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**

COMMENTS OF

AARP

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

April 21, 2011

Submitted by

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AARP submits the following comments in response to the Federal Communications Commission's Notice of Proposed Rulemaking, released on March 3, 2011, that seeks to comprehensively reform and modernize the Lifeline and Link Up programs.

Founded in 1958, AARP is a nonprofit, nonpartisan social welfare organization that helps people age 50 and over improve the quality of their lives. AARP has offices in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. For more than 50 years, AARP has been serving its members and creating positive social change through information, advocacy and service. AARP's interest in affordable telecommunications derives from our research and advocacy for more than twenty five years on behalf of consumers at the state and federal levels.

The Lifeline and Link Up programs are key components of the Nation's universal service policy and one that has made getting a telephone and paying for monthly service more affordable for millions of low-income people throughout the U.S. The program has had a huge impact on the lives of many low-income households, enabling them to access healthcare providers, employment, and friends and family. Many of these recipients have been older Americans. Indeed, a large number of older adults are poor. According to a 2010 AARP Public Policy Institute report, 22.8 percent of older adults, or 8.6 million adults age 65 and older, have family income below 150 percent of the federal poverty level.[1] An analysis of these numbers shows that:

> "Nearly 3.7 million older adults (9.7 percent of adults age 65 and older) live in poverty. Another 2.4 million older adults live in families with incomes marginally above the poverty threshold (between 100 percent and 125 percent of the federal poverty line), and 2.6 million have incomes between 125 percent and 150 percent of the federal poverty line."[2]

[1] See O'Brien, Ellen, Ke Bin Wu, and David Baer. *Older Americans in Poverty: A Snapshot*. Washington, DC: AARP Public Policy Institute (April 2010).
[2] Id., at pp.9-10.

Clear and Consistent Performance Goals Lay the Foundation to Reform and Modernize Lifeline and Link Up

AARP commends the Commission for proposing performance goals and measures for the Lifeline and Link Up programs. Clear and consistent goals and quantifiable measures are critical tools to determine the programs' success in achieving universal service. Universal service has been a cornerstone of U.S. communications policy for over seventy years, and its goals were expanded by Congress in the Telecommunications Act of 1996, which required the FCC to define universal service, taking into account advances in telecommunications and information technologies.
The first proposed performance goal— to preserve and advance availability of voice service for low-income consumers—recognizes the role that the availability of telephone service plays in increasing quality of life. Access to phone service links people to employment and educational opportunities and to various community services. It enhances health and safety, and promotes social participation, connectedness and empowerment. For older adults, there is an added dimension of necessity. In fact, people age 65 and older are more likely than any other age group to have telephone service in their home.[3] The Commission should use the telephone subscribership rate for all non-low income households as a key benchmark by which to measure availability of voice service for low-income consumers.

The second proposed performance goal—to ensure that low-income consumers can access supported services at just, reasonable and affordable rates—recognizes that wide adoption of service, by itself, is not a sufficient measure of whether Lifeline is advancing the goal of universal service. Indeed, the low-income program falls short of Congress' goal for universal service if paying for phone service means having to forgo other necessities, such as medicine or food, or otherwise results in detriment. An appropriate measure of this second performance goal would include an affordability benchmark (a target percentage of income) that equals the average share

[3] Industry Analysis and Technology Division, Wireline Competition Bureau, Federal Communications Commission, *Telephone Subscribership in the United States* (August 31, 2010), http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-301241A1.pdf.

of income spent on telephone service by all non-low-income households. A determination of affordability would depend on the extent to which the percentage of income spent on telephone service by low-income households reflects the same proportion of income as the affordability benchmark.

The third proposed performance goal—to ensure Lifeline and Link Up support is sufficient, but not excessive to achieve the goals of the program—recognizes that the management of low-income support has important implications for both program recipients and contributors. Establishing the most efficient and effective Lifeline and Link Up support program mechanism possible would provide maximum value to all customers who pay for the program as well as to the underserved low-income customers who receive Lifeline support. This goal also supports the notion that the essential value of voice service encompasses more than just having access to a telephone at an affordable rate. A "sufficient" level of support recognizes that consumers also depend on quality service and on the actual <u>use</u> of service once they pick up the phone to make or receive a call. For example, the availability of a prepaid wireless handset at an affordable price is of limited or no value if a consumer cannot afford to use a reasonable number of monthly minutes.

