UNITED STATES OF AMERICA
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

In the Matter of:	*	
	*	
Setting Income Eligibility for	*	**Docket No. WC 03-109**
Federal Lifeline and Link-up Service	*	
at 150% of the Federal Poverty Level	*	

<u>Affidavit of</u>:

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<u>On behalf of the</u>:

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August 19, 2004

My name is Roger Colton. I am a principal in the firm Fisher, Sheehan & Colton, Public Finance and General Economics (FSC). My principal place of business is Belmont, Massachusetts. In my capacity at FSC, I provide technical assistance to local, state and federal agencies, to consumer groups, and to public utilities, on rate and customer service issues involving telephone, water/sewer, natural gas and electric utilities.

I have been asked by the National Association of State Utility Consumer Advocates (NASUCA) in this proceeding to address the appropriateness of setting the income-based eligibility standard for the federal telecommunications Lifeline program at 150% of the Federal Poverty Level (FPL). In April 2004, the Federal Communications Commission (FCC) set the eligibility standard at 135% of the FPL and asked for comments with respect to increasing that standard to 150%.

My comments will address the following issues:

- Whether households living with incomes at 150% of the Federal Poverty Level lack sufficient resources to obtain affordable telephone service without Lifeline telephone assistance;

- Whether households with incomes at 150% of the Federal Poverty Level have significantly more total net resources than do households with incomes at 135% of the FPL;

- Whether households with incomes between 135% and150% of the Federal Poverty Level lack telephone service in the home;

- Whether increasing Lifeline income eligibility guidelines to 150% of the Federal Poverty Level is necessary to ensure that households with equal incomes, but who live in different states, will have equal access to Lifeline whether or not they participate in the LIHEAP and/or Food Stamp programs.

- Whether increasing Lifeline income eligibility guidelines to 150% of the Federal Poverty Level is necessary to ensure that low-income households living in the same state have equal access to Lifeline whether or not they participate in categorical eligibility programs.

- Whether increasing Lifeline income eligibility guidelines to 150% of Poverty is necessary to avoid missing important vulnerable low-income constituencies.

- Whether the FCC should clarify, and modify if necessary, its definition of "income" to exclude LIHEAP, Food Stamps and other non-cash benefits.

SECTION 1:

Households with income at 150% of the Federal Poverty Level lack sufficient resources to obtain affordable local telephone service without Lifeline assistance.

An assessment of whether households with income at 150% of the Federal Poverty Level have sufficient resources to have affordable telephone service must first define what is meant by "affordable" service. In its May 7, 1997 order on Universal Service, the Federal Communications Commission (FCC) defined the concept of "affordability" to include both an "absolute" component ("to have enough or the means for") and a "relative" component ("to bear the cost of without serious detriment").[1] According to the FCC, "both the absolute and relative components must be considered in making the affordability determination required under the statute."

For telephone service to be *not* affordable, in other words, a household need not lack telephone service altogether (a failure of the absolute aspect) if to retain service would impose "serious detriment" on the household(the relative aspect). I accept this FCC definition of "affordability."

Given this FCC definition, extending Lifeline telephone benefits to households with income at or below 150% of the Federal Poverty Level will assist households that have insufficient resources to obtain affordable telephone service. Using the Family Resource Simulator developed by the National Center for Children in Poverty, at the Columbia

[1] In the Matter of Federal-State Joint Board on Universal Service, FCC Docket NO. 96-45, FCC 97-157 (May 7, 1997), at paragraphs 109, et seq.

University School of Public Health, I have tracked the resources and expenses for families of various sizes and composition:[2]

- Two-person family, consisting of one adult and one child (age 4);
- Three-person family, consisting of two adults and one child (age 4);
- Three-person family, consisting of one adult and two children (ages 4 and 12).

To test whether geographic location makes a difference in the results, either between states or within a state, I have developed data for one large community and one smaller community in each of three states. The areas for which I present data are identified in Table 1:

Table 1: Communities for Which Family Resource Simulations Developed

		Location	
State	Pennsylvania	Philadelphia	Reading
	Georgia	Atlanta	Columbus
	Connecticut	Hartford	Waterbury

The Family Resource Simulator tracks total household resources and expenses as income increases for the household. As total income increases, for example, earned income must become a larger proportion of total household resources since the amount of Food Stamps decreases. A 2-person family, for example, loses eligibility for public health insurance for parents when earned income reaches about $7,000. That household loses eligibility for Food Stamps with earned income of roughly $16,000. For Resources after Expenses (R/A/E) to remain constant, earned income must increase sufficiently to offset this loss of public assistance.

A comparison of total resources with total expenses, which allows a computation of Resources After Expenses (R/A/E), is presented in Table 2 for the six communities.[3]

[2] In the discussion that follows, unless otherwise specifically noted, a "family" and a "household" are not distinguished in a technical sense.

[3] These calculations are based on a number of user-provided inputs. The inputs included in this analysis include the following: in a two-parent family, the second parent works part-time. The first parent in each household (including one parent households) works fulltime. No household has assets that would disqualify it from receipt of any public benefit. Households receive Food Stamps, Children's Health Insurance, and the Earned Income Tax Credit, but not child cares subsidies, housing assistance, or Temporary Aid to Needy Families (TANF). Households use the least expensive available child care type. Households do not have access to employer-provided health insurance.

Table 2: Resources* After Expenses (R/A/E): 150% Federal Poverty Level**
Six Communities (August 2004)

Community	One Adult/One Child			One Adult/Two Children			Two Adults/One Child		
	Resources	Expenses	R/A/E	Resources	Expenses	R/A/E	Resources	Expenses	R/A/E
Philadelphia (PA)	$17,173	$28,271	($11,098)	$22,457	$35,940	($13,482)	$21,173	$31,811	($10,638)
Reading (PA)	$17,803	$23,077	($5,274)	$23,262	$29,393	($6,131)	$21,978	$26,136	($4,158)
Hartford (CT)	$19,013	$23,981	($4,968)	$23,354	$29,103	($5,749)	$22,391	$24,206	($1,815)
Waterbury (CT)	$19,013	$24,374	($5,361)	$23,354	$29,497	($6,143)	$22,391	$24,572	($2,180)
Atlanta (GA)	$18,157	$23,538	($7,201)	$23,032	$29,663	($6,631)	$22,030	$29369	($7,339)
Columbus (GA)	$18,157	$19,453	($1,296)	$23,032	$23,758	($725)	$22,030	$23,229	($1,199)

*Resources include post-tax earnings, plus the Earned Income Tax Credit, plus public benefits (e.g., TANF, Food Stamps, Child Care Credit, housing subsidy, health insurance subsidy).
**Poverty Level calculated on pre-tax earnings. 150% of Federal Poverty Level for a household of two persons ($18,180) has been rounded to $18,000 for this analysis. 150% of Federal Poverty Level for a household of three persons ($22,890) has been rounded to $23,000.

