

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 2296

SPONSOR: Committee on Regulated Industries and Senator Casas

SUBJECT: Telecommunications

DATE: April 15, 1999 REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Martin</u>	<u>Guthrie</u>	<u>RI</u>	<u>Favorable/CS</u>
2.	_____	_____	<u>FP</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

## I. Summary:

This bill directs the Public Service Commission to begin a comprehensive effort to inform the consumers regarding how to protect themselves in a competitive telecommunications market and include information about the Lifeline and Link-up programs. It also eliminates the Florida Distance Learning Network and replaces it with the Florida Distance Learning Network Advisory Council, which is created in the Department of Education. It transfers the duties for operating the Network to the Department of Education, as well as the responsibility for establishing and supporting the Council in its mission to study and make recommendations to the department on enumerated topics. It provides a \$1 million appropriation and authorizes 2 FTEs.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes: 364.0252, 364.24, 364.507, 364.508, 364.509, 364.510, 364.511, 364.512, 364.513, and 364.514.

## II. Present Situation:

**The Lifeline and Link-up Programs.** The Public Service Commission (PSC) has initiated efforts to educate the public to the results of telecommunications competition. A major thrust of the PSC's consumer information and protection effort has been in the areas of "slamming," "cramming," and other service and billing problems. According to the PSC from March, 1998 through February, 1999, its Division of Consumer Affairs received 131,534 consumer calls and answered 48,278 consumer issues with a staff of five phone analysts.

The Lifeline service is a need-based assistance program aimed at promoting universal service by maintaining subsidized rates for targeted low income telephone customers. The program subsidizes local telephone service up to \$10.50 per month. Of that amount, \$7.00 is provided by the federal government and \$3.50 is provided by the local exchange company and recouped implicitly through higher rates being charged for other services.

Consumer qualification for Lifeline is set forth at 47 C.F.R. 54.409, which provides:

(a) To qualify to receive Lifeline service in states that provide state Lifeline service support, a consumer must meet the criteria established by the state commission. The state commission shall establish narrowly targeted qualification criteria that are based solely on income or factors directly related to income.

(b) To qualify to receive Lifeline support in states that do not provide state Lifeline support, a consumer must participate in one of the following programs: Medicaid; food stamps; Supplemental Security Income; federal public housing assistance; or Low-Income Home Energy Assistance Program. In states not providing Lifeline support, each carrier offering Lifeline service to a customer must obtain that consumer's signature on a document certifying under penalty of perjury that the consumer receives benefits from one of the programs mentioned in this paragraph and identifying the program or programs from which that consumer receives benefits. On the same document, a qualifying low-income consumer also must agree to notify the carrier if that consumer ceases to participate in the program or programs.

The PSC has adopted a Lifeline program qualification standard that includes participants in programs funded under "Temporary Aid for Needy Families," (TANF), in addition to the programs described under federal standard at subsection (b) above. This additional qualification is the result of the PSC adopting qualification standards before the federal government adopted its standards.

Link-up (Florida) is another need-based assistance program for low income telephone customers aimed at providing up to a 50% reduction in the telephone service hook-up charge, up to a maximum of \$30.00. The qualifications for Link-up are the same as for Lifeline customers. According to the PSC, as of July 31, 1998, there were 129,396 subscribers to Lifeline services in Florida. The PSC estimates that 816,278 subscribers are eligible for the service.

**Distance Learning.** In 1994, the State University System convened a distance learning task force to make recommendations to the system's Master Plan. The task force was comprised of representatives from both the State University System and the Community College System. The task force's work resulted in a distance learning addendum to the Master Plan for the State University System.

One recommendation in the addendum was a proposal to create the Florida Distance Learning Network (FDLN). Such a network could pull the universities and the community colleges together by working on distance learning issues and initiatives that affect both systems. This network would recommend policy issues, identify needed courses and programs, and serve as a resource clearinghouse.

In 1995, the Legislature created the FDLN in Chapter 364.506-516, F.S., the Education Facilities Infrastructure Improvement Act. *See*, Chapter 95-403, Laws of Florida. The stated intent of the Act was:

- to establish a coordinated system for cost-efficient advanced telecommunications services and distance education to increase access to education;
- to maximize the use of advanced telecommunication services and their application to distance education;
- to promote interagency cooperation and partnerships;
- to secure any available federal or private funds and other resources in support of advanced telecommunications services and distance education; and
- to coordinate all advanced telecommunications services and distance education resources to maximize return on investment with the goal of creating a financially independent, self-supporting statewide resource for advanced telecommunications services and distance education.

A Board of Directors was established to govern the FDLN, consisting of 17 members, including the Commissioner of Education, the Chancellor of the State University System, the executive director of the State Community College System, the Secretary of the Department of Management Services (DMS), a member of the Florida Senate, and a member of the Florida House of Representatives, among others.

During the 1994-95 fiscal year, the Legislature appropriated the sum of \$12.75 million from the Public Education Capital Outlay and Debt Service Trust Fund (PECO) to permit the Department of Education (DOE) to acquire a satellite transponder and encoders to benefit public education. The act also assigned responsibility for the management of the satellite transponder to DMS. The FDLN was assigned the responsibility of coordinating the use of existing resources, including but not limited to the satellite transponder.

Chapter 94-356, Section 2010, Laws of Florida, stated in part that:

“until such time as this transponder is fully utilized for state education activities, all rental fees received shall be deposited in the Public Education Capital Outlay and Debt Service (PECO) Trust Fund to offset the cost of acquisition.”

With the purchase of the transponder to further the state’s public educational system, DOE anticipated the cost for utilizing the transponder would be set at an approximate amount of \$50.00 per hour. However, according to the Florida Distance Learning Consortium, the rate was set at \$300.00 per hour and no reimbursements have been made to PECO to offset the transponder acquisition costs. The rate has also discouraged educational use, contrary to the initial intent.

