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December 21, 2001

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Ms. Magalie Roman Salas
Secretary to the Commission
Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Washington, D.C. 20554

Re: FCC Docket 96-45
Review of Lifeline and Link-Up Service

Dear Ms. Salas:

Attached are the comments filed by the Legal Services Advocacy Project in connection with the above referenced docket. We appreciate the opportunity to participate in this proceeding.

Sincerely,

Ron Elwood

Ron Elwood
Advocate

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Before the
Federal Communications Commission
Washington, D.C. 20554

JAN 1 7 2002

In the Matter of	)	
	)	
Federal-State Joint Board on	)	CC Docket No. 96-45
Universal Service	)	

Comments of the Legal Services Advocacy Project
on Review of Lifeline and Link-Up Service
for all Low-Income Consumers

INTRODUCTION

The Legal Services Advocacy Project (LSAP), a division of Mid-Minnesota Legal Assistance, represents the interests of low-income Minnesotans statewide through legislative and administrative advocacy, research, and community education activities. LSAP participates generally in dockets before the Minnesota Public Utilities Commission (MPUC), and have intervened in the ongoing MPUC's docket concerning draft rules to administer the Minnesota Universal Service Fund.[1]

LSAP actively participates in discussions at the Minnesota Legislature concerning revision of state telecommunications laws, providing technical assistance and offering testimony on universal service and consumer protection matters before the relevant committees of the Minnesota Senate and Minnesota House of Representatives.

Lifeline and Link-Up are vital, though underutilized, programs. LSAP urges improvement in their design and implementation to maximize participation. Toward that end, LSAP respectfully submits the following comments.

[1] Minnesota Public Utilities Commission, Docket No. P-999/R-97-609, In the Matter of Promulgation of Rules Governing the Competitive Provision of Local Telephone Service, Including Issues Related to Universal Service, Regulatory Treatment of Competitive Local Exchange Carriers (CLECs), Service Quality and Emergency Services (911), *Draft Rules Relating to the Procedures and Regulations to Administer the Minnesota Universal Service Fund (MUSF).*

COMMENTS

Participation Rates are Unacceptably Low

Link-Up

More than 17,000 Minnesotans without phones are eligible for the Link-Up program.[2] However, only 1,900 (11%) received Link-Up assistance between 1997 and 2000,[3] and the participation rate is declining. Over the last three years of available data, participation decreased by two-thirds, and a mere 354 people utilized the Link-Up program in 2000.[4]

Lifeline

In Minnesota, approximately 341,000 households live at or below 150% of poverty and more than 535,000 persons over 65 years of age live at or below 125% of poverty.[5] While participation by Minnesotans in the Lifeline program has risen in the last several years, still only about 16% (55,000) of those eligible participate.[6]

Lack of Awareness is the Primary Reason for Poor Participation

There are no federal, state or utility consumer education programs or public awareness efforts to inform consumers about the existence of Link-Up or Lifeline. Although information about these programs is posted on both the Federal Communications Commission (FCC) and Minnesota Public Utilities Commission (PUC) websites, the very population the programs are designed to reach is the very population with the least access to computers and the World Wide Web. Therefore, while having information available in electronic form is necessary and useful, it is a mistake for either the federal or state government to rely predominantly on this source to publicize the existence of these assistance programs.

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[2] Alexander Belinfante, Telephone Penetration by Income by State (Federal Communications Commission: July 2001), pps. 29, 43.
[3] Federal Communications Commission, Trends in Telephone Service, August 2001, p. 47.
[4] Ibid.
[5] Minnesota Department of Administration, An Evaluation of Minnesota's Energy Assistance Program (January 2000), p. 22 (for households at or below 150% of poverty); Bureau of Labor Statistics and Bureau of the Census, Annual Demographic Survey, March Supplement, Poverty Status by State in 2000, Persons 65 and Older; http://ferret.bls.census.gov/macro/032001/pov/new25_005.htm; accessed November 16, 2001.
[6] Trends in Telephone Service, p.46.