As can be seen in Table 2, out of the 18 potential scenarios, a Lifeline program would deliver affordability benefits to households up to 150% of the Federal Poverty Level in all 18 instances. In all 18 scenarios for which data is presented, households with annual income at or below 150% of the FPL[4] have *negative* resources after taking into account basic household expenses.[5]

I conclude that local telephone service is not affordable to households with income at or below 150% of the Federal Poverty Level. Even if these households do not go without telephone service altogether, these households have *in*sufficient resources to maintain telephone service without substantial detriment to household finances. For these

[4] Non-cash benefits (such as Food Stamps), of course, do not count as "income" toward a determination of income as a percentage of the Federal Poverty Level.
[5] The family expenses are calculated using several key inputs provided within the Resource Simulator. The cost of a private non-group plan is calculated assuming a $500 deductible, 20% coinsurance, and $20-$25 co-payments. Quotes for such insurance are those collected by Columbia University. Note that estimates include the cost of insurance premiums only, not co-payments or other out-of-pocket expenses. Housing expense estimates are based on the Fair Market Rent (FMR; includes cost of rent and utilities) determined by the U.S. Department of Housing & Urban Development. The Simulator assumes a 2-bedroom unit for families with 1 or 2 children. Food estimates are based on the Low Cost Food Plan developed by the U.S. Department of Agriculture. Transportation cost estimates vary by the family's place of residence. In most cases, the Simulator assumes that parents commute to work by car, and the cost is estimated based on the Basic Family Budget methodology developed by the Economic Policy Institute (EPI). The "other necessities" portion of the family budget relies on data from the Consumer Expenditure Survey on the share of a family's budget they spend on items such as telephone, apparel, personal items, and other necessities. Annual costs for other necessities equals 31% of both annual housing costs and annual food costs combined. EPI, which developed the methodology, provides the following example using Baltimore (MD): For a one-parent, two-child family in Baltimore in 1999, housing costs are $7,536 a year and food costs are $4,200 a year. Thus, other necessities costs are: ($7,536 + $4,200) * 0.31 = $3,638.

households to have telephone service, they would be required to give up some basic household necessity.

SECTION 2:
Households with income at 150% of the Federal Poverty Level often have minimal additional total net resources as compared to households with income at 135% of the Federal Poverty Level.

Increasing gross household income from 135% to 150% of the Federal Poverty Level generally yields very little increase in net resources to a household. Net resources take into account several factors. For example, using Atlanta as an illustration, as earned income increases from $21,000 to $23,000 for a three-person household (with two parents and one child):[6]

- The amount of public assistance that that household receives will decrease, due to an offsetting $320 loss in the Earned Income Tax Credit in Georgia.

- The amount that household must spend on employment-related expenses increases, including an additional $490 for child care expenses for our Atlanta household.

- The proportion of income devoted to state and federal taxes increases, including an offsetting expense of $270 for our Atlanta household.

Table 3 indicates that this impact is not unique to Georgia. Using a 3-person household as an illustration, the roughly $2,000 gain in income recognized by a household moving from 135% to 150% of the Federal Poverty Level yields a gain in net resources of only a few hundred dollars in both Connecticut and Georgia. Indeed, as Table 3 demonstrates, the 3-person Philadelphia household in our example actually ends up being *worse off* from the perspective of net resources to meet basic household expenses because of its move from 135% to 150% of the Federal Poverty Level. The 3-person Reading (PA) household is neither better nor worse off because of its increased income. For the other four communities, each dollar of increased income yields between $0.20 and $0.35 of total net household resources.

[6] This is roughly equivalent to an increase from 135% to 150% of the Federal Poverty Level ($20,601 to $22,890).

Table 3: Total Net Household Resources* at 135% and 150% 2003 Federal Poverty Level*****
3-person Household (2 parents/1 child)
Six Communities (August 2004)

	135% of FPL		150% of FPL		
Community	Income	Net Resources	Income	Net Resources	Gain / (Loss)
Philadelphia (PA)	$21,000	($10,206)	$23,000	($10,638)	($432)
Reading (PA)	$21,000	($4,156)	$23,000	($4,158)	($2)
Hartford (CT)	$21,000	($2,229)	$23,000	($1,815)	$414
Waterbury (CT)	$21,000	($2,609)	$23,000	($2,180)	$429
Atlanta (GA)	$21,000	($8,079)	$23,000	($7,339)	$740
Columbus (GA)	$21,000	($1,961)	$23,000	($1,199)	$762

*Net resources include post-tax earnings, plus the Earned Income Tax Credit, plus public benefits (e.g., TANF, Food Stamps, Child Care Credit, housing subsidy, health insurance subsidy), minus basic household expenses.
**135% of Federal Poverty Level for a household of three persons ($20,601) has been rounded to $21,000.
***Poverty Level calculated on pre-tax earnings. 150% of Federal Poverty Level for a household of three persons ($22,890) has been rounded to $23,000.

I conclude that households with income at 150% of the Federal Poverty Level are at a cusp relative to total household resources. These households are at that transitional point where increasing income generally leads to the loss of public benefits. As a result, the move from income at 135% of the Federal Poverty Level to 150% of the Federal Poverty Level tends to leave households with minimal, if any, additional total household resources.

SECTION 3

Households with income between 135% and 150% of the Federal Poverty Level frequently lack telephone service.

Given the discussion above, it should come as no surprise that a substantial number of households that live with income between 135% and 150% of the Federal Poverty Level lack telephone service in the home. To estimate how prevalent this is, I use the Census Bureau's April 2004 Current Population Survey (CPS) micro-data. By combining data on household size and income, I calculate the ratio of each household's income to the Federal Poverty Level. Since the micro-data reports income in the form of a range (e.g., $0 - $4,999), I use the mid-point of each range to calculate the Federal Poverty Level. For example, for the income range of $0 to $4,999, I impute an income of $2,500. For the range of $15,000 to $19,999, I impute an income of $17,500 (and so forth). Poverty Level is income taking into account household size. I do *not* account for the difference in Poverty Level income figures for Hawaii and Alaska.

