Affordability Survey 2010

Volume 2

Telephone Survey of Landline Customers in California High Cost Fund-B (CHCF-B) Areas

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Telephone Survey of Landline Customers in CHCF-B Areas

Specific Research Objectives

The main objectives of this survey are:

1. To provide data on perceived telephone service affordability in high cost areas.

2. To identify those who are most at risk of losing service and factors that affect perceptions of telephone service as difficult to afford.

3. To measure penetration, awareness and knowledge of, interest in, and perceptions about the California LifeLine Telephone Program (LifeLine).

Other surveys conducted simultaneously are described in Volume 1 (Statewide survey) and Volume 3 (CHCF-B, Noncustomer survey) of this report.

Executive Summary of Findings

In September 2007, the Commission issued an interim Decision (D.) 07-09-020 in Rulemaking (R.) 06-06-028, adopting major reforms to the California High Cost Fund-B (CHCF-B) program. This reduced the number of census block groups (CBGs) defining the combined CHCF-B areas, so that the fund could better support those "high cost" areas where funding is most necessary to meet universal service goals. As of January 1, 2009, this policy reduced the number of CBGs to 991. The term "Post-2009" refers to this reduction in the number of CBGs in which California telecommunications customers may benefit from CHCF-B.

Post-2009, CHCF-B areas are now predominantly rural (section 1.1). As a result, the Latino population within these areas is a larger proportion of the total population as compared to pre-2009 CHCF-B parameters (1.2). The same is true for American Indians, though they are still a numerically small group. The respondents answering the survey were generally 40 years of age and older (1.2). These areas are relatively poor compared to the rest of the State; more than one-third of households have household incomes under $34,000 (1.3).

As expected, the CHCF-B areas have generally poor access to telecommunications services, and LifeLine eligible households tend to have the poorest access to services within these areas (2.2). Customers' expenditures on phone service are quite low (2.3) but many find their bill to be unaffordable (4.1). Anywhere from 20 to 60 percent of given subgroups of customers find their phone bill difficult to afford (Chapter 4). These concerns are strongly related to income (4.4), as we would expect, as well as the extent of services the customer receives (4.6). Households earning $39,800 or less are much more concerned about being able to pay the phone bill. It also appears that customers can and do limit their phone service features in the face of economic pressure. This implies that customers may forgo phone service entirely under economic pressure (see 6.1 through 6.5).

Tolerance for fee increases should be interpreted in a nuanced way. The data reveal that higher tolerance for fee increases is due to both higher expendable income and greater dependence on service (5.1 through 5.12). Thus low income, highly dependent populations report some of the highest fee tolerance figures in this study. Their tolerance is approaching a threshold where they can no longer afford phone service. Customers with more expendable income have lower tolerance because the choice for them is not loss of phone service but rather a subset of service features or a change to a different form of phone service provision.

Throughout this report and its corresponding tables, the word "access" is used to represent use of or subscription to a service, product or feature. To interpret whether respondents' data refers to merely having access to a service, product or feature, or their response refers to actual subscription to a service, product or feature, please refer to the "Source" question located beneath each table which corresponds to Section Findings. The numerical designation at the bottom of each table (i.e. Q5) indicates the survey question from which the related data was gathered; the associated surveys and questions are located in Technical Appendix A, beginning on page 105.

For the customer population feeling economic pressure in maintaining phone service, LifeLine subscription would seem an obviously good choice for anyone who is eligible. However, over a third of LifeLine eligible households (36 percent) choose not to subscribe (3.1 through 3.8). Choosing to not utilize LifeLine eligibility does not seem to be related to increasingly diverse forms of telecommunications available to citizens. Rather, it seems to be related to age and race/ethnicity categories (3.3 and 3.1). Eligible customers over 40 are much less likely to use LifeLine, as are non-Latino Whites.

Choosing to not utilize LifeLine despite being eligible leaves a larger number of customers at risk of losing phone service. Customers who are Latino, aged 18 to 29, or who earn less than $34,000 are disproportionately at risk of losing their phone service entirely (6.1, 6.2, and 6.3). Households in the $24,001 to $34,000 range are also at high risk of having to discontinue phone service features (6.8).

The evidence indicates that the CHCF-B population is indeed one where CHCF-B subsidies do make a difference. There are real risks that a phone service rate increase equivalent to the CHCF-B discount would leave small proportions of seniors, Latinos, and lower income households without access to telecommunications. Such an increase would also drive a larger minority of customers (upwards of 10%) away from landline service and cause them to discontinue phone service features they consider important.

CHCF-B Customer Survey Study Design

Public Research Institute (PRI) and the Commission collaborated to design the survey to provide valid and reliable measurements of:

- Perceptions and assessments of affordability of basic telephone service;
- Telephone service security and insecurity, and
- Variation in the above by demographic and socioeconomic characteristics, including age, ethnicity, and household income.