In its Notice, the Commission proposes several measures for this third performance goal. However, none of the proposals address the extent to which Lifeline and Link Up support is sufficient. AARP encourages the Commission to establish a sufficiency benchmark based on patterns of use of telecommunications services to assess how low-income consumers differ from non-low-income households in factors such as the frequency, purpose and duration of use of various essential telecommunications services.

Focus on the Performance Measurement and the Needs of the Lifeline Program before Attempting to Constrain the Size of the Low-Income Fund

The Commission seeks comment on a proposal to cap the size of the Lifeline and Link Up programs. AARP suggests that efforts to assess the appropriate size of the low-income fund are premature at this time. The Commission should first follow through with its intention to establish

explicit performance goals and measures for the program (discussed above) and then collect and analyze the necessary data to more fully understand the performance and needs of the program. These actions would provide critical management information that is fundamental to the success of any large program. Without this information, the Commission "may be making current and future policy decisions without being fully informed on the performance of current programs and without information on the potential performance of broadband and future technologies as they become available."[4]

In addition, AARP questions the effectiveness of efforts to cap the size of the Lifeline and Link Up programs in a more general sense. It is our view that efforts to reduce spending on safety-net programs are often shortsighted. They worsen the difficulties low-income people have in acquiring food, health care, shelter and education, thereby increasing long-term societal costs such as emergency room visits by the uninsured and a less-educated and productive workforce. Likewise, the proposal to impose a minimum customer charge or monthly fee on Lifeline users would only discourage enrollment by creating an unreasonable and unfair barrier to participation. There is no indication that such a fee would prevent waste and fraud in the fund.

New Rules to Reform and Modernize Lifeline and Link Up Should Include Minimum Federal Standards and Changes to Eligibility and Verification Requirements

While Lifeline and Link Up programs provide clear benefits to its recipients and increase the value of the entire communications network for all users, the rate of participation in the program nationwide is exceedingly low. The Universal Service Administrative Company (USAC) estimates that 25.7 million low-income households qualified for Lifeline assistance in 2009, and yet, only 9.2 million households (less than 36 percent) enrolled in the program.[5] At least some of the reason

[4] United States Government Accountability Office, Report to Congressional Requesters, *Telecommunications: Improved Management Can Enhance FCC Decision Making for the Universal Service Fund Low-Income Program*, GAO 11-11 (October 2010).

[5] Universal Service Administrative Company, Lifeline Participation Rate Study 2009. The study cites 8.2 million households enrolled, but USAC provides a more recent estimate in their 2010 annual report –see 2010 Universal Service Administrative Company, 2010 Annual Report, at 12 (available at http://www.usac.org/_res/documents/about/pdf/usac-annual-report-2010.pdf).

for the low participation is the eligibility requirements. As part of its effort to reform and modernize the Lifeline and Link Up programs, the Commission should encourage efforts to facilitate the application and recertification process, reduce unnecessary administrative complexity, and improve awareness of and access to the programs. In particular, AARP encourages the Commission to:

- Raise the income eligibility for Lifeline from 135 percent of the federal poverty level to at least 150 percent, which is a common threshold used by other federal low-income assistance programs, such as the Low-Income Home Energy Assistance Program;
- Require all states to use the federal default eligibility criteria for Lifeline and Link Up to establish a common core set of eligibility criteria; and,
- Allow the management of a shelter or group home to certify the nature of the facility, so that multiple residents in a household could separately qualify for and receive Lifeline service.

Automatic Enrollment for Lifeline and Link Up Should be Promoted in the States

Achieving universal service for low-income consumers should be a top priority for legislators and regulators, and automatic enrollment can effectively facilitate eligible consumer participation in the program. The Commission should promote automatic enrollment in the Lifeline and Link Up programs as a best practice for all states.

