

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of)	
)	
Lifeline and Link Up Reform and Modernization)	WC Docket No. 11-42
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Lifeline and Link Up)	WC Docket No. 03-109

**REPLY COMMENTS OF
ADVOCATES FOR BASIC LEGAL EQUALITY, INC.
COMMUNITY VOICE MAIL NATIONAL OFFICE
LEGAL SERVICES ADVOCACY PROJECT
LOW INCOME UTILITY ADVOCACY PROJECT
NATIONAL CENTER FOR MEDICAL-LEGAL PARTNERSHIP
THE NATIONAL CONSUMER LAW CENTER, ON BEHALF OF OUR LOW-INCOME
CLIENTS
OHIO POVERTY LAW CENTER
OPEN ACCESS CONNECTIONS
PENNSYLVANIA UTILITY LAW PROJECT
PRO SENIORS
SALT LAKE COMMUNITY ACTION PROGRAM
TEXAS LEGAL SERVICES CENTER
("CONSUMER GROUPS")**

**IN RESPONSE TO THE NOTICE OF PROPOSED RULEMAKING ON THE LIFELINE
AND LINK UP REFORM AND MODERNIZATION**

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May 25, 2011

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I. Introduction

The Consumer Groups represent low-income consumer groups and individuals who use the Lifeline and Link Up program.¹ We respectfully submit these reply comments on selected

¹ Consumer Groups listed above filed opening comments on April 21, 2001 and descriptions of our organizations appear on pages 3-5.

sections² of the Commission’s March 4, 2011, Notice of Proposed Rulemaking on the Lifeline and Link Up Reform and Modernization (“NPRM”).

Access to affordable, quality telecommunications service is essential for finding work, finding affordable housing, accessing health care and emergency services, staying connected to family, community and schools, and being an engaged member of society. Consumer Groups have included in the record statements about the value of Lifeline to low-income consumers and to those who provide services to this community.³ In tough economic times, the need for Lifeline grows. We are living through such a period. USAC estimates that in 2010, 29.3 million households qualified for Lifeline support (a 14% increase from 2009).⁴ Consumer Groups will focus these reply comments on the performance goals, the proposal to cap the Lifeline fund, uniform eligibility criteria, coordinated enrollment, outreach and marketing, minimum service requirements, bundled service, and expansion of Lifeline into Broadband.

II. THE “SUFFICIENCY” PERFORMANCE GOAL PROVIDES A DISTORTED MEASUREMENT OF THE LIFELINE PROGRAM

Few commenters actually discussed in any depth the merits of the proposed performance goals. However, NASUCA and Budget PrePay did note the same flaw that Consumer Groups had identified with the third performance goal. This “sufficiency” performance goal is intended to measure whether the Commission’s policies “provide Lifeline/Link Up support that is sufficient but not excessive to achieve our goals.”⁵

As Consumer Groups had noted in their Opening Comments, “the proposed measures focus on ways to measure ‘excessive’ spending, but none to measure ‘sufficiency’ of support.”⁶ NASUC also saw the same flaw and was “puzzled that the FCC is seeking a measurement that would basically be used as a reason to cap low income support . . .”⁷ NASUCA commented that, “[t]he low participation rates in the Lifeline program by low income citizens constitutes

² The Commission set out two deadlines for reply comments. Replies on Sections IV, V (Subsection A), VII (Subsection B & D) which were due on May 10, 2011. The reply comments on the remaining sections are due on May 25, 2011.

³ See Appendix A.

⁴ See USAC, *Low Income Support Mechanism Beneficiary 2010 Lifeline Participation Rate Study*.

⁵ See NPRM ¶¶ 37-41.

⁶ See Consumer Groups Comments at 15.

⁷ See NASUCA Comments at 6.

solid proof that we still have a long way to go. . .”⁸ NASUCA proposes that the FCC also track the percentage of Lifeline subscribers versus the number of Lifeline-eligible households.⁹ Budget PrePay was also very direct in its criticism of the proposed “sufficiency” performance measure and stated that the Commission “should not measure performance based solely on costs of the program in relation to an arbitrary support cap while ignoring the broader economic and social benefits made possible by ubiquitous service availability.”¹⁰

III. THE VAST MAJORITY OF THE COMMENTS OPPOSED CAPPING THE LOW INCOME FUND

The overwhelming majority of comments from states, to public interest organizations to the array of providers, opposed capping the Low Income Fund.¹¹ The concerns raised include: the Lifeline and Link Up programs provide “tangible, measurable benefits to consumers throughout the country” and a cap is premature.¹² Nebraska PSC raised concerns that a cap would have “disastrous results” and that the most appropriate way to address concerns about growth is through measures to eliminate waste, fraud and abuse.¹³ Some commenters like the Ohio staff of the PUCa noted the administrative difficulties in administering a cap and that a cap would create inequities among eligible subscribers.¹⁴ Others raised the concern that a cap would lead to rationing of Lifeline benefits.¹⁵ NASUCA states that it “knows of no rational process that the FCC can adopt to place a cap on Lifeline funding without harming low-income consumers”¹⁶ and Consumer Groups concur.

