and database management;
- Coordinating, communicating, and collaborating with the Office of State Publishing (OSP) for outbound printing and mailing of program documents to align with the Inter-Agency Agreement between CPUC and Department of General Services (DGS), and OSP;
- Processing inbound mail documents;
- Preventing waste, fraud, and abuse of the Program;
- Complying with federal and state regulations affecting universal service programs; and
- Communicating and interacting with internal and external stakeholders.

## E. Annual Renewal Process

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Program participants must annually renew their eligibility to continue participating in the program.

The Commission uses CalFresh Confirm database matching as the first step of the renewal process for all participants to determine their continuing eligibility for California LifeLine. If participants do not match through the CalFresh Confirm database, participants can renew through one of the four options: (1) mail; (2) the CPUC Web Enrollment System (WES), which is located on the public website; (3) over the telephone, including using the IVR system; and (4) using a service provider's approved website platform.

# Pilots and Partnerships

The Program continuously seeks innovative strategies to improve the Program through pilots and partnerships with government agencies, private corporations, and non-profit organizations.

## A. California Department of Social Services

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The Program's partnership with the California Department of Social Services (CDSS) since 2021 has improved the Program renewal and application processes. CDSS' CalFresh Confirm is a tool developed and maintained by CDSS that provides instant confirmation of CalFresh enrollment related to Program eligibility for programs regularly accessed by CalFresh recipients.

In 2022, CalFresh Confirm matches rendered approvals for 402,919 subscribers' renewals, and in 2023, 450,089 renewals. Based on the cost estimates of printing and postage<sup>17</sup> of \$0.92 per subscriber renewals, the Program achieved savings of \$370,685 for 2022 and \$414,082 for 2023.

## B. iFoster Pilot Program

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D.19-04-021 authorized the iFoster Pilot Program (iFoster Pilot) to provide eligible foster youth ages 13-26 with a smartphone device and cellular services free of charge. In D.21-07-008 and D.23-01-003, the Commission extended the iFoster Pilot from February 1, 2023, to July 31, 2024.

On September 5, 2023, the Administrative Law Judge (ALJ) issued a Ruling on a Staff Proposal to establish a permanent California LifeLine Foster Youth Program. A final decision is expected in early 2024.

## C. Affordable Connectivity Program Pilot

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In February 2021, the FCC adopted the Emergency Broadband Benefit Program (EBB) Report and Order<sup>18</sup> to support broadband services and connected devices to help low-income households stay connected during the COVID-19 pandemic. The 2021 Infrastructure Investment and Jobs Act replaced the EBB Program with a new broadband affordability program, the Affordable Connectivity Program (ACP).<sup>19</sup>

The Commission allowed Program service providers to combine EBB, federal Lifeline, and Program subsidies until March 2022 on EBB plans approved by the FCC. On February 22, 2023, the assigned ALJ issued a Ruling to a) direct wireline service providers to provide data regarding broadband service subscription levels and prices and (b) request party comments on a proposed ACP pilot to leverage ACP funds to provide affordable broadband services to Program participants.

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<sup>17</sup> *California Lifeline – State Operations and Local Assistance: Fall Estimate*, p. 20, Table 11.

<sup>18</sup> See [https://docs.fcc.gov/public/attachments/FCC-21-29A1\\_Rcd.pdf](https://docs.fcc.gov/public/attachments/FCC-21-29A1_Rcd.pdf).

<sup>19</sup> See [https://docs.fcc.gov/public/attachments/FCC-22-2A1\\_Rcd.pdf](https://docs.fcc.gov/public/attachments/FCC-22-2A1_Rcd.pdf).



On June 28, 2023, the Commission adopted D.23-06-003, approving two ACP pilot programs for Program participants to leverage federal ACP funds to test new approaches for providing high-quality broadband services. As of December 31, 2023, three wireless and one wireline providers are participating in the pilot and have enrolled 89,654 participants.

