

## For needy, cell phones can be free

April 22 2009, By John Murawski

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An obscure federal program that helps poor people pay for phone service is entering the wireless era. Cell phone companies are offering the needy a bargain that the rest of us can only dream about: free service.

TracFone, a national wireless phone service company, this month began offering its no-cost service to the low-income families that are estimated to qualify. Its competitor in the prepaid market, Virgin Mobile, plans to offer a similar service this summer.

Both services are subsidized by the federal government's Lifeline program, created 25 years ago to ensure that poor people had phone service. People who qualify usually pay about half of the monthly cost for phone service. Despite the discount, only a third of households eligible for the program use it.

Details of Virgin's plan aren't yet available, but TracFone's program, called SafeLink, provides unlimited free 911 emergency calls, as well as 68 minutes of free calling time every month, with a free [Motorola](#) cell phone that normally costs \$9.99. SafeLink also comes with voice mail, caller ID, call waiting, voice mail, long distance and text messaging.

"If they can offer a phone service for free and make a profit doing it, I'm all for it," said John Garrison, director of the communications division of the North Carolina Public Staff, the state agency that represents consumers in utility matters. "Any way we can get more people onto Lifeline service, who qualify for it, I think it's good."

Jose Fuentes, TracFone's director of government relations won't say how many people in the state have signed up, or how it can make a profit off the \$10 per household federal subsidy it receives to provide the Lifeline service. But Fuentes says the company sees a potential market of 26 million households nationwide.

Wireless companies like Florida-based TracFone and New Jersey-based Virgin Mobile operate by buying access on other carriers' networks, and typically get volume discounts as their customers gab and text their way through more minutes.

TracFone's customers aren't limited to their free 68 minutes a month. Customers can buy additional calling time -- for 5 cents a minute -- if they want to exceed their monthly allotment.

April Crudup has been a TracFone SafeLink customer for the past month, and already, with half the month left, she says she is down to four minutes on her account. She has a regular AT&T home at phone but lost her previous wireless account several months ago when she wasn't able to pay the bill. She's on food stamps and has six kids, ages 1 to 10.

She said she needs a cell phone "for when I'm out and something happens."

Eligibility requirements vary from state to state. But to qualify for a Lifeline phone and service in North Carolina, a customer must participate in at least one federal or state income assistance program, such as Medicaid, food stamps or Section 8 Public Housing. Most of the households with Lifeline phones in North Carolina are customers of AT&T and Embarq, the state's two biggest phone companies. The landline phone accounts subsidized by Lifeline and offered by AT&T, Embarq and other phone companies don't impose monthly calling limits and allow unlimited local calls.

Ester Lennon of Raleigh received her TracFone account last week, at her daughter's insistence. The 70-year-old retired nurse moved to the area in 2005 after living four decades in Florida, and she returns to the Sunshine State by train every year to see her neurosurgeon and her eye doctor. The overnight Amtrak train has arrived as many as eight hours late, Lennon said, requiring travelers to carry a cell phone or borrow one from a fellow traveler.

Lennon, who's on Medicaid and has four adult children who live in Florida, has a landline phone at home but says she needs a cell phone.

"Even when I take my garbage out I take my [cell phone](#) in my pocket just in case if I were to fall or something happens," she said.

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