A good number of commenters noted the distinction between the Low Income program and the High Cost Fund and that while a cap on the High Cost Fund was justifiable, it is not

⁸ *Id* at 7.

⁹ *Id* at 7.

¹⁰ *See* Budget PrePay comments at 5.

¹¹ *See e.g.*, NJ Division of Rate Counsel at 18-19; Nebraska PSC at 10; NY PSC at 3-4; MO PSC at 12; Ohio Staff of PUCO at 13-14; Leadership Conference on Civil and Human Rights at 3; AARP at 4-5, MAG-Net at 22; Open Access et al at 3; Ne America Foundation at 6-8; NATOA at 3; Minority Media Counsel at 1; TracFone at 26, CTIA at 24, Nexus at 9-12; Cox at 8-9; GCI at 44-45; AT&T at 32; COMPTTEL at 17-18; USTA at 20-21; YourTel at 11; Cricket at 13-15; TracFone at 24-27; Consumer Cellular at 18-19; Nexus at 9-10; Century Link at 15-16; SprintNextel at 13-14; Budget PrePay at 3-4; NALC/PCA at 6; Conexions at 9; NCTA at 3, 5-6).

¹² *See e.g.*, NJ Division of Rate Counsel at 18-19; Leadership Conference on Civil and Human Rights at 9; Benton at 3; AARP at 4-5; AT&T at 32.

¹³ *See* Nebraska PSC at 9-10. *See also*, COMPTTEL at 17 (Commission should first focus on proposal to eliminate fraud, waste and abuse)

¹⁴ *See* Staff PUCO at 14. *See also* Nebraska PSC at 10 (a cap would be difficult to fairly administer)

¹⁵ *See* Sprint Nextel at 14.

¹⁶ *See* NASUCA at 20.

appropriate for the Lifeline and Link Up programs. The key distinction between Lifeline and the High Cost Fund is that Lifeline provides a *direct and measureable benefit to low-income consumers* in every state.¹⁷ NASUCA aptly points out:

The high-cost fund and the Lifeline program are entirely different programs that are aimed at different mandates embodied in the Act. CETC support from the high-cost fund was capped in order to provide time to deal with reform of a system that is “broken” and that often directs public funding to the wrong places at the wrong time and to the wrong people. Thus the cap was needed, to save the fund from excess. The low-income fund, conversely, is “threatened” because it finally has become successful in providing communications services to low-income Americans that they need and prefer.”¹⁸

In light of the Commissions concern about the cost of the universal service fund that appears on consumer bills, several commenters pointed out the funding disparities between the High Cost Fund and the Low Income program and reach the same conclusion: don’t cap the Lifeline program in particular, rather control the size of the entire Universal Service Fund and direct savings from the High Cost Fund Reform to Lifeline and the Broadband pilots.¹⁹ Your Tel also raises a key, unaddressed part of the equation: exploring expansion of the Universal Service Fund contribution base before starting with a proposal to cap the program in response to growth in the Lifeline fund.²⁰

The handful of comments that supported capping the fund did not sufficiently address how to administer the cap in an equitable manner. The Mississippi PSC supports the cap, but proposes a formula to protect Lifeline availability in Mississippi.²¹ The Mississippi PSC also ended its discussion of a cap with the recommendation that the Commission not take action on deployment of a cap if low income persons will be deprived of needed support.²² The Indiana URC is

¹⁷ See e.g., CTIA comments at 24 (“the Lifeline program is focused on delivering benefits to end user consumers (rather than, for example, carriers participating in the high cost support mechanisms”); Nexus at 11 (“The Low Income program is not based on the same inefficient model, and already provides direct and explicit subsidies to end users in an efficient and economically rational way.”); TracFone at 26 (comparison to HCF ignores a fundamental distinction – capping Lifeline will turn away eligible Lifeline consumers while capping the HCF affects the amount of support to an ETC and will not result in eligible households being turned away).

¹⁸ See NASUCA comments at 19.

¹⁹ See e.g., NY PSC Comments at 3-4; Cox comments at 8-9; New America Foundation Comments at 7-8; Leadership Conference on Civil and Human Rights at 9-10; Benton comments at 9-10.

²⁰ See YourTel comments at 11.

²¹ See MS PSC comments at 6-7.

²² *Id* at 7.

supportive of a cap, but not for states like Indiana with a low participation rate.²³ The Michigan PSC takes a harsh approach of prioritizing existing customers and then rationing Lifeline on a first come, first served bases.²⁴ What the Michigan PSC fails to propose is how this churn in the Lifeline participants can be administered efficiently and equitably. For example, would states that have extremely low participation rates be frozen at the current level of funding? For an individual Lifeline participant who moves or tries to change ETCs and is inadvertently dropped from the program, does that person then fall to the back of the line? Florida’s PSC is supportive of a cap while reforms are being put into place, but doesn’t address measures to implement a cap or mitigate the harm to low-income Lifeline eligible consumers.²⁵