# Key Initiatives

## A. Covid-19 Related Initiatives

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In response to the pandemic, and in conjunction with the FCC, the Program took action to suspend the renewal process from March 2020 through June 30, 2022. This action has enabled our most vulnerable communities, including the elderly and foster youth, to access emergency services during natural disasters, providing early warnings of wildfire and Public Safety Power Shutoffs, and facilitating access to emergency evacuation routes and essential resources at Community Resource Centers.

## B. California State University Program Assessment

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The supplemental Report of the Fiscal Year (FY) 2018-19 Budget Act required the Legislative Administration Office to review the caseload and budget estimates for the Program and make recommendations about how the Commission can improve the accuracy of its estimates and make recommendations about ways to improve enrollment and re-enrollment in the Program. In accordance with this directive, in June 2020, the Commission entered into an agreement with California State University, Sacramento, to conduct a formal evaluation of the Program, which included research, regional outreach, and a statewide survey that informs the Assessment Report.<sup>20</sup> This assessment was completed in June 2022, providing a comprehensive overview of research findings and assessment of the Program.

Since the completion of the assessment, the Commission has taken several active measures to comply with recommendations, such as removing the requirement of a PIN and streamlining the program and renewal process. To improve customer experience, the Commission digitized customer correspondence through the customer portal and expanded the program's communications through text messages. The Program also introduced Geo-Coding to pinpoint the populations to identify gaps where unserved and underserved populations require additional support.

As a next step, the Program is developing a multi-year strategic plan that would provide a comprehensive report of the plan and resources to implement the recommendations of the program assessment.

## C. Marketing and Outreach

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The Program Assessment Report's (report) significant findings include the general need for more Program awareness. Specifically, the report found that the Program is an under-utilized benefit with only one third of eligible customers currently subscribed to the Program. It discusses the general lack of awareness and recognition of the Program by low-income populations and the organizations that serve them.

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<sup>20</sup> [Program Assessment](#)

As mentioned above, the Program is developing a multi-year strategic plan that includes a marketing and outreach plan to engage a professional firm to develop targeted outreach activities that would include specific needs of the unserved and underserved communities.

## D. Electronic Claims Application Portal

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On January 30, 2023, the Commission implemented a new online protocol, the Electronic Claims Application Portal (eCAP), for service providers to submit claims for reimbursement to the Program. eCAP replaces the submission method where service providers submit claims via email. eCAP is a technology platform that uses a typical architecture and strategy to automate the electronic intake, routing, tracking, disposition, and status of documents. eCAP manages claims reimbursements to six Public Purpose Programs, including California LifeLine.

eCAP has made processing claims more efficient by automatically producing reports to track all claims submitted and claim amounts. It keeps track of which staff worked on the claim and the claim's status. It also provides a timestamp of when the claim was submitted, approved, or rejected. The portal also reduces the time it takes to process the claims as staff can view the TPA's weighted average report to reconcile with the service provider's claims.

## E. Customer Portal

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In August 2023, the Commission approved the TPA to begin work on the Program's public website to add customer portal functionality. The customer portal provides a self-serve platform for applicants and participants to interact with the TPA's system. The Commission launched Phase 1 of the portal, which enabled cessation of the use of PINs by allowing individuals to create an online account on the customer portal, using Multi-Factor Authentication for security purposes. Once logged in, subscribers and applicants can update their demographic information, view their current Program Status and Application Status (if applicable), complete any outstanding forms, and/or upload supporting documents. Since the completion of Phase 1 in December, the Program registered 18,477 users.

The Commission anticipates future enhancements that include the completion of Phase 2, which will allow subscribers and applicants to manage their notifications and control their data, such as address updates, language preferences, etc., which their service provider currently manages.

# Universal LifeLine Telephone Service Trust Administrative Committee

The Universal LifeLine Telephone Service Trust Administrative Committee (ULTS-AC or Committee) is an advisory board to the Commission<sup>21</sup> regarding the development, implementation, and administration of the Universal Lifeline Telephone Service Trust (ULTS) program to ensure LifeLine telephone service is available to the people of California as provided by the Moore Act. The Committee submits the ULTS-AC Annual Report<sup>22</sup> to the Commission every fiscal year.

