

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

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

**COMMENTS OF TWIN CITIES COMMUNITY VOICE MAIL, MAIN STREET
PROJET, MINNESOTA COALITION FOR THE HOMELESS, MINNESOTA
CENTER FOR NEIGHBORHOOD ORGANIZING IN RESPONSE TO THE
FEDERAL-STATE JOINT BOARD REQUEST FOR COMMENT**

Twin Cities Community Voice Mail (TCCVM) helps low-income Minnesotans without phones by providing them with free voice mail service. TCCVM partners with more than 350 Minnesota social service agencies and government programs including 70 in Greater Minnesota. Since our inception in 1994 we have provided more than 57,000 individuals and families with voice mail service, giving them the ability to find housing, find employment, keep in touch with health care providers, keep in touch with their children’s teachers, and keep in touch with their own personal networks. A total of 66% of our voice mail clients are homeless and 78% are unemployed. We have also performed a significant amount of outreach among low-income Minnesotans promoting the Lifeline and Link-Up programs. Not only do we regularly inform our voice mail clients and partner organizations about the benefits of these programs, but we also participate in numerous events that serve low income people, allowing us to talk to low-income people directly about the Lifeline and Link-Up programs.

Main Street Project is a grassroots cultural organizing, media justice and economic development initiative working to help rural and urban communities face today's realities with hope. Main Street Project work towards digital inclusion, addressing the need for

both access and representation, so that all community members can participate in the national and global conversations about our future.

The mission of **Minnesota Center for Neighborhood Organizing** (MCNO) is to build the capacity of residents and neighborhood organizations to successfully take on local concerns by developing the skills of neighborhood organizations and developing community leaders. The long term goal of MCNO is communities where people are organized to identify and tackle local issues, building vital communities that value democracy inclusiveness and fairness. We believe effective neighborhood organizations offer a unique contribution to democracy by providing a forum for individuals of disparate backgrounds and beliefs to take collective action, and that neighborhood residents should define their own community agendas.

The mission of the **Minnesota Coalition for the Homeless** is to generate policies, community support, and local resources for housing and services to end homelessness in Minnesota. The Coalition has been working since 1984 to ensure every Minnesotan has a safe, decent, affordable place to call home. We work for systems change at the national, state, and local level. Through its community education, legislative advocacy, and technical assistance activities, the Coalition works to prevent homelessness by helping communities to design homeless response systems that meet their needs.

Voices for Change is an advocacy group created by people who have experienced homelessness or are living in poverty. They work to influence public policy that immediately impacts low-income citizens and to dispel misconceptions that commonly characterize people suffering poverty and homelessness.

Introduction

Cell phones are increasingly becoming an essential communications tool for low income people, especially those who are homeless. In order to better serve clients, Twin Cities Community Voice Mail has conducted extensive research regarding the need for cell

phones among low income people. This research has included multiple focus groups regarding the importance of cell phones for low-income people. The participants in these focus groups were from 18 years of age to senior citizens; a high percentage were homeless; and most were unemployed. Most participants have had cell phones, but many could only afford a small amount of minutes and quickly would run out of minutes.

In these focus groups, participants stated the need of at least 300 minutes per month (10 minutes a day) to perform routine activities such as applying for jobs and completing lengthy job interviews, keeping in touch with employers, scheduling medical appointments, obtaining housing and contacting landlords, paying bills, reaching out to family members, and obtaining help in an emergency. Participants also noted that it often took a large number of minutes to perform routine tasks. When scheduling a doctor appointment, for example, it would not be uncommon to be on hold for over 10 minutes at a time. They noted that all people who are homeless should have access to a cell phone for safety reasons. Finding a job was most important to participants. “I would be working right now if I had a cell phone. I missed getting a call, and so I missed a job.”; “People who are hiring don’t like to have to keep calling back” were some of the comments.

TCCVM also completed two pilot projects that distributed cell phones to homeless people in the Twin Cities area. These pilot projects have provided us with numerous personal stories about the importance of cell phones among the homeless population, including one woman who suffered from seizures and was in a domestic violence situation. For this woman, her cell phone served as a critical safety tool as she was able to call 911 in case she suffered from a seizure or was confronted by her abuser.