Verizon supports the cap, based on a flawed argument that the phone penetration rate is high enough: “With telephone subscribership at approximately 96%, virtually everyone who wants phone service – regardless of income is now connected.”²⁶ This average hides the decreasing percent of phone subscribership as incomes decrease, Verizon callously fails to address the distinction between access and affordability. As the NPRM discussion of the second performance goal proposal observes, “We have concluded in the past that the concept of affordability has both an absolute and a relative component. The absolute component takes into account whether an individual has enough money to pay for service, and the relative component takes into account whether the cost of a service would require a consumer to spend a disproportionate amount of his or her income on that service.”²⁷ One of the central purposes for Lifeline is to ensure low-income consumers can access supported services at just, reasonable and *affordable* rates.²⁸ Finally, the volume of comments in this proceeding on the one-per-residential address rule also points to the inability of some of the most vulnerable households to access Lifeline phone service.²⁹

IV. THERE IS STRONG AND BROAD SUPPORT FOR UNIFORM ELIGIBILITY CRITERIA

²³ See Indiana URC at 8-10.

²⁴ See MI PSC Comments at 6.

²⁵ See FL PSC at 19.

²⁶ See Verizon at 13-14.

²⁷ See NPRM at ¶36.

²⁸ See 47 U.S.C. § 254(b)(1)(emphasis added).

²⁹ See e.g., NASUCA at 17-19, Benton *et al* at 4, Leadership Conference on Civil and Human Rights at 8, AARP at 6, MAG-Net at 16-19, Open Access Connections *et al* at 6, Alaska Telephone Association at 2-3, Consumer Cellular at 17-18, Smith Bagley, Inc. at 10-14, Sprint Nextel at 11-13, TracFone at 13-14, Leap/Cricket at 8-9, YourTel at 2-3, National Association of Telecommunication Officers and Advisors at 3; AT&T at 15-19; General Communications at 24, 43-44; Cox at 7; COMPTTEL at 15-16.

A broad array of commenters supported the requirement that states use the default eligibility criteria³⁰ with a handful of qualifications. The Missouri PSC supported uniform application of the default program eligibility, but not the inclusion of income eligibility because of the administrative burden.³¹ The Oregon PUC urged the Commission to provide a transition period for states to add additional programs to their Lifeline eligibility criteria and concerns about its ability to increase income eligibility.³² Some commenters noted that they currently have higher income-eligibility rules at 150% of poverty.³³ There was also strong support for increasing the eligibility level to 150% of poverty.³⁴ There was acknowledgement that 150% of poverty is still not capturing enough low-income households. MAG-Net raises the concern that low-income families earning at or below 200% of poverty would not find basic telecommunications services affordable and urges raising the income eligibility to at least 150% of poverty.³⁵ Consumer Groups concur with comments supporting uniform default eligibility and preserving each state's ability to go further. Consumer Groups also concur with MAG-Net's assessment regarding expanding the definition of low-income.

A handful of commenters supported uniform use of the default eligibility criteria, but opposed increasing the income-eligibility to 150% of poverty.³⁶ The concerns seemed to involve controlling the size of the Lifeline fund, but the rationales given to justify the refusal to increase the eligibility level were off the mark. Verizon cites to the current phone penetration rate as proof that that the program addresses affordability. We have raised our objections to this assertion above. USTA callously asserts that those above 135% of poverty do not need Lifeline as competition in the marketplace takes care of them.³⁷ We reference our discussion above regarding the difference between affordability and access. We also reference the unmet need for

³⁰ See e.g., NJ Division of Rate Counsel at 20-21; Mississippi PSC at 7; MO PSC at 13, Staff at PUCO at 15; NY PSC at 21-22; NASUCA at 21-22; Leadership Conference on Civil and Human Rights at 7; Benton at 5; Verizon at 13; COMPET at 19; USTA at 5; YourTel at 11-12; Cricket at 11; CTIA at 18-19; GCI at 45; Century Link at 16, Connexions at 8.

³¹ See MO PSC at 13.

³² See OR PUC at 2.

³³ See Staff at PUCO at 15; Michigan PSC at 7.

³⁴ See e.g., MS PSC at 7; Staff PUCO at 15; Leadership Conference on Civil and Human Rights at 7; Benton at 5; Open Access Connections et al at 4; Cox at 9; Budget PrePay at 6-7 and Connexions at 8.

³⁵ See MAG-Net at 13.

³⁶ See Verizon at 7, 13-15; USTA at 8-9; GCI at 45-46.

³⁷ See USTA at 9.

Lifeline in existing pockets of low-income households in the extensive discussions of the for one-per-residential address proposal in this proceeding.