## A. Meetings

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The Committee meets at least quarterly. All meetings are open to the public and held in accordance with the provisions of the Bagley-Keene Open Meeting Act.<sup>23</sup>

## B. Membership

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The Committee is composed of eleven (11) members, consisting of representatives from a large or mid-sized local exchange carrier (LEC); a small LEC; an inter-exchange carrier, competitive local exchange carrier (CLEC); a wireless carrier; two consumer organizations, each of whom represent a different constituency, based on geographic or economic criteria, on language, or on other criteria which reasonably influence lack of access to basic telephone service – or one consumer based organization and a state agency with universal service expertise; three community based organizations (CBOs) each of whom represents a different constituency, based upon geographic or economic criteria, on language, or other criteria which reasonably influence lack of access to basic telephone service; an individual or organization representing the interests of either the deaf/hearing impaired or disabled users of the ULTS program; and the Commission’s Public Advocates Office.

Each position has a designated alternate authorized to assume the responsibility of the position in the absence of the primary member. Active Committee membership as of September 30, 2021, includes nine primary and four alternates. Two CBO positions are open. Refer to Table 7 below provides ULTS–AC Membership Roster for 2023.

## C. Goals and Objectives of the ULTS Committee

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- Meet quarterly under the Provisions of Bagley-Keene Open Public Meeting Act;
- Follow procedures mandated by Charter of ULTS-AC;<sup>24</sup>

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<sup>21</sup> PU Code § 277(a)

<sup>22</sup> [ultsac-annual-report\\_2022-2023-final.pdf \(ca.gov\)](#)

<sup>23</sup> Government Code §§ 11120 – 11133

<sup>24</sup> [Universal LifeLine Telephone Service Trust Administrative Committee Charter](#)

- Provide recommendations to the Commission’s Communications Divisions (CD) on ways to improve the Program;
- Monitor and evaluate CBO education and outreach;
- Monitor ULTS-AC Budget;
- Review Senate and Assembly Bills impact on the Program;
- Continual interaction with Program contractors; and
- Monitor legislative, CPUC and FCC activities that may impact Program or consumers in California.

## D. ULTS-AC Accomplishments

Between July 1, 2022, and June 30, 2023, the ULTS-AC met four times. The responsibilities of the ULTS-AC include:

- Providing feedback to CD on Program contractors and call center; and
- Advising CD on the development, implementation, and administration of the Program including updates regarding developments in the FCC’s Lifeline program.

Table 7. ULTS-AC Membership Roster 2023

Representing	Role	Member	Company
Large/Mid-Sized LEC	Primary	Chris Burke	Frontier Communications
	Alternate	Vacant	
Small LEC	Primary	Kinda Lassen	Sierra Telecommunications
	Alternate	Vacant	
CLEC	Primary	Marcie Evans	Cox Communications
	Alternate	Vacant	
Wireless	Primary	David Avila	TracFone
	Alternate	Alex Gudkov	TruConnect
Consumer	Primary	Vinhcent Le	Greenlining Institute
	Alternate	Caroline Siegel-Sing	Greenlining Institute
Community-	Primary	Cesar Motts	Southeast Community Development

Representing	Role	Member	Company
Based Organization	Alternate	Vacant	
Community-Based Organization	Primary	Andre Chapple	Faith Church, African American Empowerment, National Diversity Coalition, Answer City Outreach
	Alternate	Vacant	
Community-Based Organization	Primary	Vacant	
	Alternate	Vacant	
Deaf/Hearing Impaired or Disabled Representative	Primary	Kate Woodford	Center for Accessible Technology
	Alternate	Brian Winic	CA Department of Rehabilitation
CPUC's Public Advocate's Office	Primary	Christopher Bartulo	Public Advocates Office
	Alternate	Sharmila Selvalakshmirajeswara	Public Advocates Office

# LifeLine Fund Expenditures and Fund Balance

The Legislature established a permanent program funding source with a surcharge on end users of telecommunications services.<sup>25</sup> California LifeLine participants are exempt from paying the surcharge.

