

Low-income Georgia residents now will pay \$5 a month for Lifeline phones

October 16 2013, by Kristi E. Swartz

Georgia on Tuesday became the first state to charge low-income residents for what is now free cellphone service aimed at assuring the poor have access to basic communications.

The Georgia Public Service Commission voted 3-2 to charge \$5 a month for the federal service, created during the Reagan administration to make sure all residents have a phone to make essential calls. The fee is scheduled to go into effect Jan. 31, 2014. A [federal lawsuit](#) that would prevent the charge from being implemented is pending.

"This was a decision that clearly was against public policy. It was against the interests of [poor people](#). It was against the interest of seniors," said Robert Patillo, an attorney for Rainbow/PUSH, a civil rights group founded by the Rev. Jesse Jackson Sr.

CTIA - The Wireless Association, a national association of wireless companies, will appeal the PSC's decision and has filed suit, a spokeswoman said.

"CTIA will continue to challenge the Georgia Public Service Commission's decision to set rates on wireless service, which would make Georgia consumers pay more than they do today," said Michael Altschul, [senior vice president](#) and general counsel for CTIA.

The Lifeline program was created in 1984, when AT&T was broken up into regional Bell companies, as a way to protect low-income consumers

in a newly competitive telephone industry.

Consumers can get a Lifeline-subsidized phone if they earn less than 135 percent of the federal poverty guidelines - for instance, \$31,117 for a family of four. They would also qualify if they receive benefits from federal programs such as Low-Income Energy Assistance, National School Lunch or Low-Income Housing Assistance.

In most cases, consumers fill out an application and are supposed to show proof that they qualify. They receive a free bare-bones cellphone and 250 minutes of talk time. When those minutes are used up, customers can buy prepaid cellphone cards to continue using the phone. Using that information, the government is supposed to keep track of the participants.

Lifeline gets its money from the Universal Service Fund, one of the surcharges that shows up on nearly everyone's landline and wireless phone bills each month. The program expanded in 2005 to let mobile phone companies participate.

Many prepaid phone companies jumped into the game. The companies receive a monthly government subsidy.

A combination of the wrecked economy, states aggressively signing up people for the program and an increased number of phone companies participating all helped Lifeline grow beyond the government's ability to keep track of its participants.

One phone per household is allowed. A federal audit found that as many as one in six people receiving free cellphones did not meet income or other need-based requirements to receive the free or discounted phone service.

The reports of fraud prompted PSC member Doug Everett to call for tighter oversight on the Lifeline program in Georgia.

"Who's going to really take care of this program . . . who's going to audit the telephone companies to make sure they are trying to do what is right," Everett said.

The Federal Communications Commission overhauled Lifeline in 2012, requiring consumers to reapply for the program annually and to provide better documentation of income. A national database that lets phone companies cross-check and see whether someone already has a Lifeline phone is scheduled to be released to all 50 states next year.

The reforms saved nearly \$43 million during the first half of 2012, including \$16.5 million in duplicate subscriptions, according to the FCC.

The PSC's new \$5 fee will not reduce the amount customers pay to the Universal Service Fund. Rather, the money will go to the phone provider.

PSC Chairman Chuck Eaton said he would rather see those reforms play out before charging people for a subsidized service.

"Obviously, there's nobody in this room that's for fraud. We're all against fraud," said Eaton, who voted against the measure along with Commissioner Stan Wise. "Personally, I have yet to be convinced that the \$5 charge would do anything to reduce the fraud." Along with Everett, Commissioners Tim Echols and Bubba McDonald voted for the measure.

In Georgia, the number of Lifeline customers has dropped 35 percent, from 1.1 million in September 2012 to roughly 717,000 in August 2013, because of the FCC reforms to the program and the improved economy.

A group of phone companies that provide Lifeline phones to Georgians also have started their own database to keep track of customers.

Consumer groups and [phone companies](#) say the \$5 charge will force more Georgians from the Lifeline rolls. Many, like Alethea Antley, 58, are on a fixed income and do not have the extra money to pay for phone service.

"By the time I pay all of my bills . . . I've got to buy groceries, pay my life insurance, my rent, so where's the extra \$5 going to come from? I don't have it," Antley said. "We're really suffering now."

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Citation: Low-income Georgia residents now will pay \$5 a month for Lifeline phones (2013, October 16) retrieved 24 April 2024 from <https://phys.org/news/2013-10-low-income-georgia-residents-month-lifeline.html>

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