V. SUPPORT FOR COORDINATED ENROLLMENT HIGHLIGHTS THE NEED FOR THE COMMISSION TO CREATE FINANCIAL INCENTIVES FOR STATES IF THIS TO BECOME MORE THAN AN ASPIRATIONAL GOAL

While numerous parties support coordinated enrollment and acknowledge its value,³⁸ it is also clear that without financial incentives to address the cost of developing and implementing these systems, coordinated enrollment will languish as little more than a best practice.³⁹ NASUCA sees the merits of coordinated enrollment, but finds the Commission cannot mandate this practice because state agencies are not subject to FCC regulation.⁴⁰ The Missouri PSC views a mandate for coordinated enrollment as an unfunded mandate.⁴¹ States are facing severe budget constraints, so the Commission must provide financial incentives for states to move forward. In addition to Consumer Groups, several commenters addressed the creation of IT incentives to the states.⁴²

VI. THE COMMISSION SHOULD ADOPT MANDATORY OUTREACH REQUIREMENTS AND ADDRESS DECEPTIVE ADVERTISING, UNFAIR PRACTICES AND QUESTIONABLE EXCLUSIVITY AGREEMENTS

Public interest groups support mandatory outreach requirement,⁴³ while the industry commenters tended to oppose mandatory outreach requirements.⁴⁴ However, the industry rationale for no mandatory outreach requirements exposes their failure to distinguish between advertisement of a particular company product or product line and true education and outreach about the Lifeline program. Several companies raised the millions they spend on ads as justification that the outreach and marketing rules are unnecessary.⁴⁵ The key role of state

³⁸ See Leadership Conference on Civil and Human Rights at 5-7; Benton at 5; MAG-Net at 15-16; NJ Division of Rate Counsel at 21-22; NASUCA at 24; Michigan PSC at 8, NY PSC at 10-11; MO PSC at 17; FL PSC at 27; TracFone at 35; Century Link at 20; Budget PrePay at 6.

³⁹ See e.g., NASUCA at 24; MO PSC at 17.

⁴⁰ See NASUCA at 24.

⁴¹ See MO PSC at 16-17.

⁴² See Consumer Groups at 22-23; Leadership Conference on Civil Rights at 7-10; Benton at 5.

⁴³ See e.g., Consumer Groups at 34-41; AARP at 9; Leadership Conference on Civil and Human Rights at 7.

⁴⁴ See e.g., Verizon at 15, USTA at 10, YourTel at 14-15, CTIA at 16-19, TracFone at 42, GCI at 52, SprintNextel at 14, Cox at 7-8, Cincinnati bell at 15, Conexions at 4.

⁴⁵ See e.g., YourTel at 14-15 (sent over \$6.34 million in ads for supported services); TracFone at 42 (spent \$41 million in ads)

agencies and community based organizations that provide services to low-income consumers was echoed by the array of stakeholders.⁴⁶ AARP and MAG-Net discuss the need to provide customized outreach to reach the needs of the intended audience, for example, providing materials in the appropriate language to anchor institutions in the community.⁴⁷ Yet at the same time there is an underlying concern about who will pay for the costs of robust outreach and education. Verizon puts the duty on state agencies to conduct outreach.⁴⁸ The Leadership Conference on Civil and Human Rights holds up the SNAP provision of financial incentives and penalties as a model for Lifeline outreach.⁴⁹

The comments also surfaced some troubling practices that the Commission should promptly address through clear rules. The Missouri PSC raises deceptive advertising practices such as a failure to reveal the name of the company behind the ad in print and web materials as well as misleading ads where the primary message is “Free phone service.”⁵⁰ Staff at PUCO have raised anti-competitive exclusive-dealing arrangements between a wireless ETC and a community-based organization (CBO) that requires the CBO to only promote the wireless ETC’s Lifeline product.⁵¹ This raises the serious concern about the ability of outreach groups to provide information on the array of Lifeline options so that a consumer can better choose the appropriate service and provider. These practices also point out the danger of leaving outreach to the competitive marketplace. There is a clear role and need for Commission regulation in this area.

VII. THE COMMISSION SHOULD ADOPT MINIMUM SERVICE REQUIREMENTS FOR VOICE SERVICE

Opposition to minimum service requirements places too much reliance on the marketplace to produce quality Lifeline service offerings.⁵² As Open Access Connections et al, NASUCA and Consumer Groups have pointed out in opening comments and in the comments on the Federal-State Joint Board Recommendations,⁵³ the Commission should set minimum service standards to ensure that scarce Lifeline funds are used for products that are worth the federal benefit.

⁴⁶ See e.g., Mass DTC at 10; Leadership Conference on Civil and Human Rights at 7; Verizon at 15, USTA at 10.

⁴⁷ See AARP at 10 and MAG-Net at 16.

⁴⁸ Verizon at 15.

⁴⁹ See Leadership Conference on Civil and Human Rights at 7.

⁵⁰ See MO PSC at 19.

⁵¹ See Staff at PUCO at 22.

⁵² See e.g., TracFone at 40; Conexions at 4.

⁵³ See Consumer Groups at 41-43; Consumer Group Comment to Joint Board July 15, 2010 at 43-44; Open Access Connections et al at 6-7; NASUCA at 29.

TracFone recites how it increased its minutes from 68 to 250 due to consumer opposition that the number of minutes was too low and competition offering higher minutes, but it fails to explain why it did not offer 200 minutes to begin with.⁵⁴ How much federal Lifeline funding paid for the 67 minute product? Open Access Connections has conducted focus groups of Community Voice Mail recipients and reported their findings in this docket.⁵⁵ Lifeline customers need enough minutes each month to deal with being put on hold when setting up medical appointments or looking for housing or work.⁵⁶ Not every prepaid ETC will necessarily start out at the highest number of minutes and our concern is that, due to aggressive advertising and limited material and outreach that is objective, consumers will not have the tools they need to shop around. The minimum standards are also important to address practices such as counting minutes spent calling customer service against the prepaid minutes.

