



# California LifeLine Program FY 2017/18 Budget Review



ULTS Administrative Committee Meeting

**California Public Utilities Commission**

November 8 , 2016





# Presentation Overview

- State Budget Process Overview
- FY17/18 California LifeLine Budget





# State Budget Process

- July - CD staff develops budget forecast
- January - Governor's Budget gets submitted to Legislature
- After January - Commission approves program budgets
- June - Legislature enacts the Budget

## LOCAL ASSISTANCE

- Consists of Carrier Claims

## STATE OPERATIONS

- Consists of Program Costs, Staff Costs, Contracts Costs, other Program Costs.
- The key driver of costs is the Third Party Administrator (TPA) Expenses.





## California LifeLine Budget – FY 2017/2018: \$559,179,586

- Staff estimate represents an increase of \$76 million from FY 2016/17 budget of \$483 million.
- The proposed change is primarily due to increased wireless carrier claims.





# California LifeLine Budget – FY 2017/2018: \$559,179,586

## Local Assistance

- Carriers Claims \$525.4 million

## State Operations

- LifeLine Administrator \$ 24.0 million
- State Printing Services \$ 4.6 million
- Outreach Contract \$ 2.1 million
- Other Costs \$ 3.1 million

**Total \$559.2 million**





# Historical Budget Information

		FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018
		Adopted Budget	Adopted Budget	Adopted Budget	CD Staff Proposed Budget
A	LOCAL ASSISTANCE				
1	Carrier Claims	\$ 181,400	\$ 324,220	\$ 457,345	\$525,475
	<b>Sub Total</b>	<b>\$ 181,400</b>	<b>\$ 324,220</b>	<b>\$ 457,345</b>	<b>\$525,475</b>
B	STATE OPERATIONS				
1	Program Costs (Travel)	\$ 6	\$ 11	\$ 20	\$ 20
2	Staff Costs	\$ 1,431	\$ 2,234	\$ 2,234	\$ 760
3	Contracts	\$ 17,089	\$ 17,596	\$ 22,916	\$ 32,058
4	Other Program Costs (training, office equipment, goods)		\$ 13	\$ 13	\$ 13
5	Pro-Rata Interagency Cost	\$ 2,668	\$ 1,324		\$ -
6	Cost Allocation	\$ -	\$ 267	\$ 624	\$ 854
	<b>Sub Total</b>	<b>\$ 21,194</b>	<b>\$ 21,445</b>	<b>\$ 25,807</b>	<b>\$ 33,705</b>
C					
1	<b>8660 Public Utilities Commission (Local Assistance and State Operations)</b>	<b>\$ 202,594</b>	<b>\$ 345,665</b>	<b>\$ 483,152</b>	<b>\$559,180</b>
2	<b>0840 State Controller</b>	<b>\$ 52</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 1</b>
3	<b>8880 Financial Information System for California</b>	<b>\$ 1,792</b>	<b>\$ 233</b>	<b>\$ 233</b>	<b>\$ 233</b>
	<b>TOTAL PROGRAM BUDGET</b>	<b>\$ 204,438</b>	<b>\$ 345,899</b>	<b>\$ 483,386</b>	<b>\$559,414</b>





# Budget Analysis – Claims \$525,474,523

## WIRELINE CLAIMS

\$88,720,505	Basic Subsidy Amount
	Estimate 563,903 wireline subscribers end of FY 2017-2018
	Assumes \$13.75 SSA (55% of AT&T's \$25 rate) for FY 2017-2018 for months July 2017-December 2017.
	Assumes \$14.30 SSA (55% of AT&T's \$26 rate) for FY 2017-2018 for months January 2018-June 2018.
\$1,201,398	Admin Costs (monthly subscribers x \$0.19) \$0.19 = average of admin charge paid in July 2015 through May 2016 for Wireline.
\$1,138,167	Connection/Conversion (6 month average % of new connection/conversion claimed to enrollment).
\$6,006,991	Taxes/Surcharges (6 month average % of surcharges claimed to enrollment).
<b>\$97,067,061</b>	<b>Total estimated FY 17-18 wireline carrier claims</b>





# Budget Analysis – Claims \$525,474,523 cont.

## WIRELESS CLAIMS

\$413,679,676	Basic Subsidy Amount
	Estimate 2,681,267 wireless subscribers end of FY 2017-2018
	Assumes \$13.75 SSA (55% of AT&T's \$25 rate) for FY 2017-2018 for months July 2017-December 2017.
	Assumes \$14.30 SSA (55% of AT&T's \$26 rate) for FY 2017-2018 for months January 2018-June 2018.
\$10,014,894	Admin Costs (monthly subscribers x \$0.34) \$0.34 = average of admin charge paid in July 2015 through May 2016 for Wireline.
\$0	Connection/Activation Charge
\$4,712,891	Taxes/Surcharges (Monthly subscribers x 16%)
	Based on a average of city taxes & surcharges of 8% + program surcharges of 7.89%
<b>\$428,407,462</b>	<b>Total estimated FY 17-18 wireless carrier claims</b>







**Thank you!**  
**For Additional Information:**

**[www.cpuc.ca.gov](http://www.cpuc.ca.gov)**

**[www.califeline.com/en](http://www.califeline.com/en)**

