



THE FREE STATE FOUNDATION

A Free Market Think Tank for Maryland.....Because Ideas Matter

***Perspectives from FSF Scholars
September 30, 2010
Vol. 5, No. 23***

The Tennessean
September 27, 2010

All Americans Should Have Reliable Wireless Access

by

Deborah Taylor Tate*

We all want and need wireless services to navigate today's fast-paced digital society, regardless of our economic status.

Last week was National Lifeline Awareness Week, celebrating our nation's 25-year commitment to ensure that low-income Americans have access to the communications system that connects our entire country and, increasingly, the entire world. In the 1996 Telecommunications Act, Congress declared that "quality services be available at just, reasonable and affordable rates" for all citizens and established our present-day Lifeline/Link-Up program.

Wireless technology is now almost ubiquitous. Over a quarter of U.S. homes have cut the cord, relying solely on wireless. Today, wireless households exceed wireline

**The Free State Foundation
P.O. Box 60680, Potomac, MD 20859
info@freestatefoundation.org
www.freestatefoundation.org**

ones. This dramatic rise is the result of millions of Americans — especially those on limited budgets — making an economic choice in a competitive marketplace.

Restrictions limit access

With minorities having a higher wireless penetration than the overall population, the availability of Lifeline and Linkup is particularly important in minority communities, which also have a disproportionately higher poverty rate. Sadly, this program is underutilized at a time when many Americans could use help the most, with only 32 percent of the eligible households participating.

Why? The FCC attributes this to varying state restrictions on Lifeline wireless providers and the need for more consumer awareness.

More recently, providers have begun offering innovative prepaid plans, which provide clear and efficient means to keep communication costs within the family budget. By prepaying, low-income customers do not pay for more services than needed or worry about bill shock or face enormous early termination fees. In fact, two of three new wireless subscribers use prepaid.

Rather than denying access to inexpensive wireless communications services to Americans most in need — especially in today's economy — the FCC, in concert with the industry, should champion this program and establish a consistent set of national best practices including: 1) Adopt a code of conduct which encourages the FCC, states and prepaid providers to coordinate improved outreach efforts to ensure that low-income Americans do indeed reap the benefits that Congress intended. 2) Prepaid cards that allow for rollover minutes into the next month. 3) Companies should be encouraged — not penalized — to waive the balance of their activations fees through Linkup, which would allow additional benefits such as free handsets — reducing cost barriers. 4) Basic service packages providing at least 250 minutes of free service. 5) The FCC should create a national certification and verification database to help eliminate fraud, waste and abuse by de-enrolling subscribers who do not use services for 60 days.

Finally, states could assist with marketing, streamlined application and eligibility validation through existing state processes.

Prepaid wireless providers have demonstrated a strong commitment to providing economical communications services while encouraging the adoption of innovative new services by our most needy citizens. Prepaid wireless probably also will become a very positive force in the goal of deploying broadband to all Americans. Lifeline/Link-Up can help more Americans get jobs, remain employed and better manage their family budgets.

This lifeline may be the last best hope to truly connect all Americans in the digital age and ensure no one is left on the other side of a digital divide.

*Deborah Taylor Tate, former FCC commissioner, is on the board of the Minority Media Telecommunications Council, as an adjunct scholar at Free State Foundation and executive in residence at Lipscomb University.