The Commission should take another look at the role of Community Voice Mail in the provision of voice service. Low-income consumers using prepaid products often rely on Community Voice Mail in conjunction with prepaid service for voice connectivity. According to a June 2010 survey conducted by Community Voice Mail, 33% of clients own a cell phone. 44% of these clients indicated that they rely on their CVM number to save their cellular minutes; they provide their CVM number widely (to potential employers, social service agencies, etc.) and only give their cell number to close friends and family who need to reach them. Cell minutes are “money” to low-income people, and CVM helps them stretch their Lifeline minutes or other paid minutes.⁵⁷

VIII. ISSUES REGARDING THE AFFORDABILITY OF BUNDLED SERVICES HIGHLIGHT THE NEED FOR THE COMMISSION TO ALSO ADOPT CONSUMER PROTECTION RULES TO PRESERVE ACCESS TO SUPPORTED SERVICES

Several commenters, in addition to Consumer Groups, also raised serious concerns about the affordability of bundled services for Lifeline consumers. Verizon notes that, “[e]xtending support to bundled services could increase the likelihood that Lifeline customers will be unable

⁵⁴ See TracFone at 40-41.

⁵⁵ See Open Access Connections at 6-7.

⁵⁶ See Appendix A (Importance of Lifeline to low-income consumers and to those that serve them).

⁵⁷ June 2010 voice survey of Community Voice Mail clients in Cleveland, Houston, Phoenix, Seattle, Akron (OH), and Tulsa. Survey conducted by the CVM National Office.

to satisfy their monthly account balances.”⁵⁸ GCI argues that ETCs must be allowed to run credit checks on applicants for bundles that include non-Lifeline components as ETCs will be relying on applicants to pay out of pocket for those components.⁵⁹ SprintNextel notes that:

Bundled service packages and more feature-rich packages, while doubtless highly attractive to some end users, are, in most cases, also more costly than an ETC’s lowest price voice offering. Unfortunately, not all Lifeline customers have sufficient financial resources to pay for these more expensive service packages, thereby exposing ETCs, which are obliged to provide Lifeline services to eligible consumers, to higher levels of bad debt. . . . Customers who are unable to pay their bills then face loss of service – the opposite result of what the Lifeline program was intended to address.⁶⁰

Staff at PUCO support allowing Lifeline to apply to bundles and while they note the risk of disconnection, they conclude the benefits outweighs risk.⁶¹ The Michigan PSC also supports allowing an ETC to offer Lifeline with all of its plans that include a voice component, including those with broadband. The Michigan PSC proposes addressing the risk of disconnection through disclosure: “Lifeline materials should explain to customers that their telephone and broadband services can be terminated for nonpayment and if reconnected, they may not be able to participate in Lifeline (provided there is a cap on funding, and funding is expended).”⁶² GCI urges the Commission to set rules on how to handle partial payments. GCI proposes that any partial payment first go to the past due charges applicable to only the Lifeline components and many not be allocated to future Lifeline charges that have not been incurred. ETCs must also be allowed to terminate service on the non-Lifeline components of the bundle due to non-payment, even if the subscriber is current in his or her payments covering the Lifeline components of the bundle. When the non-Lifeline services are terminated, the subscriber is treated as a Lifeline-only customer.⁶³ Consumer Groups agree that in the case of partial payment the payment must first be applied to the Lifeline service. Consumer Groups also point out that the ETCs should

⁵⁸ See Verizon at 16.

⁵⁹ See GCI at 52-53.

⁶⁰ See SprintNextel at 18.

⁶¹ See Staff at PUCO 27-28.

⁶² See MI PSC at 11.

⁶³ See GCI at 53.

indicate on each bill for bundled services the amount necessary to preserve basic service/voice telephony and that ETCs have a duty to disclose the consequences of partial payment.⁶⁴

IX. THE RECORD REFLECTS STRONG SUPPORT FOR EXPANSION TO BROADBAND AND THE BROADBAND PILOTS

The vast majority of comments support the expansion of Lifeline to broadband, starting first with broadband pilots.⁶⁵ However, AT&T⁶⁶ and USTA⁶⁷ propose funding low-income broadband through the appropriations process. Consumer Groups oppose this approach as it would stifle efforts for low-income broadband. Programs that are not entitlement programs are at the mercy of an annual appropriations fight for scarce discretionary funds. The Low Income Home Energy Assistance Program (LIHEAP) is an example. LIHEAP is chronically underfunded as it competes with other low-income programs in the Labor-Health-Education funding bills. The appropriations process is often late, so that at the start of the fiscal year states often do not know how much they will be receiving for energy assistance. The size of the annual LIHEAP appropriation varies from year to year which results in varying LIHEAP benefit awards from one year to the next. This is simply too much uncertainty for a new low-income broadband program.