The penetration rate of the Lifeline program to those households who are eligible is very poor in most states. In order to obtain a higher participation rate, AARP supports both categorical eligibility and automatic program enrollment. For the purposes of this submission, we will provide comments on both of these concepts as we believe they go hand in hand. Categorical eligibility would make those low-income households who already participate in a means-tested financial assistance program eligible for Lifeline and Link Up. These households have already been determined to be low-income after a review of household income and program rules. There is no benefit and a substantial cost to asking these same households to submit another application or

go through another application method to separately determine eligibility for Lifeline and Link Up. The only remaining issue is how to efficiently transmit the fact of consumer eligibility to the applicable eligible telecommunication carrier (ETC) for enrollment in Lifeline and Link Up. Automatic enrollment is a process pioneered by New York to enroll participants in state financial assistance programs in the telephone Lifeline program by means of electronic communications between the financial assistance agency and the ETC. In New York, this communication protocol is subject to the oversight of the state regulatory commission.

Some advocates have questioned whether the transmittal of this information between the financial assistance agency and the ETC is a violation of the customer's privacy rights. Consequently, several steps should be taken to address these concerns. First, the underlying assistance agency should inform all applicants (on their program applications) that the information will be used to qualify the client for additional benefits, i.e., the Lifeline and Link Up programs, or to verify the client's continued eligibility for this benefit. The application should also provide an option for any client to refuse (or opt out of) the transmittal of information for this purpose. Second, the ETC should send the newly enrolled Lifeline and Link Up subscriber a notice of the benefits that will appear on the monthly bill and how the customer can decline to participate in the program if desired. Finally, outreach and education efforts by the financial assistance agencies, the state public service commission, and the ETCs should describe the benefits and entry methods for the program. Importantly, the transmittal of this client-specific information should be done for the sole purpose of determining eligibility and enrollment in the Lifeline and Link Up programs and should not be used for any other purpose. For example, it is not necessary for the client's underlying income status to be transmitted to the ETC. All that is needed is the necessary location and identification information to allow a match between the ETC's records and those of the assistance agency.

In order to assure that the maximum numbers of eligible customers receive the benefits of Lifeline and Link Up, AARP recommends that state public service commissions be encouraged to work with appropriate state agencies to automatically enroll eligible customers in the following manner:

- The commission should provide one or more state agencies that implement financial assistance programs that meet the eligibility requirements for Lifeline and Link Up with a listing of eligible ETCs in the state. The listing should include the carriers' mailing addresses, a list of the counties served by each carrier, and a carrier contact for Lifeline and Link Up. The listing should be provided in electronic form and updated monthly.
- The designated state financial assistance agency should identify all active recipients of the applicable benefits, such as SNAP, Supplemental Social Security Income (SSI), Medicaid, Temporary Assistance for Needy Families (TANF), or Low Income Home Energy Assistance Program (LIHEAP), implemented by the applicable agency and who are therefore eligible for Lifeline and Link Up. The agency should then provide each ETC with a list of eligible customers for automatic enrollment in Lifeline and Link Up in an electronic format. This list should include the name, address, county, telephone number, if available, and social security number of the qualifying customer. This format may be altered pursuant to an agreement between the agency and the ETC. The agency should provide monthly updates of newly eligible customers to this list. An annual update of this list should also include a list of those clients who have been deleted from the list based on the fact that the client is no longer eligible or has ceased to receive benefits from the state agency
- The ETC should promptly enroll those customers identified on the agency's list and for whom the ETC has matched a customer account record with the list provided by the agency. Within 30 days of enrollment, the ETC should inform the customer of enrollment in the Lifeline and Link Up programs, how this benefit will appear on the customer's monthly bill, and how the customer may decline to participate in Lifeline and Link Up by providing a toll-free telephone number and address for written communications by the customer.

By adopting these recommendations, states can take a positive step towards achieving universal service for low-income consumers while meaningfully streamlining the Lifeline and Link Up

enrollment process. For these reasons, the Commission should also retain the ability of consumers to self-certify their eligibility for the Lifeline and Link Up programs. There is no basis for assuming that large numbers of customers will fraudulently declare their eligibility for this program, particularly if an annual audit is conducted in cooperation with the aforementioned financial assistance programs. Furthermore, with the use of automatic enrollment, it is likely that most eligible customers will not need to communicate directly with the ETC about their eligibility for Lifeline and Link Up.

