

Elderly, poor urged to enroll in little-used phone discount plan

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WEST PALM BEACH— There are about 8 million households in Florida, and in about half a million of them, the telephone never rings.

That's because these homes contain no phone at all. The people living in them don't have cellphones or make calls over the Internet, either. They simply cannot afford the \$20 a month it costs to have a dial tone.

But this group of poor and elderly residents could have a land-line phone, and another half-million low-income households that have phone service could be paying a lot less for it.

They could do that with the help of a 10-year-old federal program called Lifeline, which provides reduced-cost phone service for people with restricted incomes. Money for the program comes out of the pocket of nearly every land-line owner in the state.

Yet the Lifeline program is markedly underused in Florida and most other states. Nationwide, only about 34 percent of eligible households are signed up.

A far smaller percentage participates in Florida. According to data collected by the Public Service Commission, only about 12.6 percent of the state's eligible households -- 145,256 of 1.15 million in 2006 -- get the break they are entitled to, which means millions of Lifeline dollars raised in Florida are flowing to other states.

"There needs to be a better system out there," said Public Counsel Harold McLean, whose office helps promote Lifeline and enrolls Floridians who make less than 135 percent of the federal income poverty level.

In October, McLean's office and AARP asked the service commission to order the state's local phone companies to work with the Department of Children and Families to automatically enroll customers in Lifeline who qualify for aid such as food stamps. The attorney general's office joined in about two weeks later.

But the idea faces challenges, including one presented by advances in telecommunications: A majority of Americans now shun land lines in favor of cellphones, a technology not addressed by Lifeline.

Still, the biggest reason for Lifeline's low enrollment might be the program itself. McLean said Lifeline makes phone companies into enemies because it does not allow them to be reimbursed

for some of the money they pay to provide the service.

"You're asking Florida companies to get in a charity that they don't want to be in," said McLean, whose office represents consumers in utility matters. "As long as economic incentives work, I can understand why. They ought to have bigger hearts, but they don't."

BellSouth increases efforts

Lifeline is paid for by the federal Universal Service Fund, created to make sure everyone has a land-line telephone regardless of where they live or how much they make. The monthly discount is made up of \$7 of federal money, \$3 of state money and \$3.50 from BellSouth, Embarq, Verizon and other telephone companies that provide local phone service in Florida.

The phone companies can be reimbursed through the service fund for some of their contributions, but not for the \$3.50 they pay for each Lifeline customer each month.

Marshall Criser III, president of BellSouth's Florida territory, said his company has increased efforts this year to find residents who need phone service.

"I think we've improved," Criser said. "I won't tell you the number is where we'd like it to be, but I think it's better than some people like to tell you it is."

BellSouth has enrolled about 20,000 customers in Lifeline since the beginning of the year, Criser said, partly because the company included Lifeline information with the National School Lunch Program packets handed out at the beginning of each school year.

But he said discussing the success of Lifeline enrollment "hasn't been a popular angle to push." He listed what he considers to be legitimate reasons that consumers don't enroll: They have other access to a phone or are using a cellphone, they've moved out of Florida or their circumstances have changed.

Agency helps get word out

One way BellSouth says it gets the word out is by working with Linking Solutions Inc., a nonprofit, grass-roots

agency run by attorney Ava Parker, who visits job placement centers, churches, low-income housing developments and community centers to talk about Lifeline.

In a report filed with the Public Service Commission, BellSouth said it spent \$460,039 with Linking Solutions between May 2003 and June 2005.

Last week, representatives of the nonprofit were in Palm Beach County to visit places such as the North County Senior Center, run by the county's senior services division.

"How many have a telephone? How many have a telephone in your own name? How many are receiving \$13.50 off of your bill?" asked representative Alice Fincher, pausing after each question to wait for a show of hands. No hands went up after the last question.

As it turned out, few of the nearly 70 people at the center fell under the income or public assistance requirements needed to sign up for Lifeline, but Fincher encouraged those who said

they weren't sure to fill out a form anyway.

"This is the purpose of me being here, for you to get the benefit," she said.

Gloria Kelly, 82, filled out an application. She has a phone but receives food stamps and said she needs a little help paying for her medicine and the rest of her bills. Kelly's daughter, who lives in New York, just bought her a condo in West Palm Beach. She takes care of the mortgage while Kelly pays the rest of the monthly bills.

Kelly said she'll spread the word about Lifeline if she gets signed up.