Program Fund revenue and expenses consist primarily of the following:

## A. Revenue

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- **Regulatory Fees:** Program revenue is collected from a Program surcharge, as determined by the CPUC, which appears at the bottom of a user's telephone bill for intrastate telecommunications services. On April 1, 2023, the Commission transitioned the Public Purpose Program surcharges to the access line flat rate surcharge mechanism adopted in D.22-10-021.<sup>26</sup> This new surcharge mechanism assesses a flat rate surcharge of \$1.11 for each active access line of telephone corporation services in California. The surcharge rate of FY 2022-23 was 4.75 percent.
- **Investment Income:** income from investment of surplus funds.
- **Other Transfers and Adjustments:** revenue transfers from other accounts.

## B. Expenses

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- Expenses consist of two categories:
- **Local Assistance:** reimbursement of carriers (claims) for providing California LifeLine Services to program participants. These costs consist of surcharges and taxes, connection or conversion charges, and SSAs, for the monthly recurring charge. Participating service providers may also recover administrative costs and implementation costs on a limited basis.
- **State Operations:** staff salaries and benefits, Program TPA, Office of State Publishing, and other costs such as Administrative Committee-related costs, Program needs assessment, travel, advertising, goods, training, and office equipment.

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<sup>25</sup> See Pub. Util. Code § 879.5.

<sup>26</sup> [Consumer Information - Telecommunications Surcharges](#)

## C. LifeLine Fund Balance

Table 8. California LifeLine Program Enacted Budget and Fund

California LifeLine Program Enacted State Budget and Fund Balance FY 2021-22 and 2022-23 (dollars in thousands)		
	FY 2021-22 <sup>27</sup>	FY 2022-23 <sup>28</sup>
Enacted Budget	\$401,396	\$372,242
BEGINNING BALANCE	\$5,303	\$236,516
Revenues, Transfers, and Adjustments	\$523,886	\$242,109
Total Resources	\$529,189	\$478,625
EXPENDITURES		
State Operations	\$32,687	\$29,975
Local Assistance	\$368,709	\$342,267
Other	\$718	\$892
Total Expenditures	\$402,114	\$373,134
FUND BALANCE	\$127,075	\$105,491

## D. Local Assistance

Figure 1. compares Local Assistance expenditures with the number of Program participants from FY 2006-07 through FY 2019-20. It shows a steady participation decline from FY 2006-07 through FY 2013-14. In March 2014, the new wireless service offerings drove a substantial increase in both overall Program participants and reimbursement requests from Program wireless service providers in FY 2014-15.

Local Assistance expenses have generally trended with participation levels through FY 2013-14. Then, the number of participants remained relatively stable in FY 2015-16 while the Local Assistance expenses increased. A December 2015 reinstatement of a \$39 connection subsidy and a higher per participant discount resulting from basic flat rate increases in 2010 and 2011 drove the overall expenditure increases. In addition to these expenses, service providers

