



California LifeLine Program FY 2019-20 Budget Review



ULTS Administrative Committee Meeting

California Public Utilities Commission

March 7, 2019





Presentation Overview

- Budget Process Overview
- FY 2019-20 California LifeLine Budget





Budget Process

- July-December
 - CD staff develops budget forecast
- January
 - Governor's Budget gets submitted to Legislature
- March
 - Administrative Committee submits Budget
- April-May
 - CD updates estimates
- June
 - Legislature enacts the Budget
- After June
 - Commission approves program budgets

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 2019-2020: \$362,156,000

- Staff estimate represents a decrease of approximately \$28 million from FY 2018-19 budget of \$390 million.
- The proposed change is primarily due to decrease in caseload than what was anticipated in the last proposed Budget for FY 2018-19.
 - Old caseload model in the last Budget (2018-19 May ECP) predicted the following:
 - 1.6 million participants by the end of FY 2018-19. (1.7 million participants as of January 31, 2018)
 - Revised caseload model for FY 2019-20 ECP predicts the following:
 - 1.5 million participants by the end of FY 2018-19, and
 - 1.48 million participants by the end of FY 2019-20.





California LifeLine Budget – FY 2019/2020: \$362,156,000

Local Assistance

- Carriers Claims \$339.1 million
 - Includes Makeup Federal Subsidy of \$4.7 million

State Operations

- LifeLine Administrator \$ 11.9 million
- State Printing/Mailing Services \$ 6.7 million
- Other Costs \$ 4.4 million

Total **\$362.1 million**





Historical Budget Information

(dollars in thousands)

	FY 2016-17 Adopted Budget	FY 2017-18 Adopted Budget	FY 2018-19 Adopted Budget	FY 2019-20 CD staff proposed Budget
Local Assistance	\$483,219	\$599,466	\$359,185	\$339,149
State Operations	\$25,874	\$30,588	\$25,971	\$23,007
Total Program Budget	\$483,219	\$630,054	\$389,956	\$362,156





Budget Analysis – Claims \$339,148,996

WIRELINE CLAIMS

\$56,596,091	Basic Subsidy Amount
	Estimates 296,726 wireline subscribers end of FY 2019-2020
	Assumes \$14.85 SSA (55% of AT&T's \$27 rate) for FY 2019-2020 for months July 2019-December 2019.
	Assumes \$15.40 SSA (55% of AT&T's \$28 rate) for FY 2019-2020 for months January 2020-June 2020.
\$673,918	Admin Costs (monthly subscribers x \$0.18) \$0.18 = average of admin charge paid in FY 2017-2018 for Wireline.
\$524,158	Connection/Conversion (average % of FY 2017-2018 new connection/conversion claimed to enrollment).
\$3,257,270	Taxes/Surcharges (average % of FY 2017-2018 of surcharges claimed to enrollment).
\$62,387,532	Total estimated FY 2019-20 wireline carrier claims





Budget Analysis – Claims \$339,148,996 cont.

WIRELESS CLAIMS

\$217,170,411	Basic Subsidy Amount
	Estimates 1,179,544 wireless subscribers end of FY 2019-2020
	Assumes \$14.85 SSA (55% of AT&T's \$27 rate) for FY 2019-2020 for months July 2019-December 2019.
	Assumes \$15.40 SSA (55% of AT&T's \$28 rate) for FY 2019-2020 for months January 2020-June 2020.
\$4,738,669	Admin Costs (monthly subscribers x \$0.33) \$0.33 = average of admin charge paid in FY 2017-2018 for Wireless.
\$47,940,000	Connection/Activation Charge (average of admin charge paid in FY 2017-2018 for Wireless).
\$2,251,586	Taxes/Surcharges (Monthly subscribers x 15.68%)
	Based on a average of city taxes & surcharges of 8.44% + program surcharges of 7.24%.
\$272,100,666	Total estimated FY 2019-20 wireless carrier claims





Budget Analysis – Claims \$339,148,996 cont.

Total Wireline Claims	\$62,387,532
Total Wireless Claims	\$272,100,666
Federal Makeup Subsidy: Assumes affected participants of 100,774 would not qualify under the restrictive eligibility rules. \$9.25 x 100,774 x 5 months	\$4,660,798
TOTAL ESTIMATED CA LIFELINE LOCAL ASSISTANCE FOR FY 2019-20	\$339,148,996





Thank you!
For Additional Information:

www.cpuc.ca.gov

www.califeline.com/en

