

THE FASTEST GROWING WELFARE PROGRAM

A legislative column by state Senator Mary Lazich (R-New Berlin)

Have any idea what it could be?

The answer comes in a FOXNews.com article that stunningly reports, "If you own a phone, you're paying for the fastest growing welfare program in the U.S.: free cell phones for low-income Americans."

Residents in twenty states including Wisconsin that qualify receive discounts on monthly cell phone. One provider, SafeLink Wireless offers free cellular service, a free cell phone and a promise published on its website that "you will get no bills and no contracts EVER!" The company plans to expand in 29 other states.

Telephone owners pay a tax that goes to the Universal Service Fund (USF) that is used to provide free cell phones to low-income Americans. The cell phone giveaway is extremely costly. According to the Heritage Foundation that examined figures from the Federal Communications Commission, the USF is expected to exceed \$1 billion this year.

Free cell phones for low-income individuals? This is the kind of horror story that led to major welfare reform in Wisconsin under Governor Tommy Thompson.

Before your blood comes to a boil, the Legislative Fiscal Bureau (LFB) informs that state dollars are not being appropriated to the USF to provide free or discounted cell phones.

That is the simple explanation. There is, however, more to the story. Follow along carefully.

According to the General Accounting Office (GAO) in Washington D.C. there are federal USF and state USF programs. Federal USF programs are funded by mandatory contributions made by telecommunications carriers. The amount of the carriers' contributions is a percentage, approved by the FCC, of their interstate and international telecommunications revenues. State USF programs supplement the federal programs. Both federal and state programs can also be funded with fees that are invariably passed on to consumers.

Programs provide telephone service to schools, libraries, rural health care providers and low-income individuals.

The free cell phones can be included in both federal and state USF programs. For the federal and state USF programs, the state of Wisconsin currently certifies eligible individuals and the Wisconsin Public Service Commission (PSC) has certified TracFone as the provider of free cell phones for the federal USF program. Again, state tax dollars are not used to provide free cell phones.

Individuals that qualify for state or federal welfare such as food stamps or Medicaid, and have an income at or below 135% of the poverty level, are eligible.

Generally, the recipient of a free cell phone is allowed a range of 60-68 minutes per month. The consumer pays any cost beyond the allowable minutes. The number of free minutes permitted in Wisconsin is 64 per month.

The number of Wisconsinites receiving free cell phones is unknown because currently the administration of the program is coming from the federal government.

According to LFB, the 2009-2011 state budget extended USF assessments to cell phone providers. Could a cell phone provider in the future make a request to PSC for state involvement in a free cell phone program for income eligible recipients? So far, it has yet to happen. However, if a provider does come forward with such a request, it opens a huge can of worms including a great potential for fraud.

FOXNews.com reports, "The program is supposed to be 'self-verifying' -- that is, as long as a person claims they qualify for the subsidy, no government agency is auditing or enforcing the subscriber rolls."

Robert Rector of the Heritage Foundation told FoxNews.com, "One major problem with this type of program is that it doesn't create any incentive for additional work or for moving toward self sufficiency."

One of the providers of the cell phones goes so far as to claim that "cell phone ownership is a right." I disagree.

Instead I concur with the Heritage Foundation that writes, "This is just another example of the ever-expanding welfare state and the increasing entitlement mentality. At the very least, policymakers should require greater monitoring of the program to prevent misuse. Furthermore, if the purpose of the cell phones is truly to give lower-income people more access to potential employers, participants should be required to account for their job search activities. A welfare program that does not require personal responsibility will only encourage dependency and diminish human dignity."

If you have comments on this or any other issue, please contact me at Sen.Lazich@legis.wisconsin.gov, www.SenatorLazich.com, Senator Mary Lazich, State Capitol, P.O. Box 7882 Madison, WI 53707 or 1-800-334-1442.