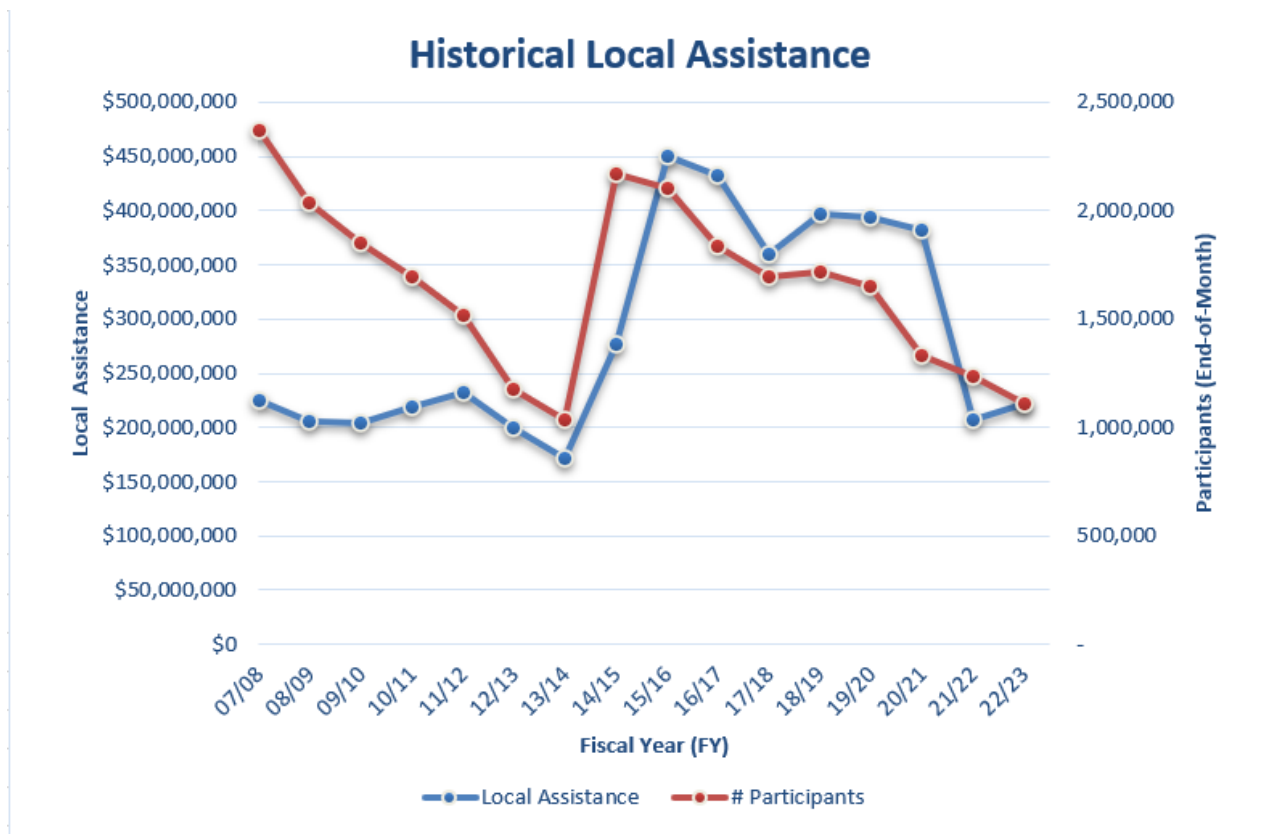
<sup>27</sup> FY 2021-22 – Enacted budget as of 06/28/2021: [Department Report \(ca.gov\)](#)

<sup>28</sup> FY 2022-23 – Enacted budget as of 06/27/2022: [Department Report \(ca.gov\)](#)



may also recover administrative and implementation costs on a limited basis. For example, from 2018-19 to 2019-20, service providers recovered costs associated with modifying their electronic interfaces used to exchange data with the new TPA. Increases in subsidy levels and recovery of implementation costs resulted in program cost increases in 2018-19 to 2019-20. Decreased subsidy levels between 2020-21 and 2021-22 are the result of the savings from ACP.