We also note with some concern the optimistic assertions of One Economy:

“Within one to two years after low-income citizens first consume broadband, the perceived value of broadband goes up to these citizens; our studies and others have clearly demonstrated this. As that perceived value increases, so does the willingness to pay. Subsidies could decrease to persons from low-income communities over time (besides the very poor who will simply not be able to afford broadband) . . .”⁶⁸

Consumer Groups hope that Commission keeps an open mind on the needed duration of a low-income broadband subsidy and does not set a time limit on benefits at the outset. As we have discussed earlier in these reply comments, the critical distinction between ability to pay and

⁶⁴ See Consumer Groups comments at 44-45.

⁶⁵ See e.g., Mass DTC at 11, NJ Division of Rate Counsel at 25, 27; DC PSC at 7-8; Open Access Connections et al at 7; AT&T at 20, 22; GCI at 53, Cox at 10; MI PSC at 11; Indiana URP at 13; NYC at 1-4; NY PSC at 5-6; Leadership Conference on Civil and Human Rights at 9-10; Benton at 10; MAG-Net at 21, Minority Media and Telecommunications Counsel at 10; NATOA at 4; Cricket at 17, TracFone at 44-45, CTIA at 25-29, CenturyLink at 24-25; SBI at 6-7; Cox at 10, NCTA at 2,4.

⁶⁶ See AT&T at 23

⁶⁷ See USTA at 2,4

⁶⁸ See One Economy at 26.

affordability. It defeats the purpose of Lifeline to have people sacrificing other basic necessities for broadband because of a two-year benefit cut off.

X. Conclusion

These comments reflect the collective experience of our consumer organizations from throughout the country. We look forward to working with the Commission to strengthen and improve the federal Lifeline and Link Up Program.

Respectfully submitted,

on behalf of the Consumer Groups,

/s/

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The Client Perspective

Community Voice Mail: Homeless and Low-Income People Comment about Lifeline

Community Voice Mail (CVM) is a national non-profit organization that provides voice mail and information services to 44,000 low-income or homeless people in 418 North American cities. People seeking help from a network of 2,000 social service agencies can obtain a CVM number if they don't have a reliable phone number, and use it to apply for jobs or housing, to stay in touch with doctors, social workers, the VA, friends, family members and others who are trying to help them. Most CVM clients are homeless or at-risk of homelessness, are unemployed, and have little or no income. In 2010, 67% of CVM clients successfully achieved one or more of their stated goals for using the system. On average, clients use their numbers for 8 months before they are "recycled" and given to others who need them. Community Voice Mail has provided this service since 1993, and last year we processed 5.7 million phone calls for our clients.

In addition to providing a reliable voice mail number, the CVM system is also used to distribute information to clients via a "broadcast messaging" feature. In 2010, CVM clients around the country received a total of more than 1,800 messages about jobs, healthcare, community events and other important resources. In a December 2010 survey, 98% of our clients indicated they liked receiving these messages, and 60% indicated they had taken action on the information (e.g. applied for jobs, etc.). CVM has partnered with the Centers for Disease Control, AIDS.gov, the FCC and other national entities to send important messages to clients who may not have otherwise received the information. It is a unique outreach and education vehicle to effectively contact this very hard-to-reach population.

Using broadcast messaging, we can also collect information from our clients. By pressing the 4 button after listening to a message, our clients can leave us a return voice message. We routinely use this system to conduct surveys and collect comments about a range of topics. On May 20, we sent a message to CVM clients in four U.S. cities asking them to tell us their stories about accessing and using the Lifeline program in their state. Specifically, we said "we're interested in hearing your stories about applying to Lifeline and whether your application was denied, your experiences getting and using your phone, what you use it for most, and most importantly, any stories about how the Lifeline program may have helped you in your life." Because we also collect email addresses from our clients, we sent a similar query to our clients around the country via email.

Below is a sampling of the responses we received using both these communication methods. These voices tell us that Lifeline, like Community Voice Mail, is an important and beneficial program that helps people living in poverty to improve their situation through basic telecommunications. These comments describe the value and impact that Lifeline provides to very low-income people, and help to put a human face (or voice) on this government program.

The actual audio recordings of these and other voices will be made available on the Web in June 2011.

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Comments about Lifeline by Community Voice Mail Clients

I receive a reduce cost phone service through AT&T. I applied for it after I adopted my son. They told me if I had applied for it before I had had their service I would have been able to get a lower or more reduced rate. I like having the landline. I use it mostly for my sons numerous medical appointments and notices for when his medication is ready to be picked up. He uses it to contact his Maternal Grandmother who lives in New York. Due to having a reduced cost phone, I was able to purchase a special phone for him because he is hearing impaired. I do not meet the income guidelines to receive Social Security benefits for my son, medically he does qualify, so i have to purchase some of his equipment myself. Having this service frees up some of my money so that I can provide him the best quality of life. He is able to do things as an able bodied normal child!

- Tulsa CVM Client

Being unemployed right now, it is extremely important to me to have a phone so that prospective employers can easily contact me. Also, as person in recovery from substance abuse, my free phone is instrumental to my success; I can reach friends who can help me if I need help. I also use my free phone to stay in touch with my medical provider as well as my case manager. Thanks.