The CPS also reports whether a household has a telephone in the home. I thus combine the data on Poverty Level with the data on which households lack telephone service to determine the prevalence of the lack of telephone service for the relevant range of FPL.

Setting the values in this manner, the Current Population Survey indicates that there are 742,695 households in the United States with income between 135% and 150% of the Federal Poverty Level who live without a telephone in their home. While the use of the midpoint of the income range will cause some error in this figure, the error is minimal and the estimated number of households at this range of Poverty Level should be reasonable.

Providing Lifeline benefits to low-income households in this range of Poverty Level will assist many of these households to obtain service when, in the absence of Lifeline, they would not have access to affordable service.

SECTION 4

Increasing the Lifeline income eligibility guidelines to 150% of the Federal Poverty Level is necessary to ensure that households with equal incomes, but who live in different states, will have access to Lifeline benefits whether or not they participate in the LIHEAP and/or Food Stamp programs.

The FCC's assumption that setting the income eligibility guideline for Lifeline service equal to 135% of the Federal Poverty Level would reflect the income eligibility guidelines which underlie the public assistance programs serving as the basis for categorical Lifeline eligibility is incomplete. In fact, the income guidelines for programs such as Food Stamps and the Low-Income Home Energy Assistance Program (LIHEAP) allow participation by households with incomes substantially higher than 135% of the Federal Poverty Level. Increasing the income eligibility to 150% of FPL will allow two households with identical incomes to participate in Lifeline whether or not both of the households also participate in Food Stamps and/or LIHEAP (or both).

In reaching this conclusion, I do not consider the programs that the FCC added as categorical eligibility determinants in April 2004. Instead, I examine only the federal Food Stamp and LIHEAP programs.

FOOD STAMP PROGRAM ELIGIBILITY

The FCC relied on the observation that the federal Food Stamp program has an income eligibility guideline of 130% of the Federal Poverty Level as at least partial support for its determination that income eligibility for Lifeline assistance should be set at 135% of FPL.[7]

In fact, the federal Food Stamp program allows many households to participate in the program with incomes substantially higher than 130% of the Federal Poverty Level. The 130% income eligibility standard applies *only* to households that have neither elderly nor disabled persons. There are, however, two significant exceptions to this income eligibility standard:

- First, households with only members that are either elderly or disabled are subject only to the net income test. The gross income of these households is not considered so long as their net income (income after deductions) is at or below 100% of the Federal Poverty Level.

- In addition, elderly persons who cannot buy food and prepare meals separately because of a substantial disability, but who live in a household with an income at or below 165% of Poverty Level, may receive Food Stamp so long as their net income is at or below 100% of the Federal Poverty Level.

Table 4 shows the difference in gross monthly income between the households with 165% of the Federal Poverty Level and 130% of the Federal Poverty Level.

[7] See, e.g., footnote 47, page 10, FCC Report and Order and Further Notice of Proposed Rulemaking, WC Docket No. 03-109 (noting Food Stamp eligibility if gross household income is at or below 130% of the Federal Poverty Level).

Table 4: Food Stamp Gross Monthly Income Eligibility Standards (October 1, 2003 - September 30, 2004)

Household Size	130% Poverty Level	165% of Poverty Level
1	$973	$1,235
2	$1,313	$1,667
3	$1,654	$2,099
4	$1,994	$2,530
5	$2,334	$2,962
6	$2,674	$3,394
7	$3,014	$3,826
8	$3,354	$4,257
Each Additional Member	+ $341	+ $432

Includes District of Columbia, Guam, and the Virgin Islands. Excludes Hawaii and Alaska.

Participation in the Food Stamp program with income of more than 130% of the Federal Poverty Level is not an uncommon occurrence. The 2001 national American Housing Survey (AHS),[8] for example, found that nearly 135,000 households receiving Food Stamps with a householder age 60 or older[9] had incomes higher than 130% of the Federal Poverty Level. This number is somewhat understated. Unlike the Census, the AHS is not intended to provide comprehensive national data. Instead, it is based on a sample of roughly 61,000 households drawn from 878 counties and independent cities. The AHS does cover all 50 states plus the District of Columbia.

Given the use of the Food Stamp program to establish categorical eligibility for the telecommunications Lifeline program, it would be equitable to increase income eligibility to 150% of the Federal Poverty Level to ensure that households in equivalent circumstances would have equal access to Lifeline benefits whether or not they participate in the Food Stamp program.

[8] The American Housing Survey also provides periodic survey data for nearly 40 specific metropolitan areas. This discussion is not based on that metropolitan data.
[9] The number of households with a householder age 60 or older will be smaller than the number of households with at least one member age 60 or older.

LIHEAP PROGRAM ELIGIBILITY

The Low-Income Home Energy Assistance Program (LIHEAP), another public benefits program participation in which will yield categorical eligibility for the federal telecommunication Lifeline program, has substantial state-to-state variation in its income eligibility standards. As a block grant program, LIHEAP allows each state to set its own income eligibility standard, so long as that income eligibility does not go *below* 110% of the Federal Poverty Level or *above* the higher of either 150% of the Federal Poverty Level or 60% of state median income.[10]

States have used their discretion to establish income eligibility standards that vary widely by jurisdiction. Table 5 sets forth the LIHEAP eligibility standards for each state for the 2004 Program Year (October 1, 2003 through September 30, 2004). As Table 5 shows:

- 20 states have set their LIHEAP basic grant eligibility standards at exactly 150% of the Federal Poverty Level.[11]

- Five more have set the eligibility standard for their basic grant program at a multiplier of Poverty Level above 150%.

- Eight more have set the eligibility standard for their basic grant program at a multiplier of state median income (SMI) rather than as a multiplier of Federal Poverty Level, six of which have set their standard at the maximum allowable standard (60% of State Median Income).

Virtually all states use the same income standard for their LIHEAP crisis program as they use for their basic grant program.

Given the fact that LIHEAP is a block grant program, there will never be a uniformity of income eligibility standards among the various states. As of Program Year 2004 for LIHEAP, however, 33 of the 51 jurisdictions (50 states plus D.C.) have LIHEAP income eligibility standards that are higher than the 135% income standard established for the telecommunications Lifeline program.

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[10] In virtually all instances, 60% of State Median Income is higher than 150% of the Federal Poverty Level.
[11] Some states have special eligibility guidelines (or exemptions) for specific subpopulations, such as households with aging members, households with disabled persons, or households with children.