Telecommunication service provider efforts in Minnesota, like state and federal outreach and public awareness efforts, are virtually nonexistent. Local exchange carriers must provide only one bill insert annually about Minnesota's Lifeline program.[7] A sole bill insert is insufficient to adequately publicize the program. Consumers need repeated communications in varying formats for a message to be received.

Effect of the Reduction in Public Assistance and Food Stamp Caseloads

Minnesota's public assistance and food stamp caseloads have dramatically decreased. Enrollment in public assistance has declined 31% since the enactment of federal welfare reform legislation in 1996. This translates into a reduction of nearly 18,600 from the approximately 59,000 families receiving welfare benefits five years ago.[8] Similarly, more than 34,000 fewer Minnesota families utilize food stamps today than utilized them five years ago. This represents a 29% decline from the nearly 128,000 who participated in the food stamp program in 1996.

It is safe to say that these sharp declines have had an adverse effect on the number of Minnesotans eligible for federal telephone assistance. At the same time, analysis of the precise effect of the reduction in state public assistance and food stamp caseloads on eligibility for federal Lifeline and Link-Up programs is complex because a person, though dropped from the welfare rolls, could still be eligible for and receive benefits under one of the other categorically eligible programs (the Low-Income Home Energy Assistance Program, for instance). Further, some consumers may receive benefits under more than one program. On balance, however, it is fair to conclude that welfare reform is one contributing factor to the decline in eligibility for federal low-income telephone assistance programs.

Effect of Poverty, Race and Ethnicity on Telephone Penetration

Although the poverty rate in Minnesota has declined to between 6.5 % and 7.8% (from 10.2% in 1990),[9] a total of between 318,000 and 382,000 persons still live in poverty (and still more have incomes above poverty but within the eligibility range for low-income telephone assistance). A direct correlation exists between income and telephone penetration. The lower the income, the lower the penetration rate. Although telephone penetration in Minnesota is extremely high (97.4% according to the FCC's latest data),[10] more than 40,000 Minnesota households are without telephone service,[11] and upwards of 43% of those qualify for Link-Up.[12]

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[7] Minn. R. § 7817.0400, subp. 1.

[8] State of Minnesota, Department of Human Services, Report on Family Self-Sufficiency & Medical Programs, June 2001, p. 1.

[9] Minnesota Department of Planning, State Demographic Center, Findings from the Census 2000 Supplementary Survey (C2SS) for Minnesota, Fact Sheet; http://www.mnplan.state.mn.us/demography/FactSheets/ C2SS-Survey/index.html; accessed November 15, 2001.

[10] Trends in Telephone Service, p. 128.

A disproportionate number of those in poverty are Native Americans and non-English speakers. In Minnesota, approximately 55,000 persons identify themselves as Native Americans; more than one-fifth (or greater than 12,000) live on reservation land.[13] Nationwide, telephone penetration on Indian reservations is abysmally low. Minnesota is no exception. For instance, almost one-third of the residents on the Leech Lake Reservation do not have telephones, while 41% of the inhabitants of the Red Lake Reservation are without telephones.[14] Poverty is a major contributing factor to the low penetration rate among Tribal residents.

Language and culture also present significant barriers to participation in low-income telephone assistance programs. There is little, if any, outreach conducted in languages other than English concerning federal or state low-income telephone assistance programs. More needs to be done to increase participation among those with limited English proficiency.

Proposed Modifications to Existing Lifeline/Link-Up Rules

Eligibility Criteria

The FCC should add the Temporary Assistance for Needy Families Program (TANF) as a sixth program that would categorically determine eligibility for Link-Up or Lifeline. This program, the successor to Aid to Families with Dependent Children Program that was created by the 1996 welfare reform legislation,[15] assists low-income families. All recipients of benefits all eligible for the Low Income Home Energy Assistance Program and, thus, are categorically eligible for telephone assistance.