This research in Minnesota confirms the national research regarding the importance of cell phones among low-income people. According to a Recent Pew Research survey, 73% of adults in poverty are estimated to have a cell phone, as they are one of the few consumer goods that can be purchased prepaid or pay-as-you go.¹ A New Millennium

¹ “Advocates Say Poor Need Available Free Cell Phones,” *The Philadelphia Inquirer*, 14 June 2010

Research Council study also found that low-income people possessing a cell phone earn \$530 more a year than low-income people that don't own a cell phone.²

Although it is clear from our experience and research in Minnesota that cell phones are a necessary tool for low income people, it is also clear that the recent Eligible Telecommunications Carrier (ETC) applications presented in Minnesota by TracFone and Nexus Communications do not adequately serve their customers. The monthly minutes offered by these programs are not nearly enough for a low-income individual to perform their day to day tasks and the cost to add additional minutes are often well above the market rate for prepaid cell phone service. When these companies applied for ETC status in Minnesota, many of the groups that are signed on to this document submitted comments to the Minnesota Public Utilities Commission on how these Lifeline programs could be improved to better serve low-income Minnesotans.

We have submitted the following recommendations to the FCC based on our experiences advocating for wireless Lifeline programs in Minnesota that adequately meet the needs of low-income people. We believe that our experiences as non-profit organizations will provide the FCC valuable insight on the need for reform for wireless Lifeline programs.

There Needs to be a Minimum Level of Service Provided by Prepaid Wireless Programs that Use Lifeline Funds.

Based on information obtained from our focus groups, the ETC petitions submitted by TracFone and Nexus Communications would not have provided nearly enough minutes for their customers to complete day to day tasks. While our focus groups revealed the need of at least 300 minutes to perform day to day tasks, TracFone only proposed to offer 67 minutes of service month.

² "Cell Phones Provide Significant Economic Gains for Low-Income American Households," (April 2008) Report found at http://www.newmillenniumresearch.org/archive/Sullivan_Report_032608.pdf

TracFone’s formula for providing 67 minutes of service was based on charging the Lifeline program 20 cents per minute of service, which is well above the market rate for prepaid cell phone service. To prove this point, we went to local retailers and analyzed the plans of other popular prepaid wireless providers in the open marketplace. For TracFone we compared their \$10 air time card, as this will be similar to the subsidy TracFone would have received from the Lifeline program. For all of the other prepaid cell phone plans we used their cheapest monthly plans for comparison.

Per Minute Cost of Popular Prepaid Wireless Plans			
Brand	Cost	Minutes	Cost Per Minute
TracFone	\$ 10.00	60	\$ 0.167
Net 10 (Owned by TracFone)	\$ 20.00	200	\$ 0.100
Common Cents	\$ 20.00	285	\$ 0.070
Virgin Mobile	\$ 25.00	300	\$ 0.083
Straight Talk (Owned by TracFone)	\$ 30.00	1000	\$ 0.030

Although this chart is a brief snapshot of these prepaid cell phone companies and their rates, it is clear that TracFone wanted to charge the Lifeline program a rate well above the average rate of prepaid cell phone providers. TracFone even wanted to charge the Lifeline program a rate that was above what they charged their regular customers of TracFone and their prepaid wireless subsidiaries.

The Minnesota Public Utilities Commission agreed with our position that 67 minutes per month “would be inadequate for most households’ needs” and mandated that TracFone offer Minnesota the highest number of minutes that they offer in other states.³ We believe that the FCC also needs to impose a minimum amount of minutes for wireless Lifeline providers. This requirement will not only ensure that the Lifeline program will not be charged an above market rate for prepaid cell phone service, but will also ensure that low-income people will receive the amount of minutes that they need. Based on our focus groups, the FCC needs to require Lifeline funded cell phone company offerings to provide at least 300 minutes each month.

³ Order Granting One-Year Conditional ETC Designation and Opening Investigation, Minnesota Public Utility Commission (June 9, 2010).

There Needs to Be a Maximum Cost for Adding Additional Minutes.