"If I get something from it, I'll tell somebody," she said.

Fincher said she realizes most of Thursday's attendants were above the income requirement. Things were different a day earlier in Pahokee, where 15 of the 33 people who showed up at the senior center filled out applications, she said.

"Some knew about the program. Some didn't qualify. Some were reluctant and took home the application so they could talk it over with someone," she said.

The tiny group of seniors who showed up later that day at Jupiter High School for another Lifeline session also were above the income requirement.

But Betty Hughes took some brochures back to her mobile home community in Jupiter. She also invited Linking Solutions representative Michele Scott to talk about the program before the Monday night bingo game.

"I don't know if they know about it," said Hughes, 80.

Income eligibility widened

In 2003, the phone companies promised Florida lawmakers they would aggressively promote the Lifeline program and expand the income requirement to 135 percent of the federal poverty line -- up from 125 percent -- in exchange for approval to raise local phone rates.

"That was a concession on the part of the phone companies," said Rep. Ken Littlefield, R-Wesley Chapel, who recently was appointed to the Public Service Commission. "That was one of the things we exacted from them."

Because of the expanded guidelines, the number of Floridians who qualified for Lifeline went from 819,112 in 2003 to 1.1 million in 2004. However, the number of people who signed up with one of several telecoms was a paltry 154,017 in 2004, up from 148,905 the previous year.

The bulk of participants use BellSouth, the state's dominant local phone service provider.

In 2003, the company said it had 103,681 households enrolled in Lifeline. In 2004, the company said it had 104,467. But in 2005, the number dropped to 86,408, a decrease of 17.3 percent.

BellSouth says that's thanks to a federal rule calling for all phone companies that offer Lifeline to verify the eligibility of all customers each year. Atlanta-based BellSouth put that plan into action in 2005, telling all of its Lifeline subscribers in a letter that they had 60 days to recertify.

The customers who didn't respond -- it's unclear how many -- were removed from the Lifeline program but given a 30 percent discount on their basic telephone service for one year.

BellSouth has added 26,845 customers to Lifeline since October 2005, with 20,000 of those customers signing up this year.

Easier sign-up process

Florida is considered a "net donor" state, meaning it puts more into the Universal Service Fund than it gets back. The unused dollars go to other states.

In 2004, for example, Florida paid \$51.3 million to the Universal Service Fund but received only \$18.4 million for its Lifeline program.

Criser and the Public Service Commission enthusiastically talk about efforts to streamline the enrollment process by simplifying the forms and placing them online. However, it's less likely a Lifeline candidate will have a computer, a fact Criser called an "obvious shortcoming."

Nevertheless, commission Chairwoman Lisa Edgar said people are taking advantage of the Internet sign-up option. The commission's draft report on annual Lifeline participation says so as well. More than 120 people took advantage of the new online process, according to the report, which will go to Florida's governor, House speaker and Senate president by the end of the year.

"It's one more access," Edgar said. "It reduces the steps. When they fill it out online, it goes right to our staff."

Land-line users declining

But even if many more people enroll in Lifeline because of these efforts, it's not at all certain that those people will want to use a standard land-line phone.

The telephone companies are losing traditional land-line users quarterly. BellSouth said it lost 301,000 access lines from June to September. The number of lines in September was 19 million, down 6.9 percent from the previous year, the company said. Consumers are giving them up for cellphones and Internet telephone use.

Mark Jamison, director of the University of Florida's **Public Utility Research Center**, has suggested to the service commission the idea of a state-based voucher system that would give a Lifeline-eligible household a \$13.50 monthly discount toward its communication system of choice.

"That way they are not tied to a traditional technology or a set of technologies defined by the government," Jamison said.

Parker, of Linking Solutions, said staffers at workforce training centers know the cellphone bill is the one their clients will pay.

"People are mobile, and they want to make sure they have that job," Parker said. "When they started Lifeline, no one had any idea at the time how the industry would change."

Criser said he can't speak for Cingular, the nation's largest wireless company, which is jointly owned by BellSouth and AT&T. He said the FCC must decide whether cellphone carriers and other companies -- meaning cable television companies -- can be considered "eligible telecommunications carriers" and offer Lifeline service.

In the end, BellSouth is doing everything it can, Criser said.

"I am not aware of an idea that has been brought to us in terms of educating consumers that we haven't tried to incorporate in this program," he said.

"I'm not willing to accept anybody saying we should have done more. What I want people to say is: 'Here is where you should do better.' "

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