Table 5: Program Year 2004 LIHEAP Maximum Income Guidelines by State
Basic LIHEAP and Crisis Assistance

	Heating	Crisis
Alaska	150% FPG	150% FPG
Alabama	125% FPG	125% FPG
Arkansas	125% FPG	125% FPG
Arizona	150% FPG	150% FPG
California	60% SMI	60% SMI
Colorado	185% FPG	185% FPG
Connecticut	150% FPG	150% FPG
District of Columbia	150% FPG	150% FPG
Delaware	200% FPG	200% FPG
Florida	150% FPG	150% FPG
Georgia	150% FPG	150% FPG
Hawaii	150% FPG	150% FPG
Iowa	150% FPG*	150% FPG
Idaho	150% FPG	150% FPG
Illinois	150% FPG	150% FPG
Indiana	125% FPG	125% FPG
Kansas	130% FPG	130% FPG
Kentucky	110% FPG	110% FPG
Louisiana	60% SMI	60% SMI
Massachusetts	200% FPG	200% FPG
Maryland	150% FPG	150% FPG
Maine	150% FPG	150% FPG
Michigan	110% FPG	60% SMI
Minnesota	50% SMI	50% SMI
Missouri	125% FPG	125% FPG
Mississippi	150% FPG	150% FPG
Montana	150% FPG	150% FPG
North Carolina	110% FPG	150% FPG
North Dakota	60% SMI	60% SMI
Nebraska	116% FPG	116% FPG
New Hampshire	47.5% SMI	47.5% SMI
New Jersey	175% FPG	175% FPG
New Mexico	150% FPG	150% FPG
Nevada	150% FPG	150% FPG
New York	60% SMI	60% SMI
Ohio	150% FPG	150% FPG
Oklahoma	110% FPG	110% FPG
Oregon	60% SMI	60% SMI
Pennsylvania	135% FPG	135% FPG
Rhode Island	60% SMI	60% SMI
South Carolina	150% FPG	150% FPG
South Dakota	160% FPG	160% FPG
Tennessee	125% FPG	125% FPG
Texas	125% FPG	125% FPG
Utah	125% FPG	125% FPG
Virginia	130% FPG	130% FPG
Vermont	125% FPG	150% FPG
Washington	125% FPG	125% FPG
Wisconsin	150% FPG	150% FPG
West Virginia	130% FPG	130% FPG
Wyoming	150% FPG	150% FPG

FPG = Federal Poverty Guidelines. SMI = State Median Income.

SOURCE: LIHEAP Clearinghouse, http://www.ncat.org/liheap/tables/FY2004/POP04.htm (August 2004).

Table 6 converts the State Median Income (SMI) for each of the eight states using SMI as their LIHEAP eligibility standard into a multiplier of the Federal Poverty Level. As can be seen for these states, LIHEAP eligibility is substantially higher than the 135% of FPL income standard that the FCC adopted for Lifeline eligibility in its April 2004 Order.

Table 6: Percent of 2004 State Median Income (SMI)
Converted into Percent of 2004 Federal Poverty Level (FPL) (3-person household)
States Using Multiplier of SMI as LIHEAP Eligibility Standard

	LIHEAP Eligibility (SMI)	Income ($s)	Percent FPL
California	60%	$32,135	205%
Louisiana	60%	$25,822	165%
Minnesota	50%	$30,507	195%
North Dakota	60%	$27,790	177%
New Hampshire	47.5%	$28,970	185%
New York	60%	$33,515	214%
Oregon	60%	$29,603	189%
Rhode Island	60%	$35,505	227%

SOURCE: Columbia University, School of Public Health, Income Converter (August 2004).

Fundamental fairness would dictate that households in those states that seek to enter the Lifeline program through an income standard rather than through the categorical eligibility established by participation in LIHEAP should be provided an opportunity to enter the Lifeline by establishing that their income is at or below 150% of the FPL. Setting 150% as the income guideline produces a reasonable accommodation of the different state LIHEAP income eligibility standards.

SECTION 5

Increasing Lifeline income eligibility guidelines to 150% of the Federal Poverty Level is necessary to ensure that low-income households living in the same state have equal access to Lifeline whether or not they participate in categorical eligibility programs.

Setting income eligibility guidelines for the federal telecommunications Lifeline program at 150% of the Federal Poverty Level is necessary to provide equity between states with widely divergent participation rates in the federal LIHEAP program. LIHEAP is a program, participation in which can serve as the basis for categorical Lifeline eligibility. As is discussed in detail above, eligibility for LIHEAP is frequently set at 150% of the Federal Poverty Level or higher.

Making households that receive LIHEAP categorically eligible for the federal Lifeline program does not make Lifeline equally accessible to low-income households. In FY 2002, 15 states set their LIHEAP eligibility standard equal to 150% of the Federal Poverty Level. An *additional* 16 states set their LIHEAP eligibility standard above 150%

of the Federal Poverty Level (often using a multiplier of state median income rather than a percent of Poverty Level as the standard).

A listing of the 31 states that used a LIHEAP eligibility standard of 150% of FPL or higher in FY 2002 is set forth in Table 7.[12]

As Table 7 indicates, however, merely because a state establishes 150% of the Federal Poverty Level (or higher) as the income eligibility standard does not mean that that state ubiquitously (let alone universally) serves households at those income levels.

- In only three of these 31 states did LIHEAP participation reach 40% or more of those eligible, with the states of Iowa (40%), Illinois (40%) and Maine (41%) having the highest participation rates. In each of these states, the eligibility guideline was exactly 150% of the FPL in FY2002.

- In only seven of these 31 states did LIHEAP participation reach between 30% and 39% of those eligible, with Ohio (34%) having the highest participation rate among those seven.

- In 12 of these 31 states, LIHEAP participation was at 20% or below of those eligible, with four of those twelve having participation rates below 10% of those eligible.

Clearly, to the extent that LIHEAP can be used to establish categorical eligibility in these 31 states (with LIHEAP eligibility at or above 150% of the FPL), two households with identical incomes can be treated in disparate fashion by the federal Lifeline program if one of the households participates in LIHEAP while the other does not.

This impact is mitigated to the extent that LIHEAP-eligible households might participate in other public assistance programs that also establish categorical eligibility for the federal telecommunications Lifeline program. While, as the FCC noted in its April 2004 Order, no data exists on the extent to which there is an overlap between each of the categorical eligibility programs (e.g., Food Stamps, LIHEAP, Medicaid, Free School Lunch program), some data can be reviewed to assess whether the use of multiple programs as a source of categorical eligibility will redress the problem of the eligible-but-non-participating household.