Methodology

The telephone sampling frame included all residential landline customer households in CHCF-B CBGs. The CBGs were stratified using 2000 Census data to increase representation and reduce sampling error for household subgroups defined on race/ethnicity and household income. Within strata, the sample was drawn randomly from telephone company data provided by the CPUC containing the entire customer base that lives in CHCF-B areas.

To increase survey response rates, PRI sent a prenotification letter on letterhead to the drawn sample households one week before the start of data collection, and conducted interviews in English, Spanish, Cantonese, Mandarin, and Vietnamese. PRI completed 6,090 interviews with respondents over an 18-week period from February 11 to June 10, 2010. Response rate was 37.5 percent. Average interview length was 10.8 minutes.

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Chapter One

Characteristics of CHCF-B Area Customers

This chapter describes the demographic characteristics of our sample of respondents. The description is essential to contextualizing the impact of the CHCF-B program. The following tables illustrate areas that are more rural and less electronically connected than most of California. The population in these areas is more non-Latino White, older, less wealthy, and experiencing higher unemployment rates than the rest of the State.

To ensure adequate numbers of respondents who are African American, Asian, and persons from 18 to 29 years of age, we oversampled for these groups. The tables which follow in this chapter present weighted figures. Weighted figures provide the best estimates of the population of the area. As such, weighted percentages as displayed within tables most often do not match the unweighted percentages as represented by preceding text in the methodological index. Unweighted figures are available in the methodological index for technical clarity (see methodological appendix at the end of the document).

Each table includes a "base" of how many respondents offered a valid response to the question, along with the percentage of respondents who did not give a valid response.

1.1 Current Service Location (Rural or Urban) and Service Provider

The following describes the rural/urban composition of the CHCF-B area and the prevalence of various service providers.

Findings

- The CHCF-B area is largely rural. The weighted proportion reveals that over 95 percent of CHCF-B area customers live in rural CBGs.

- Two major Statewide phone service providers are represented in the CHCF-B area – AT&T California (AT&T) and Verizon California Inc. (Verizon). AT&T provides service to two-thirds of the households (66 percent) while Verizon provides service to 30 percent of the households. In addition, Frontier, a service provider focused on rural areas, also provides service to a significant proportion of households (4 percent).

Table 1.1 Current Service Location (Rural or Urban) and Service Provider: Comparison of Distributions in Weighted Samples

Service location	%
Rural	95
Urban	5
Base	(6090)[1]

Service provider	%
AT&T	66
Verizon	30
Frontier	4
Base	(6090)

Source: Census Block Group (from 2000 Decennial Census), Provider (from CPUC records)

[1] Base refers to the number of respondents who offered a valid response to the question. Responses of "do not know" or refusals to answer are not included in the base; they are considered invalid or "missing" cases.

1.2 Race/Ethnicity, Preferred Language, and Age of CHCF-B Area Respondents

The following describes the demographic composition of respondents in CHCF-B areas in terms of race, ethnicity, language preference and age.

Findings

- As expected, a large majority of respondents (69 percent) are non-Hispanic whites. Even with oversampling, very small minorities are African American (3 percent) and Asian (3 percent). American Indians (3 percent) make up a larger proportion of the CHCF-B area population than of California's overall population (1 percent). The weighted sample proportions are consistent with decennial census findings; thus our sample is racially and ethnically representative of the area. Please note, as explained on page 1, that these unweighted figures most often will not match the weighted percentages. This is a necessary outcome of oversampling to achieve statistical validity.

- Despite a large Latino population in the CHCF-B area (roughly one-eighth), the percent of respondents requesting to complete the interview in a language other than English is quite low (under 10 percent). The majority of non-English interviews were conducted in Spanish.

- A large majority of respondents (81 percent) are 40 years of age or older and nearly 40 percent are 60 years or older. In general, older populations tend to have higher rates of survey cooperation in part because they tend to be easier to reach by telephone. However, the CHCF-B area, because of its rural nature, does have an old age structure and these results are in large part simply consistent with that age structure. Part of the logic of the CHCF-B fund is that it serves elderly individuals who are particularly vulnerable to being without phone service.

Table 1.2 Race/Ethnicity, Preferred Language, and Age of CHCF-B Area Respondents
Comparison of Distributions in Weighted Samples

Race/Ethnicity	*Weighted* %
White	79
African American	1
Latino	12
Asian or Pacific Islander	2
American Indian	4
Other	2
Base	(5768)

Age	*Weighted* %
18 to 29 years	3
30 to 39 years	10
40 to 59 years	42
60 years and older	45
Base	(5957)

Preferred language	*Weighted* %
Interview in English	95
Base	(6088)

Source: Q20, Q21, and LANG

1.3 Household Gross Annual Income and Employment Status of CHCF-B Area Respondents

The following describes the demographic composition of respondents in CHCF-B areas in terms of household income and employment status.