- Seattle CVM Client

I had the Community Voice Mail program which is wonderful but then I would have a hard time listening to my voicemails and calling people back. I never really realized how important it is to have a phone until I started job hunting and realized I didn't have a reliable phone number to give people who might want to schedule me for an interview. If I have to wait to call companies back until I can find a phone I could potentially miss out on a job opportunity. My Safelink phone has been a huge blessing to me! When I did find a job, my boss often needed to contact me by voicemail or text to give me instructions on where we should meet or to check up. I can't stress enough how invaluable this phone has been to me. On a side note. I found a job through Community Voice Mail. They routinely send voicemails announcing job fairs and I found my job through one of the job fairs they announced. Thank you, thank you thank you!

- Seattle CVM Client

The experiences that I want to share (and which the FCC needs to address) concern the difficulty of getting the phone. On two occasions in the past year, I was unable to get a Safelink phone while in, first, a long-term care facility and then a homeless shelter because of an incredibly stupid "one phone per address" limit even though persons in such facilities are really separate "households" with the same address. I finally got an Assurance Wireless phone about a month ago while still at the homeless shelter, using that address. I'm not sure if I just happened to be the first applicant to a relatively new program to use that address or if Assurance has a more reasonable policy in this area.

- Pittsburgh CVM Client

I don't have a phone, and there are pressing legal matters I have to call about immediately (long distance, nationwide); I also need the appearance of a steady life-style for employment purposes, which without a personal phone makes it hard. If I don't find a job within 20 days or so, I am sure to turn homeless as my landlord who has been severely understanding of my situation has already allowed about several months without pay until I find a job (over a half a year), which I plan to pay back as soon as I find a job.

- Pittsburgh CVM Client

I just received my phone a week ago, so have not had much opportunity to use much. It is really helpful in situations where I need to meet up w/ someone and need immediate contact as opposed to sharing emails or voicemails w/ delay. My building has only one courtesy phone on the ground floor, but approx. 80 residents. It makes it easier for me to make important calls w/out having to travel down 4 stories, only to find the phone occupied and/or someone having a loud tantrum in the community room

- Seattle CVM Client

It was many years ago, back in California, that I had a reduced cost landline for individuals who were in socioeconomic peril. Having a Lifeline (phone) increases my security therefore increases the quality of my life. I would have preferred to have a reduced cost cell phone for individuals of lower socioeconomic status, that would further increase the quality of my life as far as security goes. However, "beggars cannot be choosers" and according to Lifeline I do not qualify for services because I do not have a permanent residence. My only other option of having some form of telecommunication was the Community Voice Mail system. I use the system for finding employment or finding places to live, and for communicating with my healthcare provider. It saddens me to know that Lifeline discriminates against individuals who do not have permanent residences. These are the individuals who need a cell phone more than anybody else because they are transient and therefore their life is in danger more often. I'm sorry I did not answer your question but I feel that I needed to let you know that Lifeline does discriminate against individuals who do not have permanent residence. I can't tell you however, if I did have a cell phone that I could afford, that my quality of life would be much higher because I would feel more secure. It saddens me to think that the low-cost cell phone programs do continue to discriminate against individuals, especially those who do not have a home. Given the state of our economy, it is imperative that individuals feel secure as the economy fails, security will diminish, and the quality of life will go down. I'm sorry I do not have success story about having a reduced cost cell phone. If I had a cell phone I could afford, then that would be a success story

in itself. I do however, appreciate the services the Community Voice Mail system has provided me, and will continue using their services.

- Seattle CVM Client

I was able to find a job. The job didn't last long, unfortunately, but I couldn't have gotten it at all without a reliable local phone number.

- Seattle CVM Client

Having a phone that actually rings and enables me to make calls vs. just having voicemail which I can get with services like Google Voice makes a world of difference. Playing phone tag endlessly just does not cut it and most voicemail still requires a phone to access. I gave up on CVM and traded food for the resources to pay a prepaid monthly unlimited cellular plan. I was hungry, I lost weight, but it enabled the communication ability that is expected from potential employers and landlords, allowed rapid communication with case managers thus making case management much more effective, and it allowed me to jump on opportunities that would have been otherwise unavailable. Access to cellular Lifeline needs to be more available and California is one place it's not. If the taxpayers are going to fund subsidies for low income phone service, it should not matter how the last mile gets provisioned. What should matter is the amount of the subsidy and the need it addresses. Cellular simply addresses the need better.

- Los Angeles CVM Client

I've used Lifeline for a matter of months. I can't say which one is which because I've been in a couple of programs. Neither phone ended up working for me because the phone either died out...the battery died out. My opinion is that you need to increase the minutes more. Another thing is...these phones that you give out free are the most inexpensive phones that they have in the market. Basically they break when the water hits it...and also, it's not a great phone. But, what can you say when it's for free.

- New York City CVM Client

This is a great program for low income people who can't be able to afford phone services. They might get in contact with their loved ones or just in case something happens they can always be able to be contacted. And with the cell phone services used for emergencies if you get stranded somewhere you can call help, call 9-1-1 or road assistance and have a way that you can keep in contact with your loved ones.