[12] Table 6 differs from Table 4 in that Table 6 presents data from FY2002 rather than FY2004. Data on the number of eligible persons, as well as total program participants, is not yet available for FY2004. FY2002 data is the most recent available.

Table 7: Number and Percent of Households Eligible to Receive LIHEAP that Actually Received LIHEAP Heating Benefits

	Income Eligibility for Heating Benefits (2001)	No. of Income-Eligible Households (2001)	No of Participants Households (2002)	Percent participating
Alaska	150%	42,690	7,264	17%
California	194%	3,461,308	139,876	4%
Colorado	158%	254,078	83,171	33%
Connecticut	266%	420,037	79,476	19%
Delaware	200%	66,156	13,198	20%
District of Columbia	150%	55,435	18,042	33%
Georgia	150%	612,303	83,131	14%
Hawaii	189%	119,065	6,627	6%
Idaho	150%	102,057	29,867	29%
Illinois	150%	788,794	316,329	40%
Indiana	150%	420,623	126,855	30%
Iowa	150%	193,140	77,853	40%
Louisiana	155%	485,314	15,958	3%
Maine	150%	111,507	45,289	41%
Maryland	150%	285,247	77,825	27%
Massachusetts	200%	663,601	136,441	21%
Michigan	208%	1,110,048	334,817	30%
Minnesota	197%	373,459	122,327	33%
Nevada	150%	115,525	15,597	14%
New Hampshire	215%	126,383	27,131	21%
New Jersey	175%	639,129	151,333	24%
New Mexico	150%	185,506	37,594	20%
New York	201%	2,335,682	692,000	30%
North Dakota	179%	77,173	14,243	18%
Ohio	150%	814,986	275,506	34%
Oregon	159%	264,061	58,946	22%
Rhode Island	219%	141,868	25,900	18%
South Carolina	150%	332,661	27,505	8%
South Dakota	160%	63,818	16,075	25%
Wisconsin	150%	297,350	N/A	N/A
Wyoming	150%	36,654	8,800	24%

LIHEAP Home Energy Notebook For Fiscal Year 2002, Table B-2 (April 2004)

We do know that that there is a considerable (but not universal) overlap between LIHEAP recipients and Food Stamp recipients. According to 1994 research by Oak Ridge National Laboratory, sixty-five percent of all LIHEAP recipients also receive Food Stamps.[13] More recent research is not available.

Table 8 presents data with respect to the overlapping eligibility between certain hunger-related programs. The data is limited by its focus on households with uninsured children, as reported in the National Survey of America's Families (NSAF). The data, however, provides considerable insight into the extent to which multiple programs can reach the entire universe of a low-income population. Moreover, the data is strengthened by the fact that it includes two of the most ubiquitous public assistance programs that exist (Free School Lunches and Food Stamps).

For our purposes here, the most important findings presented in this NSAF data involve the percentages of low-income families with uninsured children that participate in *any one* of the four programs included in the analysis. The data shows remarkable consistency as between different types of family structure, different childhood ages, and different household Poverty Levels. The percentage of households participating in any one of the four programs studied ranges from 75% (household income less than 50% of FPL), to 77% (household income of 51% to 100% of FPL), to 76% (household income of 101% to 150% of FPL).

Assuming that a program such as LIHEAP would not have a greater influence on this bottom line than do programs such as the supplemental nutrition program for Women, Infants and Children (WIC) or unemployment compensation,[14] it is possible to conclude that establishing Lifeline eligibility through multi-program categorical eligibility would nonetheless miss from one-fifth to one-quarter of all eligible households.

Table 9 presents the same data by geographic area. With the exception of the Northeast, which has a significantly lower penetration rate into any one of the four programs examined (64%), the penetration is in a *very* narrow band reaching from 73% to 76%. When examined on a state-by-state basis,[15] the variation in penetration ranges from roughly 60% to roughly 80% of the total population.

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[13] Joel Eisenberg, et al. (November 1994). ***The Low Income Home Energy Assistance Program: Profile of the Eligible Recipient and Nonrecipient Populations in 1990***, at 48, Oak Ridge National Laboratory: Oak Ridge (TN).

[14] This would be a safe assumption. LIHEAP is a smaller program reaching fewer households than WIC and unemployment compensation.

[15] The National Survey of America's Families (NSAF) has a sufficient sample to provide state-specific data on thirteen states.

Table 8:
Low-Income Uninsured Children in Families Enrolled in Public Programs, 1996-97

	School Lunch Program[a]		WIC[b]		Food Stamps[c]		Unemployment Compensation[d]		Any of These Four Programs		
	(No.)	(%)	(No.)	(%)	(No.)	(%)	(No.)	(%)	(No.)	(%)	(S.E.)[e]
Child Characteristics											
Age											
0-5	750,155	38	950,634	48	166,680	8	141,556	7	1,344,959	68	(2.3)
6-11	1,600,824	75	286,925	13	170,786	8	225,583	11	1,677,171	79	(2.8)
12-17	1,504,354	65	292,089	13	313,911	14	262,340	11	1,676,873	72	(2.3)
Family Characteristics											
Family Structure											
Single-parent household	1,376,979	61	432,532	19	342,711	15	210,820	9	1,649,338	73	(2.5)
Two-parent household	2,232,796	59	1,022,827	27	246,109	7	411,970	11	2,786,604	74	(2.2)
No parents in household	245,558	63	74,289	19	62,557	16	6,688	2	263,061	68	(4.9)
Family Income											
Less than 50% FPL	688,303	62	299,040	27	268,947	24	35,038	3	826,989	75	(3.8)
50-100% FPL	1,265,554	65	497,365	26	241,962	12	265,863	14	1,496,907	77	(2.6)
100-150% FPL	1,322,484	63	512,626	24	73,120	3	148,726	7	158,877	76	(2.8)
150-200% FPL	578,992	46	220,617	18	67,348	5	179,851	14	776,230	62	(3.8)

Source: Urban Institute calculations from the 1997 National Survey of America's Families (NSAF).
Note: Insurance coverage is measured at the time of the survey.
A. Represents children in families in which at least one child received benefits from the School Lunch Program in 1996.
B. Represents children in families in which at least one child received benefits from the WIC program in 1996.
C. Represents children in families that were receiving Food Stamp benefits at the time the NSAF was administered in 1997.
D. Represents children in families in which at least one person received Unemployment Compensation in 1996.
E. Standard error. f. Represents status of child's primary caregiver.

