

Addendum

Monthly Total Phone Service Bill

The following describes self-reported costs associated with phone service.

Findings

- Typical costs for phone service are around \$55. However, high outliers push the mean (\$74) up considerably over this median.
- AT&T has the lowest reported costs. Frontier has the highest median monthly cost while Verizon has the highest mean, indicating that there are a disproportionate number of high cost households who subscribe to Verizon.
- Month phone costs do not vary much by race/ethnicity. Latinos and American Indians have moderately lower reported monthly costs than other race/ethnicity groups.
- Monthly costs among rural households are lower than among urban households.

Table A.1 Reported Monthly Phone Cost by Provider

	<i>Mean</i>	<i>Median</i>	
Provider	\$	\$	(Base)
AT&T	63	52	3088
Frontier	85	76	289
Verizon	95	64	2058
Total	73	55	

Table A.2 Reported Monthly Phone Cost by Race/Ethnicity

	<i>Mean</i>	<i>Median</i>
Race/Ethnicity	\$	\$
White	76	57
African American	87	60
Latino	61	47
Asian	69	60
American Indian	62	50
other	65	62
Total	74	55

Table A.3 Reported Monthly Phone Cost by Residence

	<i>Mean</i>	<i>Median</i>
Residence	\$	\$
Rural	71	55
Urban	82	62
Total	73	55

Source: Q1, PROVIDER, Q21 and RURBAN.

Tolerable Percentage Change in Basic Phone Service Cost

Average service cost to customers in CHCF-B areas is markedly lower than among customers in California as a whole. Statewide data reveals that an average customer reports a monthly bill of around \$68.69, compared to only \$29.06 in CHCF-B areas. With the higher average costs, tolerance for increases in phone service among customers Statewide are less (27%) than in CHCF-B areas (62%). However, this tolerance for higher percentage increases in costs is not true of all subgroups.

Table A.4 illustrates divergent relationships between cost and tolerance for increases. Statewide, customers in household with more income tend to be less tolerant of phone service increases. Presumably, this is because they have sufficient means to meet their telecommunications needs in other ways. In CHCF-B areas, however, there is a fairly steady increase in tolerance as household income increases; the households with the most reported income are the most willing to shoulder increases of over 50%. The divergence from the statewide trend could indicate that those CHCF-B area customers with greater means do not have as many cost effective alternatives to meet their telecommunications needs.

Table A.4 Tolerable Percentage Change in Basic Phone Service Cost by Household Income

	\$24,000 or less	\$24,001 - \$34,000	\$34,001 - \$39,800	\$39,801 \$50,000	\$50,001 - \$75,000	Over \$75,000
Tolerable Percentage Change in Basic Phone Service Cost	%	%	%	%	%	%
CHCF-B area mean	32	30	52	141	106	64
Statewide mean	37	24	21	24	20	28

Source: Q4, Q5, Q34, and Q5a

Among race/ethnicity groups, the basic patterns of tolerance are the same within and without CHCF-B areas. The variation between groups Statewide is considerably more muted than within CHCF-B areas.

Table A.5 Tolerable Percentage Change in Basic Phone Service Cost by Race/Ethnicity

	<i>White</i>	<i>African American</i>	<i>Latino</i>	<i>Asian or Pacific Islander</i>	<i>American Indian</i>	<i>Other</i>
Tolerable Percentage Change in Basic Phone Service Cost	%	%	%	%	%	%
CHCF-B area mean	59	13	102	73	109	49
Statewide mean	28	23	28	22	38	48

Source: Q5, Q5A, and Race

As with income, the difference between the tolerance of young customers for service increases in CHCF-B areas versus elsewhere is minimal. But among 40 to 59 year olds, the average tolerable increase is twice as high in CHCF-B areas as without. Among those 60 and over, the tolerance is three times what it is elsewhere in the State.

Table A.6 Tolerable Percentage Change in Basic Phone Service Cost Age

	<i>18 to 29</i>	<i>30 to 39</i>	<i>40 to 59</i>	<i>60 and older</i>
Tolerable Percentage Change in Basic Phone Service Cost	%	%	%	%
CHCF-B area mean	25	28	54	93
Statewide mean	32	23	26	30

Source: Q4, Q5, Q5A and Q35

As Table A.7 reveals, households with LifeLine service in CHCF-B areas are much less tolerant of increases than households elsewhere in the State. Conversely, household without LifeLine service in CHCF-B areas are much more tolerant of increases than their Statewide counterparts.