During TracFone's petition for ETC status in Minnesota, we became concerned about the costs associated with adding additional minutes. The per minute cost of adding additional minutes varied greatly, depending on the value of the air time card. As the value of air time card increased, the cost of adding each additional minute decreased. If a person purchased a \$40 air time card, they would receive a total of 400 minutes at a cost of 10 cents per minute. But if an individual bought a \$10 air time card, they would only receive 60 minutes at a cost of 16.7 cents per minute.

We felt that such a pricing structure unfairly disadvantaged low-income people, as they would be unlikely to afford the most expensive air time card and receive the best possible rate. The Minnesota Public Utilities Commission agreed that TracFone's method of adding additional minutes would be "expensive and inconvenient" for many Lifeline providers, and capped the per minute cost of adding additional minutes to 10 cents per minute.⁴

Because the cost to add additional minutes can vary so greatly, often disadvantaging low-income people, the FCC needs to cap the per minute cost of adding additional minutes for wireless Lifeline providers. Based on our research of current prepaid wireless plans available on the open market, we believe that the maximum cost to add additional minutes should be 10 cents per minute or less.

Basic Services Need to be Included Free of Charge.

It is common for wireless Lifeline providers to charge their customers for calls to customer service and 911. We believe Lifeline customers should not be penalized for calling customer service and attempting to establish service. We also believe that calling

⁴ *Id.*

911 is an essential service and should be free, even if the customer does not have any minutes on their account.

We are also concerned that the wireless Lifeline provider Nexus Communications charges their customers a Service Activation Fee, which is high as \$72 in some states. Nexus Communications currently uses the Link-Up program to help their customers defray this fee, but the remaining Service Activation Fee must be paid by the Lifeline customer over a span of twelve months.

In the current prepaid cell phone marketplace, it is extremely uncommon to charge a Service Activation Fee. We view the presence of Service Activation Fees for wireless Lifeline providers as an unneeded expense to the Link-Up program and an unnecessary financial hardship for Lifeline customers.

The FCC needs to ensure that Lifeline customers are not being charged for basic services. The FCC should also mandate that calls to customer service and 911 are free to Lifeline customers. The FCC also needs to eliminate Service Activation Fees and any other unnecessary charges to Lifeline customers.

Review of the “One Per Household Rule”

Although the original intent of the “One Per Household Rule” made sense when it only applied to landline telephone service, the introduction of wireless Lifeline programs have forced a re-evaluation of this rule. There are thousands of people experiencing homelessness that could benefit from a wireless Lifeline program, but are ineligible by the fact that they reside in a homeless shelter, “couch hop” with friends or family, live on the streets, or otherwise do not possess a unique address.

We believe that any solutions to the “One Per Household Rule” need to minimize paperwork for shelter employees. Shelter employees are already overwhelmed with their current responsibilities, and will unlikely to be able to complete extensive paperwork for

all of their shelter residents. While there is a need to protect against fraud and waste in the program, we are concerned that measures toward that end do not place an excessive burden on those in legitimate need.

The FCC also needs to be aware of the fact that many homeless people do not live in a shelter, but live on the street or “couch hop.” The Housing and Urban Development department (HUD) is currently working on expanding the definition of homeless. We believe HUD’s work can provide the FCC with valuable insight on how to classify people as homeless and how to certify them as eligible for the Lifeline program.

Increasing Eligibility of the Lifeline Program to 150% of the Federal Poverty Level

We regularly encounter people who have an income that are near 150% of the federal poverty level. Many of these people struggle to pay their bills and are unable to afford basic living necessities, such as telephone service. We believe that mandating an increase in the eligibility of the Lifeline program to 150% of the federal poverty level is necessary to make sure that this population in need is not overlooked.

Conclusion

Although we are excited about the prospect of a Lifeline program that provides cell phones to low-income people, we are disappointed by many of the shortcomings of current wireless Lifeline providers. We believe that it is essential that the FCC address these shortcomings and adopt our recommendations. Doing so will not only ensure that Lifeline and Link-Up funds will be used efficiently; it will also ensure that Lifeline customers will receive the cell phone service that they need.