Table 9:
Low-Income Uninsured Children in Families Enrolled in Public Programs, 1996-97

	School Lunch Program[a]		WIC[b]		Food Stamps[c]		Unemployment Compensation[d]		Any of These Four Programs		
	(No.)	(%)	(No.)	(%)	(No.)	(%)	(No.)	(%)	(No.)	(%)	(S.E.)[e]
Geographic Location											
Region											
Northeast	365,972	51	130.622	18	66,737	9	80,500	11	460,227	64	(4.1)
Midwest	595,897	60	251,603	25	78,867	8	112,762	11	734,029	74	(4.3)
Midwest	595,897	60	251,603	25	78,867	8	112,762	11	734,029	74	(4.3)
South	1,705,665	61	560,906	20	336,514	12	185,737	7	2,065,097	73	(2.2)
West	1,187,800	63	586,517	31	169,258	9	250,480	13	1,439,650	76	(3.0)
State											
Alabama	82,473	66	19,597	16	40,069	32	9,410	7	98,757	79	(4.4)
California	700,323	66	314,980	30	92,151	9	115,318	11	854,048	81	(3.3)
Colorado	53,083	51	14,650	14	9,235	9	4,938	5	64,400	62	(4.2)
Florida	248,409	53	128,574	28	38,531	8	14,847	3	317,709	68	(3.8)
Massachusetts	26,980	46	10,319	18	6,371	11	4,950	8	35,531	61	(7.7)
Michigan	58,910	56	13,329	13	8,337	8	17,428	17	77,356	74	(5.8)
Minnesota	24,786	54	12,170	26	1,412	3	5,584	10	33,091	72	(7.2)
Mississippi	85,077	67	28,723	23	37,214	29	12,025	9	100,324	79	(3.4)
New Jersey	65,136	57	12,791	11	10,663	9	13,998	12	79,603	69	(4.4)
New York	194,224	57	63,585	19	34,624	10	37,891	11	239,765	70	(3.4)
Texas	589,108	64	204,591	22	115,480	13	51,982	6	682,203	74	(2.8)
Washington	24,252	39	16,727	27	6,354	10	10,963	17	38,756	62	(4.1)
Wisconsin	35,203	55	10,135	16	3,284	5	10,478	16	41,634	65	(3.6)

Source: Urban Institute calculations from the 1997 National Survey of America's Families (NSAF).
Note: Insurance coverage is measured at the time of the survey.
A. Represents children in families in which at least one child received benefits from the School Lunch Program in 1996.
B. Represents children in families in which at least one child received benefits from the WIC program in 1996.
C. Represents children in families that were receiving Food Stamp benefits at the time the NSAF was administered in 1997.
D. Represents children in families in which at least one person received Unemployment Compensation in 1996.
E. Standard error. f. Represents status of child's primary caregiver.

The purpose of presenting this data is not to establish an exact number for the proportion of households that would be categorically eligible for the federal telecommunications Lifeline program because of their participation in the programs designated by the FCC. Still, the various studies are remarkably consistent in their findings. The conclusion that can be drawn from this data is that a substantial number of households (that might range from 20% to 40% of those eligible) will have income identical to those households categorically eligible but will not be able to participate in the Lifeline program because of the limitation of income eligibility to 135% of the Federal Poverty Level.

SECTION 6

Increasing Lifeline income eligibility guidelines to 150% of the Federal Poverty Level is necessary to ensure that Lifeline assistance will not miss important vulnerable low-income constituencies that need Lifeline assistance.

Setting the Lifeline income eligibility guidelines at 135% of the Federal Poverty Level means that Lifeline assistance will not be available to low-income constituencies to whom it is important to deliver affordable telecommunications service. Two populations in particular have been considered in these comments:

- The working poor; and
- The aged on Social Security income.[16]

THE WORKING POOR

Increasing income eligibility guidelines from 135% to 150% of the Federal Poverty Level will encompass a sizable portion of the working poor. The working poor frequently have incomes that fall between 135% and 150% of the FPL and would thus be ineligible for Lifeline assistance even though, as discussed in more detail above, these households lack sufficient income to have affordable telephone service.

Consider work by the Urban Institute based on the National Survey of American Families (NSAF). The Urban Institute reports that:

> . . .the average working poor family's income is 39 percent above the federal poverty line. For a single parent with one child, this implies an average income of $15,600; for a two-parent family with two children, it implies an average income of $23,000. Working poor families in California have the lowest average incomes (124 percent of the poverty

[16] These comments consider those aged persons who rely on Social Security as their exclusive or primary source of income.

> line) and those in Minnesota have the highest (149 percent of the poverty line).[17]

What this statement says, in other words, is that the average income for a working poor family nationwide places this family at 139% of the Federal Poverty Level, with the state-specific averages for the thirteen NSAF study states ranging from a low of 124% of FPL to a high of 149%.[18]

Table 10 presents the state-specific results from the National Survey of America's Families. Table 10 shows that, in addition to the average working poor family's income nationwide falling between 135% and 150% of the FPL, the average working family income in nine of the 13 NSAF states falls between 135% and 150% of the FPL. Finally, Table 10 shows the same result for the "balance of the nation" (outside of the 13 specific states) (with an average income for the working poor of 144% of FPL).

Table 10: Income Relative to the Poverty Line for the Working Poor* by NSAF State, 1996

	All Working Poor	Between 135% & 150% FPL?
US Total	1.39	Yes
Alabama	1.34	
California	1.24	
Colorado	1.40	Yes
Florida	1.36	Yes
Massachusetts	1.45	Yes
Michigan	1.44	Yes
Minnesota	1.49	Yes
Mississippi	1.32	
New Jersey	1.41	Yes
New York	1.39	Yes
Texas	1.32	
Washington	1.41	Yes
Wisconsin	1.45	Yes
Balance of Nation	1.44	Yes

*Working poor are defined as persons living in a family with annual income less than 200% of the federal poverty line and where the average annual hours of work per adult is greater than 1,000 hours.

Source: Urban Institute tabulations from the 1997 National Survey of America's Families as published in: Gregory Acs, et al. (May 2000). *Playing by the Rules but Losing the Game: America's Working Poor*, at Table 3, Urban Institute: Washington D.C.

[17] Gregory Acs, et al. (May 2000). ***Playing by the Rules but Losing the Game: America's Working Poor***, Urban Institute: Washington D.C.