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[11] Belinfante,
[12] Ibid.

[13] Martha McMurray, 2000 Census Shows a More Racially and Ethnically Diverse Minnesota, Minnesota Department of Planning, State Demographic Center, OSD-01-93 (May 2001), p. 8.
[14] James Casey, Randy Ross and Marcia Warren, Native Networking: Telecommunications and Information Technology in Indian Country (Benton Foundation: April 1999), p. 11.
[15] Personal Responsibility and Work Opportunity Reconciliation Act, Public Law Number 104-193, 1110 Stat. 2105 (1996).

Application/Verification

A large number of low-income subscribers already receive some form of federal or state subsidy. Eligibility for that assistance has already been demonstrated and verified. Through a simple matching mechanism, subscribers who are eligible but not receiving telephone assistance can be easily identified and enrolled. Several states have adopted this approach. It should be encouraged nationwide.

Government social/human service administering agencies should share data to identify current subscribers who are eligible for but not receiving Lifeline, and those who are not subscribers and likely do not have telephones.[16] Current subscribers should be automatically enrolled. New York's program – an opt-out approach where subscribers automatically receive credits on their next bills unless they indicate they do not want to participate -- ought to be replicated in every state.

The success of this approach has been documented. After instituting an automatic enrollment protocol, Maine's Lifeline enrollment increased by 17% (11,400 new participants enrolled) while its Link-Up enrollment increased by 39% (2,700 new subscribers). Similarly, in New York, enrollment in Lifeline increased from 350,000 to 800,000 after implementation of this approach.

Not only is this method successful in dramatically increasing participation, but also it is, presumably, far more cost-effective. Using technological rather than human resources to administer the program eliminates the time-consuming and costly necessity to pour through income data to verify eligibility. According to a recent study by the General Accounting Office (GAO), "[t]he annual costs...for administering means-tested programs are significant and eligibility determination activities make up a substantial portion of these costs."[17] If a person has already been deemed eligible for one of the benefit programs that entitle a person to Lifeline or Link-Up, it is not an unsubstantiated inference that moving to automatic enrollment would significantly reduce costs to administer telephone assistance.

Program Outreach

In Minnesota, eligibility is based on income and age or disability status. Eligibility can be demonstrated by participation in various benefit programs, but subscribers who do not participate in such programs are still eligible. Even if Minnesota moved to an automatic enrollment approach, the need to conduct outreach would not be eliminated.

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[16] Privacy concerns raised when using this methodology have been overcome by states including Maine, New York and California, which establish appropriate protocols and protections.

[17] United States General Accounting Office, *Means-Tested Programs, Determining Financial Eligibility is Cumbersome and Can be Simplified* (Washington, D.C., November 2001), p. 25.

Currently, outreach for Link-Up and Lifeline (as well as the state Lifeline program) is wholly inadequate. Fewer than half those senior households eligible for the state program actually receive benefits.[18] There are no federal, state or utility outreach requirements or voluntary efforts. The FCC should mandate that meaningful outreach be conducted to inform all potentially eligible households of the availability of these vital programs. Special attention needs to be paid to outreach conducted in languages other than English. Minnesota's non-English speaking population, for example, has risen by between 22% and 119%, according to the Minnesota State Demographer.[19]

Respectfully submitted,

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[18] As previously noted, about 55,000 receive Minnesota's Lifeline program, which is open to low-income senior and disabled households. While there is no data to enable a breakdown of which recipients are seniors and which are disabled, we do know that there are about 115,000 low-income senior households in Minnesota. (Estimates on Minnesota's low-income senior population have been constructed and provided by AARP Knowledge Management, based on information from the 2000 Current Population Survey, and age and household income estimates for 2001 from Claritas, Inc.)

[19] Finding from the Census 2000 Supplementary Survey (C2SS) for Minnesota; http://www.mnplan.state.us/demography/FactSheets/C2SS-Survey/index.html; accessed December 20, 2001.