Table A.7 Tolerable Percentage Change in Basic Phone Service Cost by VC Type

Tolerable Percentage Change in Basic Phone Service Cost	Wireless and Landline		Landline Only	
	<i>Not a LifeLine Subscriber</i>	<i>LifeLine Subscriber</i>	<i>Not a LifeLine Subscriber</i>	<i>LifeLine Subscriber</i>
	%	%	%	%
CHCF-B area mean	78	17	47	28
Statewide mean	23	27	33	44

Source: Q4, Q5, Q5A, Q7, Q9, and Q27

Tables A.8 and A.9 present statewide data on self-reported costs of landline phone service. The data are drawn from questions that ask about landlines only. Thus no cell service costs are included in the answer but service features such as television and broadband internet are for some households. These features account for a good deal of cost. Comparing the two tables, we find that when the subpopulation examined simply excludes those receiving television via their landline service, costs drop dramatically. Mean monthly cost for Verizon customers drops by nearly \$25 – almost a third of the original \$75.46 figure. Similarly, for AT&T customers the drop is almost \$12 – a one fifth reduction from the original \$59.11 figure.

When we further reduce the customer pool to exclude those with broadband internet through their landline, mean monthly cost continues its steep decline. Verizon customers without TV or broadband internet pay a monthly average of \$37.85, roughly half of what the overall mean is for Verizon customers. Similarly, such AT&T customers pay a monthly mean of \$35.49, a figure merely 60% of the overall mean for AT&T customers.

In the CHCF-B area, the monthly cost of landline service tend to be slightly higher than elsewhere in the state, but the same basic pattern as evident statewide manifests. The pattern is much stronger among Verizon customers than AT&T customers. The mean amount Verizon customers in CHCF-B areas pay is \$93.13. Considering only Verizon customers who do not receive television service via their landline reduces the mean by roughly 28% (\$66.98). Further restricting the pool to those who do not receive tv or broadband internet drops the mean monthly cost to \$54.67, a 41% overall drop in cost. Among comparable AT&T customers, the mean monthly cost is \$59.51. Those without television average nearly the same -- \$57.14. When the pool is further restricted to include only those without broadband internet, the mean is \$50.29.

Source: Q4, Q5, Q5a, PROVIDER

**Table A.8 Amounts Paid for Landline Phone Service by Service Provider
(Replication of Table 2.8)**

Monthly Cost	Service Provider							
	<i>Comcast</i>	<i>Time-Warner Cable</i>	<i>Cox Communications</i>	<i>Verizon</i>	<i>ATT</i>	<i>Other ILEC Provider</i>	<i>Other Non-ILEC Provider</i>	<i>Overall</i>
	%	%	%	%	%	%	%	%
\$1-25	2	2	16	19	28	22	37	24
\$26-50	18	13	23	29	29	39	28	28
\$51-75	6	7	0	17	20	19	13	17
\$76-100	6	16	23	14	11	6	6	11
\$101+	69	62	39	22	12	14	17	21
Base	(55)	(45)	(44)	(143)	(571)	(36)	(79)	(973)
Average Cost	\$	\$	\$	\$	\$	\$	\$	\$
Mean	119.80	114.59	98.26	75.46	59.11	57.16	51.04	68.53
Median	130.00	121.93	99.61	58.02	47.00	40.00	33.92	50.00
Base	(55)	(45)	(44)	(143)	(571)	(36)	(79)	(973)

Source: Q4, Q5, Q5a

Table A.9 Amounts Paid for Landline Phone Service by Service Provider by Feature

Average monthly phone bill for customers with varying service features						
Monthly Cost	No TV		No TV, but including Broadband		No TV or Broadband	
	Verizon	ATT	Verizon	ATT	Verizon	ATT
	%	%	%	%	%	%
\$1-25	26	33	9	7	38	48
\$26-50	32	33	22	35	39	33
\$51-75	22	21	32	34	16	13
\$76-100	14	7	26	12	4	5
\$101+	6	6	11	12	3	2
Base	(140)	(544)	(63)	(215)	(77)	(329)
Average Cost	\$	\$	\$	\$	\$	\$
Mean	51.05	47.40	68.84	68.31	37.85	35.49
Median	45.00	40.00	68.92	55.00	33.59	28.00
Base	(140)	(544)	(63)	(215)	(77)	(329)

Source: Q4, Q5, Q5a

Table A.10 Amounts Paid for Landline Phone Service in the CHCF-B area by Service Provider by Feature

	Average monthly phone bill for customers with varying service features					
Monthly Cost	No TV		No TV, but including Broadband		No TV or Broadband	
	Verizon	ATT	Verizon	ATT	Verizon	ATT
	%	%	%	%	%	%
\$1-25	12	18	2	3	15	21
\$26-50	34	35	14	21	42	39
\$51-75	27	28	24	30	28	27
\$76-100	14	11	31	24	8	8
\$101+	13	8	29	22	7	5
Base	(1449)	(2876)	(498)	(529)	(951)	(2347)
Average Cost	\$	\$	\$	\$	\$	\$
Mean	66.98	57.14	100.28	87.81	54.67	50.29
Median	56.00	50.00	84.00	75.00	48.00	45.00
Base	(1449)	(2876)	(498)	(529)	(951)	(2347)

Source: Q4, Q5, Q5a