[18] As discussed in more detail elsewhere, the NSAF collects sufficiently detailed survey data to provide state-specific information for 13 states. Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin. According to the Urban Institute, "Together, these states are home to more than half the nation's population and represent a broad range of fiscal capacity, child well-being, and approaches to government programs." The survey allows for national analysis to be performed. It allows for an analysis of data for the aggregate of the country outside the thirteen study states as well. http://anfdata.urban.org/nsaf/ (August 2004).

It is particularly important for the working poor to have access to affordable telephone service. Working poor households tend to be hourly wage employees without paid leave. It is, therefore, critical for these households to be able to contact (and be contacted by) their employers. Moreover, working poor households frequently lack the resources to obtain adequate childcare to cover all of their working hours. Having telephone service is thus critical to help these households fulfill their family care responsibilities.

THE AGED RECEIVING SOCIAL SECURITY

Aging households receiving Social Security benefits as a primary source of income will be another population that will receive substantive benefits by increasing the income eligibility standard for the federal telecommunications Lifeline program from 135% to 150% of the Federal Poverty Level. The Social Security Administration (SSA) publishes a biannual report on the income of the population age 55 or older.[19] The SSA reports the total money income of aged units by Social Security beneficiary status, combined with a number of demographic data.

Table 11 shows that many Social Security recipients will have income between 135% and 150% of the Federal Poverty Level. Since this report presents income for the year 2000, that income is compared to the Federal Poverty Level for the year 2000. In 2000, 135% of the FPL for a one-person household would have been $11,273. In contrast, 150% of the FPL for a one-person household in 2000 would have been $12,525.

Table 11: Total Money Income of Aged Units
by Social Security Beneficiary Status, Age, Marital Status and Sex of Nonmarried Persons

	Nonmarried Persons/Social Security Beneficiaries								
Income	Total			Men			Women		
	55-61	62-64	65 or older	55-61	62-64	65 or older	55-61	62-64	65 or older
Median Income	$9,713	$12,983	$13,155	$10,877	$14,206	$15,978	$9,382	$12,710	$12,504

SOURCE: Social Security Administration (February 2002). Income of the Population Age 55 or Older, 2000, at page 46, Table 3.2, Social Security Administration: Washington D.C.

As can be seen from Table 11, the median incomes (meaning that incomes for half of the recipients were greater and incomes for the other half were lower than that presented) of nonmarried Social Security beneficiaries cluster around the 135% to 150% of FPL range. The "total money income" of unmarried women who are Social Security beneficiaries is somewhat lower than that of men. Nonetheless, Table 11 shows that nonmarried Social Security recipients will frequently have total money income that place them precisely within the 135% to 150% of FPL range.[20]

[19] While this is a biannual report, the most recent report available is the 2000 report, released in February 2002.

[20] In contrast, the median total money income figures for married couples receiving Social Security benefits are as follows: (1) Age 55 – 61: $33,289; (2) Age 62 – 64: $40,323; and (3) Age 65 or older: $31,298. Unlike the nonmarried Social Security recipient, the Social Security recipients consisting of married

Table 12 presents data that further confirms this conclusion. Table 12 presents the income ranges most closely approximating the relevant income, given an income of between $11,273 (135% FPL) and $12,575 (150% FPL) for a 1-person household. Table 12 shows that:[21]

- 14.5% of unmarried men aged 62 – 64 who are Social Security recipients fall into this income range, while 11.9% of unmarried women do.

- 7.6% of unmarried men aged 65 or older who are Social Security recipients fall into this income range, while 11.6% of unmarried women do.

Moreover, the numbers are not small in absolute terms. More than 260,000 unmarried men age 65 or older who receive Social Security benefits fall into the income bracket bounded by 135% and 150% of the FPL. More than 1.1 million unmarried women age 65 or older do.

Table 12: Total Money Income of Aged Units
by Social Security Beneficiary Status, Age, Marital Status and Sex of Nonmarried Persons

		Nonmarried Persons/Social Security Beneficiaries								
Income		Total Nonmarried			Nonmarried Men			Nonmarried Women		
		55-61	62-64	65 or older	55-61	62-64	65 or older	55-61	62-64	65 or older
%	$11,000 - $11,999	4.2%	7.2%	5.9%	2.4%	8.0%	4.1%	5.0%	6.9%	6.4%
%	$12,000 - $12,999	7.5%	5.5%	4.8%	12.5%	6.5%	3.5%	5.3%	5.0%	5.2%
Number (000s)	Total by Age	792	992	13,378	243	311	3,473	549	681	9,905
Number (000s)	$11,000 - $11,999	33	71	789	6	25	142	27	47	634
Number (000s)	$12,000 - $12,999	59	55	642	30	20	122	29	34	515
Number (000s)	Total	93	126	1,431	36	45	264	57	81	1,149

SOURCE:

Social Security Administration (February 2002). Income of the Population Age 55 or Older, 2000, at page 47, Table 3.2, Social Security Administration: Washington D.C.

It is particularly important for the aging person who lives in a single person household to have access to affordable telephone service. Telephone service not only promotes important social goals for the one-person aging household, but serves important health and safety functions as well.

In addition, as measured by the penetration rate of telephone service in the home, aging households value telephone service more highly than do younger households. Data from the FCC's most recent *Telephone Subscribership* report indicate that telephone

couples will not generally benefit from the increase in Lifeline income eligibility from 135% to 150% of FPL.

[21] This analysis assumes that unmarried men and women in these age brackets live in 1-person households.

penetration rates by age are highest for households headed by a person over age 70.[22] Table 13 shows that telephone penetration increases along with age. This has been true over time; it is not a recent phenomenon.

Table 13: Percentage of Households with a Telephone by Householder's Age

	March 2004		2003 Annual		2002 Annual		2001 Annual	
	Unit	Available	Unit	Available	Unit	Available	Unit	Available
Total HHs	94.2%	95.1%	95.1%	96.0%	95.3%	96.2%	94.9%	95.0%
16-24 yrs old	87.0%	89.6%	87.9%	90.4%	88.5%	91.0%	88.8%	91.0%
25-54 yrs old	93.9%	94.8%	94.8%	95.7%	95.0%	95.9%	94.7%	95.6%
55-59 yrs old	95.0%	95.5%	96.8%	97.3%	96.8%	97.4%	96.4%	96.9%
60-64 yrs old	96.0%	96.4%	96.8%	97.3%	96.9%	97.4%	96.2%	96.6%
65-69 yrs old	95.5%	96.2%	97.0%	97.4%	97.5%	97.8%	96.4%	96.8%
70-99 yrs old	96.6%	97.0%	97.1%	97.5%	97.2%	97.6%	96.3%	96.8%

SOURCE: FCC (August 13, 2004). Telephone Subscribership in the United States (data through March 2004), at Table 6.