DMS subcontracted certain responsibilities to the Florida State University (FSU), through WFSU-TV, beginning July 1, 1998, for an initial period of 1 year, with the option to renew for three additional one-year terms.

DOE, DMS, and FSU entered into an Interagency Cooperative Agreement and on June 19, 1998, the parties agreed, among other things, that DMS would assign to DOE all of its rights and obligations under the Interagency Agreement with FSU. DOE would accept all of the rights and obligations of DMS, including but not limited to the right to receive the lease proceeds and the obligation to pay the costs of operating the satellite transponder. DOE agreed to remit any net proceeds to the FDLN as required by s. 364.511(1)(k), F.S.

The parties recommended to the Governor and the Legislature that s. 364.511(1)(k), F.S., be amended by deleting the reference to DMS and inserting DOE as manager of the state's satellite transponder resources. Such an amendment would constitute a Type Two Transfer as provided in s. 20.06(2), F.S.

Section 20.06(2), Florida Statutes, reads in part:

A type two transfer is the merging into another agency or department of an existing agency or department or a program, activity, or function thereof or, if certain identifiable units or sub-units, programs, activities, or functions are removed from the existing agency or department, or are abolished, it is the merging into an agency or department of the existing agency or department with the certain identifiable units or subunits, programs, activities, or functions removed therefrom or abolished.

DOE currently has an agreement with Loral Skynet concerning skynet transponder service, which extends to the year 2004.

### III. Effect of Proposed Changes:

**Section 1** amends s. 364.0252, F.S., to require the PSC to undertake a comprehensive effort to inform consumers about how to protect themselves in a competitive telecommunications market, and about the Lifeline and Link-up programs.

**Section 2** amends s. 364.24, F.S., to clarify that nothing in the law precludes a telecommunications company from making a customer's own account record available to the customer through electronic means.

**Section 3** removes the words "Network" and "Plan" from the definitions section of the Education Facilities Infrastructure Improvement Act, s. 364.508, F.S. It also transfers and renumbers the section as s. 241.001, F.S.

**Section 4** substantially rewords s. 364.509, F.S., to provide that the Department of Education will coordinate the use of existing advanced telecommunication's resources, including the state's satellite transponders, the SUNCOM Network, the Florida Information Resource Network, and the satellite communication facilities of the Department of Management Services, the Department of Corrections, and the Department of Children and Family Services.

DOE will assist in coordinating the utilization of production and uplink capabilities available through Florida's public television stations, eligible facilities, independent colleges and universities, private firms and others. DOE will seek the assistance and cooperation of the state's

cable television providers and telecommunications carriers to implement and provide affordable access to the system and will seek new partnerships. DOE will manage the existing transponder resources and hire appropriate staff, including one Senior Management Service position. Any net revenue realized through the leasing of available transponder time, after deducting the costs of performing the management function, will be divided equally among DOE, the State Board of Community Colleges, and the State University System.

Finally, this section transfers s. 364.509, F.S., rennumbers it s. 241.002, F.S., and precludes anything contained in ss. 241.001-241.004, F.S., from being construed to amend the powers and duties of any state agency, district school board, community college board of trustees, the State Board of Community Colleges, or the Board of Regents.

**Section 5**, in conjunction with the repealer clause found in Section 7, eliminates the FDLN and replaces it with the Florida Distance Learning Network Advisory Council (Council). The Council is created in DOE to advise and assist the department in carrying out its duties relating to distance learning. The Council consists of 13 members to be appointed by the Commissioner of Education and must include the Chancellor of State University System and the Executive Director of the Florida Community College System, or their designees. The remaining members will be selected to ensure a broadly based and representative council and may include:

- public and private elementary and secondary schools;
- public and private postsecondary institutions, including vocational and technical centers;
- state agencies;
- libraries;
- the health care community, including urban, rural, and teaching hospitals;
- the cable telecommunications industry;
- the local exchange telecommunications industry; and
- the interexchange industry.

The Council's organization is established, including meeting frequency and procedures, and officer types. The Council may study and make recommendations to DOE on a marketing program, recipients of Educational Technology Grants, suggested legislation and any other issues it deems appropriate. DOE is to provide administrative and support services to the Council.

**Section 6** transfers s. 364.514, F.S., rennumbers it s. 241.004, F.S., and amends subsection (2) by substituting DOE for references to the repealed FDLN and its board of directors in the operation of the Educational Technology Grant Program.

**Section 7** repeals ss. 364.506, 507, 511, 512, and 513, F.S., eliminating the FDLN and its board of directors.

**Section 8** provides for an appropriation of \$1 million from the Florida Public Service Regulatory Trust Fund to the Public Service Commission and authorizes two additional positions for the purpose of carrying out the provisions of Section 1 of the bill for FY 1999-2000.

**Section 9** provides an effective date of July 1, 1999.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

With the increased efforts by the PSC to publicize the availability of Lifeline and Link-up support programs for certain telephone customers, it is expected that the volume of calls to the PSC from consumers about programs and competitive market issues will increase. There is a fiscal impact from the appropriation of the \$1 million to pay for the consumer information program regarding Lifeline and Link-up to be conducted by the PSC. There is a potential impact from the transfer of the management of the satellite transponder from the Department of Management Services to the Department of Education, although the Department of Management Services has already entered into an interagency agreement with the DOE taking over the obligation to pay the costs of operate the satellite transponder, as well as the right to receive the proceeds from leasing the transponder.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

This bill is a companion to HB 2123.

**VIII. Amendments:**

None.

---

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

---