Figure 1. Historical Local Assistance



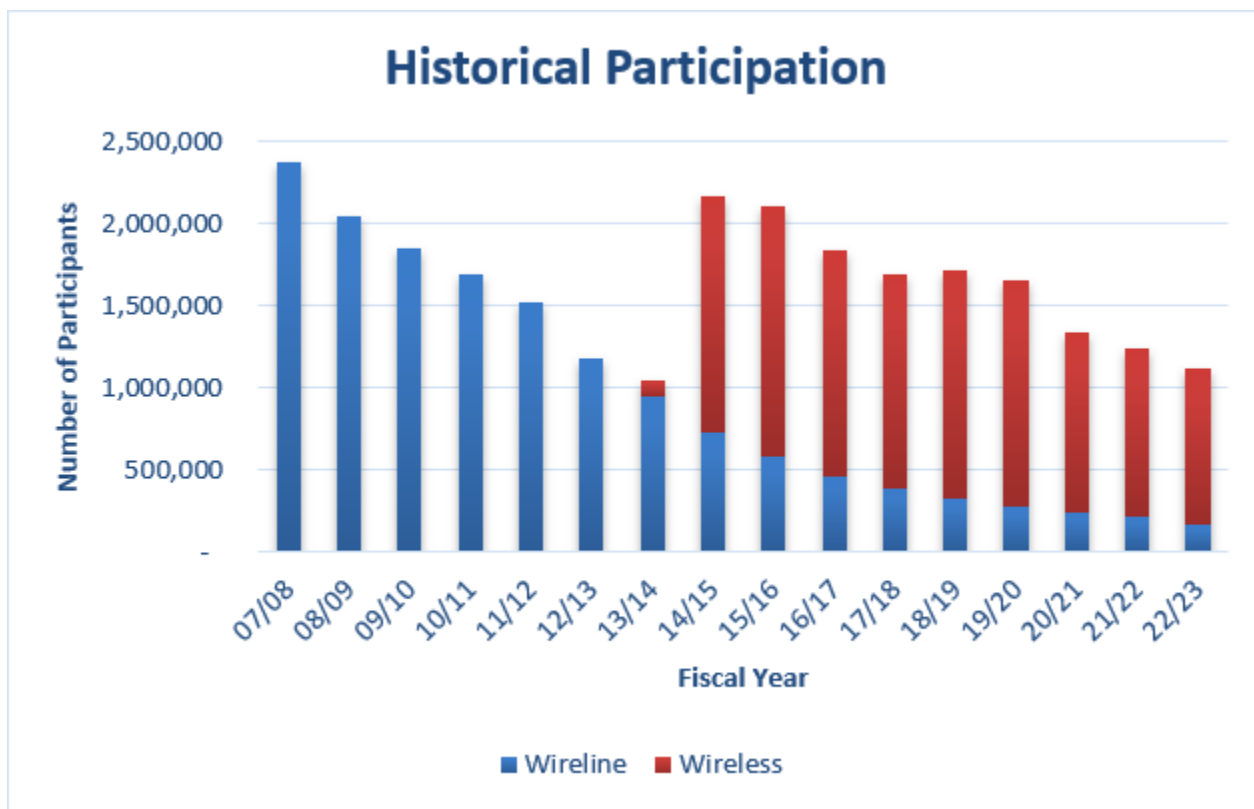
## E. Historical Participation

As shown in Figure 2, wireline program participation had been steadily declining prior to adding wireless service in 2014. However, after adding wireless service in FY 2014-15, overall program participation increased significantly. The additional participation has contributed to significant cost increases. At the end of FY 2019-20, approximately 1.7 million participants were enrolled in the Program. Participation increased to 2.0 million during FY 2020-21, primarily due to the COVID-19 related customer protection actions taken by the Commission. Actions included a freeze on renewal certifications and non-usage<sup>29</sup> removal. Once the renewal suspension expired, the Commission

<sup>29</sup> Participants subject to de-enrollment if they do not activate the service or use the service for a 45-day period.

began the renewal process and de-enrolled non-usage. At the end of 2023, approximately 1.2 million participants were enrolled in the Program.