Mandatory Outreach Requirements Should Be Adopted

AARP strongly supports the Joint Board's recommendation to adopt mandatory outreach requirements for all ETCs that receive low income support. We also support the maintenance of advisory guidelines for states with respect to performing low-income outreach. As mentioned in AARP's comments above regarding automatic outreach, we strongly believe that outreach and education efforts should describe the benefits and entry methods for the program in a manner that will effectively communicate necessary program details from the program participant's perspective. Financial assistance agencies, state public service commissions, and ETCs should be required to engage in vigorous outreach and education programs to increase participation in Lifeline and Link Up.

State public service commissions should be required to conduct statewide outreach and education programs designed to raise awareness about the Lifeline and Link Up program. The goal of these programs should be to obtain 100% enrollment of the customers who are eligible to participate in Lifeline and Link Up. The statewide education program should be developed and implemented with the advice and assistance of local community-based organizations with first-hand experience with the means to effectively communicate with their respective members and communities. With respect to older consumers, AARP finds that these consumers prefer written communications in contrasting colors, like black and white, as some colors like yellow are hard to read. They prefer a simplified layout and larger font. Likewise, older consumers prefer the use of plain language.

We encourage the use of the government guidelines for the use of plain language as outlined at http://www.plainlanguage.gov.

For any outreach efforts to be meaningful, ETCs in particular must support efforts to increase awareness of the Lifeline and Link Up programs. Outreach efforts should be undertaken by or on behalf of an ETC or a consortium of ETCs. Accordingly, any such ETC, or ETC-sponsored program, should be subject to the approval of the state commission and should be coordinated with the statewide education and outreach program. At a minimum as part of an ETC's outreach efforts, the ETC should be required to solicit eligibility for Lifeline and Link Up from each residential customer at the time that the customer requests installation of service, at a contact with the customer prior to a pending termination of service for nonpayment, and at a contact with a customer who seeks to negotiate a deferred payment plan. In addition, the ETC should be required to notify all residential customers about the Lifeline and Link Up program and how to participate in the program at least once per year. The incremental costs of the statewide consumer education and outreach program should be eligible for recovery in rates in the same manner as state-funded Lifeline and Link Up benefits.

Again, AARP strongly supports the adoption of mandatory outreach requirements for all ETCs that receive low income support. Outreach and education efforts should be customized to the needs of the intended target audience in order to help consumers understand the procedures and operations of program enrollment from the program participant's perspective.

Lifeline and Link Up Should be Expanded to Allow for Subsidies to Support Broadband Service

As technology advances, the commitment to universal service becomes more important than ever. High-quality broadband networks and similar advanced communications technologies have the potential to make the world more accessible for all Americans, erasing the distances between rural and urban communities and providing convenient pathways to the economic and social activities that are vital for leading comfortable and meaningful lives. These technologies can powerfully expand opportunities throughout society, as people at all income levels face varying challenges to

stay in contact with other people, places, and activities. Everyone benefits when rural and low-income consumers have access to affordable high-quality communications services.

AARP encourages the Commission to expand the Lifeline and Link Up programs to allow for subsidies to support broadband service. However, the Commission should also consider various protections to ensure that the integration of broadband into the Lifeline program occurs in a way that does not denigrate or lessen the support for existing, basic telecommunication services or landline phone service. Even with these protections, however, AARP recognizes that adding a broadband component to the Lifeline and Link-Up programs constitute a complex and uncertain endeavor. As such, AARP supports the recommendation included in the National Broadband Plan to have the Commission facilitate broadband pilot programs. The call to have the Commission employ pilot projects will help to identify the best policy decisions for broader application to the national program. Moreover, given that the broadband adoption rate for Americans over the age of 65 is well below the national average, AARP encourages the Commission to ensure that a meaningful number of pilot programs focus on the affordability and accessibility of broadband adoption by older adults.

AARP appreciates the opportunity to respond to the Commission's request for comments on these important issues regarding the Lifeline and Link Up programs. We would welcome any opportunity to discuss our comments with the Commission and staff and to provide any additional information or materials the Commission may request. Please direct any questions or requests to Marti Doneghy with AARP's Government Affairs staff at mdoneghy@aarp.org or (202) 434-3804.