- Houston CVM Client

This is one experience that went really horrendous. The people that I talked to, they weren't friendly, and when I finally did get the application 2 to 3 weeks later or more than that. I had to call twice to get an application. It was just really horrible. By the time they sent it to me to my permanent address I wasn't there anymore. Then what I hear from all the people working you've got to prove that you are this or that. I always thought the government kept a database they shows what your income level, where you live. They can find out everything else about you. They can just streamline this paperwork or whatever. I just think they need to do some things to improve it – streamline it. Because a lot of people are homeless or low income and frustrated. They don't want to go through all the questions and you know paperwork and you have to mail it back and maybe you don't have access and money to buy a stamp. Okay, thank you.

Legal Services Perspective

My name is Joseph Meissner and I am a legal aid attorney with the Legal Aid Society of Cleveland. As a legal aid attorney who has been fighting for affordable Lifeline rates since the mid-70s, I know first hand how this program helps the poor. My clients rely on Lifeline to afford their phone service. My clients do not have the upfront cash on hand to pay a big security deposit and Lifeline allows them to avoid the deposit in exchange for limiting long distance charges. This Lifeline program is absolutely essential for low and moderate income families in Ohio. It connects up my clients and the rest of the Ohio Lifeline families with the world. It insures my clients can call the police in times of emergency, break-ins, and other criminal activity. They can call for EMS and get somebody to the hospital in time to help their health and save lives. It keeps my elderly clients connected to their families and it helps my clients connect with their children's schools. This is LIFELINE.

Health Perspective

My name is Dr. Genevieve Preer; I am a pediatrician at Boston Medical Center. I am also the pediatric medical director for the Medical-Legal Partnership | Boston at Boston Medical Center.

In my practice, I see many families who depend upon Lifeline phones for communication. For my patients, many of whom are marginally housed or homeless, cell phone service provides a critically important role in keeping them connected to their medical home, the location from which all their care is coordinated. Current regulations jeopardize this tenuous link, but key changes could make a world of difference.

When Lifeline phones are subject to regulations such as those under consideration today, my patients' access to their medical provider is limited and their health may be compromised as a result. In particular, the one-phone-per-household rule and the requirement of a residential address dramatically restrict Lifeline phone access for homeless families living in shelter, as well as those living doubled-up or on the street.

Since most homeless families do not have access to a reliable alternate mode of communication, these rules unfairly deny access to Lifeline phones to the families who need them most.

Lack of access to phone service can have an immediate and deleterious impact on my patients' health. For my patients living in shelter, public housing, on the street, or doubled up, cell phones are my only way to maintain contact with them. This is critically important for my most medically complex patients who require intense coordination of care with multiple subspecialties, which necessitates frequent phone calls to arrange appointments, studies, and procedures. In the absence of a reliable mode of contact, these patients miss essential care and suffer unacceptable health repercussions.

For example, a medically complex two year old with congenital heart disease, developmental delay and failure to thrive needs phone service to enable her parents to arrange for medical transport, delivery of special formula, and communicate with the pharmacy about medications. Furthermore, I need to be able to contact her family to be able to monitor her symptoms and to ensure medications are being taken as prescribed. When I cannot reliably contact vulnerable fragile patients like this one, medications are administered incorrectly, significant symptoms are missed, and serious, avoidable complications result.

As another example, I often prescribe medications that are critically important to treat serious conditions such as pneumonia, urinary tract infection, and cellulitis, to name a few. If my patient's family is unable to contact me about side effects, how to administer the medication, or to inform me that the pharmacy has failed to fill their prescription, potentially life threatening conditions go untreated, jeopardizing my patients' health and leading to preventable emergency room visits and hospitalizations. If a five year old patient with a developing pneumonia is sent home from the emergency department with a prescription for a specialized antibiotic, but is unable to fill his prescription due to lack of insurance coverage, his family may have no way to contact my office to inform me that he has not received appropriate treatment. The next time I hear of this patient will be when he is hospitalized in our pediatric intensive care unit with severe respiratory distress due to untreated pneumonia.

I can tell you that there is no clinical scenario more frustrating or concerning than when I am not able to reach the family of a patient with ongoing medical needs. If I see a three year old in clinic who has refractory asthma and symptoms of a worsening flare, I will treat him and send him home with a plan for one of our clinical staff to call the next day to evaluate his status. If that family is homeless, there may be no other way to reach them than a cell phone.

Whenever I discharge a fragile patient with complex medical problems, I worry that if that family is without cell phone access they will be unable to contact me, nor I them, and putting that patient at risk for preventable medical complications.

Taken together, the one-phone-per-household rule and the requirement of a residential address represent double jeopardy for my patients, many of whom, as I have said, have complex medical needs that do not allow any room for error.

Homeless and marginally housed families deserve equal access to Lifeline phone service regardless of where they live.

Please consider implementing rules that define household in the commonsense terms that we all understand – as any individual or group of individuals who live together as one economic unit – rather than the notion that a shared address represents one household, and hence only deserves one Lifeline phone for all its occupants.

Further, I urge the FCC to take the practical step of allowing households living at a commercial address that is known to be a shelter or other congregate living arrangement, or is authorized as such, to receive Lifeline phones.

These two simple steps would have an immediate positive, and potentially life saving, impact on the vulnerable patients that I serve; their impact cannot be overstated.