Figure 2. Historical Participation



## F. Revenue and Surcharge Rates

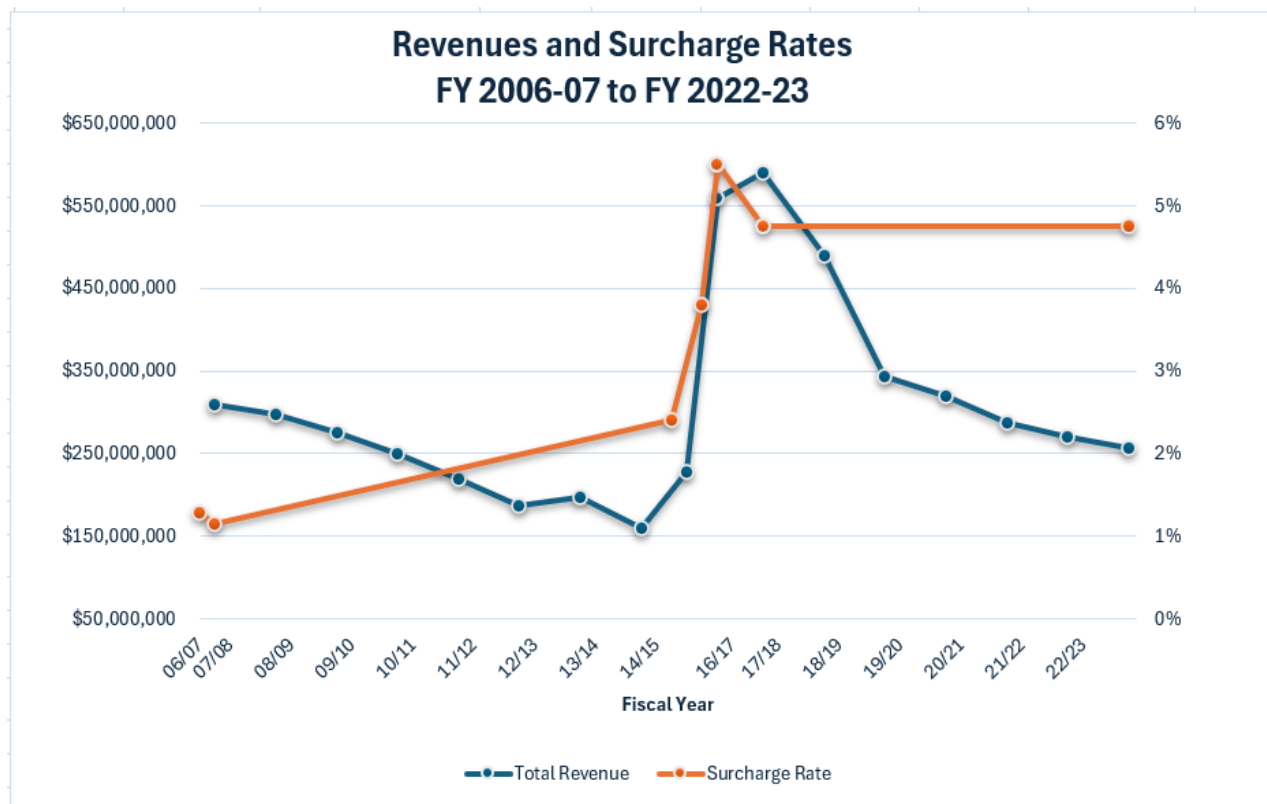
Figure 3. Revenue and Surcharge Rates, shows ULTS fund annual revenue against the ULTS surcharge rates over the same years. The chart demonstrates that, while the surcharge rate remained constant at 1.15 percent from 2007 through 2015, revenues consistently decreased over the same period. This decrease in revenues is due to the declining intrastate revenues reported by telephone carriers. In FY 2015-16, the Commission increased the surcharge to 4.75 percent to meet year-over-year declines in the intrastate billing base for surcharges, resulting in lower surcharge revenue collected for all Public Purpose Programs compared to the amount forecasted.

In April 2023, the Commission transitioned the Public Purpose Program surcharges to the access line flat rate surcharge mechanism adopted in D.22-10-021.<sup>30</sup> This new surcharge mechanism assesses a flat rate surcharge of

<sup>30</sup> [D.22-10-021](#)

\$1.11 for each active access line that telephone corporation services in California. 53.99 percent of the total flat rate surcharge revenue will fund the Universal LifeLine Telephone Service - Administrative Committee Fund.