With older Americans in particular, Lifeline serves the critical function of helping to preserve service (along with helping households to initiate service in the first place). As recognized by the FCC's 1997 definition of "affordability," the lack of affordable telephone service will have different impacts on different households. Some households will fail to obtain telephone service. For these households, the Lifeline program will help them initiate a service they would otherwise lack altogether.

Other households may initiate telephone service even though the service is not "affordable" in "relative" terms as that term is defined by the FCC. Some of these households will be forced to give up some other household necessity in order to maintain telephone service. Others of these households will face continuing payment troubles with their service. Others will maintain service for some period of time, before disconnecting from the system. Others will cycle on and off the system, depending on the exigencies which they face at any particular moment.[23] Extending Lifeline to these households serves an important public purpose even if that purpose is not to assist these households in subscribing to service they would not otherwise have.

[22] Federal Communications Commission (August 13, 2004). *Telephone Subscribership in the U.S. (data through March 2004)*, at Table 6, Federal Communications Commission: Washington D.C.

[23] While a similar study has not been performed for unaffordable telephone service, we know that these impacts arise attributable to unaffordable home *energy* service. These various impacts were documented in the Congressionally-funded 2004 National Energy Assistance (NEA) survey performed for the National Energy Assistance Directors Association (NEADA). Apprise, Inc. (April 2004). ***National Energy Assistance Survey Report***, National Energy Assistance Directors Association: Washington D.C.

SECTION 7

The FCC should clarify and, if necessary, modify its definition of "income" to exclude Food Stamps and LIHEAP benefits and other non-cash benefits.

The FCC should clarify its definition of "income" to ensure that public benefits that, by statute, are not to be considered "income or resources" for other programs are excluded from the FCC definition as well. The FCC's new regulatory definition of "income" for Lifeline and Link-up purposes (54.400(f), eff. July 22, 2004) says income is:

> all income actually received by all members of the household. This includes salary before deduction for taxes, public assistance benefits, social security payments, pensions, unemployment compensation, veteran's benefits, inheritances, alimony, child support payments, worker's compensation benefits, gifts, lottery winnings, and the like. The only exceptions are student financial aid, military housing and cost-of-living allowances, irregular income from occasional small jobs such as baby-sitting or lawn mowing, and the like.

This inclusion of "public assistance benefits" in this definition of "income" might erroneously be construed to include both Food Stamp benefits and benefits provided pursuant to the Low-Income Home Energy Assistance Program (LIHEAP). Such inclusion would be contrary to statute.

The federal Food Stamp statute, 7 *U.S.C.* Section 2017(b) (1995), provides that:

> The value of benefits that may be provided under this chapter, whether through coupons, access devices, or otherwise, *shall not be considered income or resources for any purpose under any Federal, State or local laws*, including but not limited to, laws relating to taxation, welfare, and public assistance programs, and *no participating State or political subdivision thereof shall decrease any assistance otherwise provided an individual or individuals because of the receipt of benefits under this Chapter*.

(emphasis added). Two different aspects exist to this statutory limit on how food stamps may be considered:

1. The value of benefits. . .shall not be considered income or resources. . .for any purpose under any. . .State. . .laws. . .

2. . . .no participating State. . .shall decrease any assistance otherwise provided an individual. . .because of the receipt of benefits under this Chapter.

The federal LIHEAP statute has a similar provision, which states:

> Payments or assistance not to be deemed income or resources for any purpose under Federal or State law; determination of excess shelter expense deduction. . .**(1)** Notwithstanding any other provision of law unless enacted in express limitation of this paragraph, the amount of any home energy assistance payments or allowances provided directly to, or indirectly for the benefit of, an eligible household under this subchapter shall not be considered income or resources of such household (or any member thereof) for any purpose under any Federal or State law, including any law relating to taxation, food stamps, public assistance, or welfare programs.

(42 U.S.C. §8624(f)(1) (2004)). The FCC's Lifeline program would, of course, be considered a "public assistance" program provided "under. . .Federal. . .law."

It is not objectionable to consider public assistance benefits such as Supplemental Security Income (SSI), TANF or other cash benefits as "income" pursuant to the Lifeline program. Program benefits, however, such as housing assistance, pharmaceutical assistance, health insurance, and similar non-cash benefits do not provide "income" to the household, but rather provide discounts on goods and services. These non-cash benefits, which represent discounts, should not be considered "income" for Lifeline purposes.

As discounts, these non-cash benefits are generally recognized as being extremely difficult to quantify for purposes of including their value as "income" to the recipient. Whether it is a discount on housing, a discount on pharmaceuticals, or a discount on some other goods or services, the process of calculating a value for the discount would entail the need to calculate what the benefit recipient *would have paid* absent the discount in order to calculate the baseline against which the discount is applied. The "income" would thus be the difference between the baseline and the discounted amount.

CONCLUSION

Based on the information and analysis presented above, I reach the following conclusions. Households living with incomes between 135% and 150% of the Federal Poverty Level lack sufficient resources to obtain affordable telephone service without Lifeline telephone assistance. Some households in this income bracket will go without telephone service altogether, while others will suffer significant deprivation of other household necessities in order to have telephone service. Indeed, I conclude that households with incomes at 150% of the Federal Poverty Level do not have significantly more total net resources than do households with incomes at 135% of the FPL.

I conclude further that increasing Lifeline income eligibility guidelines to 150% of the Federal Poverty Level is necessary to ensure that households who have the same incomes, but who live in different states, will have equal access to Lifeline whether or not they participate in the LIHEAP and/or Food Stamp programs. Even for households living within the same state, I find that increasing Lifeline income eligibility guidelines to 150% of the Federal Poverty Level is necessary to ensure that low-income households have equal access to Lifeline whether or not they participate in categorical eligibility programs.

Finally, I conclude that increasing Lifeline income eligibility guidelines from 135% to 150% of the Federal Poverty Level is necessary to avoid missing important vulnerable low-income constituencies. Working poor households and aging households, in particular, are vulnerable households that would be “missed” by an income eligibility guideline of 135% of the Federal Poverty Level but would be eligible for Lifeline assistance with a 150% of FPL income eligibility guideline.