Figure 3. Revenue and Surcharge Rates<sup>31</sup>



## G. TPA Expenditures and Qualifications Processed

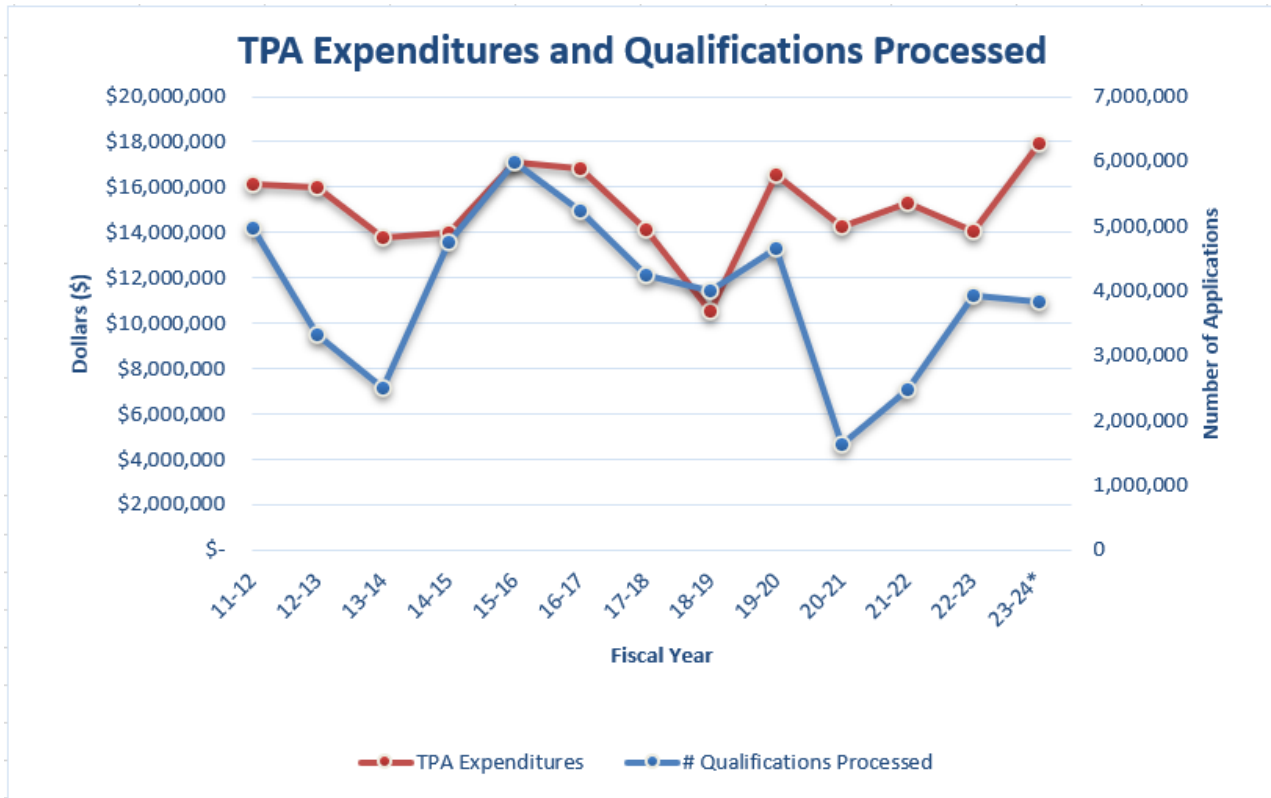
The number of applications and renewals processed by the TPA primarily drives the TPA’s expenditures. Figure 4 below shows a decline in TPA expenditures from FY 2008-09 through FY 2013-14 due to declining participation. However, from March 2014 to FY 2015-16, a sharp rise in consumer demand and participation occurred when the Commission introduced wireless service to the Program.

During the COVID-19 pandemic (March 2020-June 2022), the TPA experienced a major decline in qualifications processed because the Commission suspended non-usage and renewal processes.

<sup>31</sup> The surcharge mechanism changed in April 2023, and the Program currently collects \$0.599 per access line per month (53.99% of \$1.11).

After the expiration of the renewal suspension, the TPA resumed the renewals from July 2022 through February 2023.

Figure 4. Third Party Administrator Expenditures and Qualifications Processed



## Plans for 2024

In 2024, the Commission is looking forward to addressing the challenges of the changing communication landscape introduced to the Program over the past two years. These include:

- Updating the Minimum Service Standards requirements and Specific Support Amounts;
- Implementing a permanent Foster Youth Program; and
- Completing Phase 2 of the California LifeLine Customer Portal.