Findings

- Over a third of the sample (39 percent) lives in households where income is $34,000 or less; this is higher than the Statewide figure.
- Similarly, a significant minority (16 percent) of respondents is unemployed; this too is higher than the Statewide figure.

Table 1.3 Household Gross Annual Income and Employment Status of CHCF-B Area Respondents
Comparison of Distributions in Weighted Samples

Household income	*Weighted* %
$24,000 or less	25
$24,001 - $34,000	12
$34,001 - $39,800	7
$39,801 - $50,000	12
$50,001 - $75,000	16
Over $75,000	28
Base	(5205)

Employment status	*Weighted* %
Employed	52
Unemployed	16
Not in workforce	32
Base	(6011)

Source: Q2 and 18

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Chapter Two

Description of Current Service Utilization and LifeLine Eligibility

This chapter describes current phone and related services available to CHCF-B area customers, as well as LifeLine eligibility. The CHCF-B area is, as expected, one with fewer subscribership choices or access to telecommunications services, and LifeLine eligible households tend to have the poorest access to services within this area. This is also an area where residents' expenditures on phone service are quite low; the median expenditure is less than $50 and the median for LifeLine eligible households is a mere $28.

Both LifeLine eligibility and utilization vary greatly by income, household size, and race/ethnicity. Gross figures indicate that outreach has been successful in raising utilization rates among minority communities. Chapter Three will further explore this finding to see if the rate *among eligible households* remains as high.

2.1 Type of Phone Service(s) in Household

The following describes the types of phone services available in households, and eligibility for LifeLine service based on reported income and household size criteria.

Findings

- The overwhelming majority of households have wireless service in addition to landlines (87 percent). Three-quarters of the 24 percent of LifeLine subscribers have wireless service (18% with Wireless + Landline, to 6% with Landline Only service) in their homes as well.
- LifeLine subscribers comprise almost half of all households with landline service only (47 percent).
- In terms of reported income and household size criteria alone, one in five households (20 percent) is income-eligible for LifeLine service. Nearly one in four households reported having LifeLine service (24 percent).

Table 2.1 Type of Phone Service in Household

Household Phone Service	
Wireless + Landline	%
Not LifeLine subscriber	69
LifeLine subscriber	18
Landline Only	%
Not LifeLine subscriber	7
LifeLine	6

Base (5899)

Lifeline Income Eligibility	**%**
Eligible	20
Not Eligible	80

Base (6090)

Source: Q6 and Q15

*Eligibility is based on income and household size. Other eligibility categories are not included. The current eligibility-based income limits criteria are: 1-2 members, $24,000 annually; 3 members, $28,200; 4 members, $34,000, and for each additional member, $5,800.

2.2 Services Included in Bill, Other Phone Services Available, and Use of Alternate Phone Service in Case of Disconnection

The following describes services other than landline/telephone only included in the customer's monthly bill, phone services that are available in the household but not associated with the monthly phone bill, and respondents' anticipation of other phone use in the case of household service disconnection.

Findings

- Households in CHCF-B areas tend to have relatively poor supplementary phone services compared to that being offered in non-CHCF-B areas. Less than a third of all customers in the area subscribe to such services as high-speed internet connection, television service, cell access, or even call forwarding through their household phone service. More than a third of households do not subscribe to long distance service through their household phone service. In the case of LifeLine customers, a majority do not subscribe to long distance service through their household phone service (see Table 2.2a).

- Table 2.2a reveals two things about subscribing to service as it relates to type of household phone service. First, households with wireless service have a greater tendency to subscribe to high-speed internet and call forwarding services. Second, LifeLine customers are less likely to subscribe to long distance service. Thus LifeLine customers without wireless access are at a significant disadvantage to other customers in terms of subscribing to additional services.

- Many households have access to cell and high-speed internet outside of the household phone service. However, LifeLine customers without wireless access are once again the least likely to have these additional services. Most important, less than a fifth of LifeLine customers without wireless access have a high-speed internet connection (see Table 2.2b).

- Customers were also asked to report how they would make calls if their household phone service were disconnected. Again, a predictable division between cell users and landline only households emerged. Over 80 percent of cell users would simply use their cell phones. Only about a fifth of LifeLine customers without wireless access think they would be able to access a cell phone. These customers see using a friend's phone (27 percent) or a public payphone (15 percent) as their most viable options. A surprising 36 percent report that they simply would not use a phone (see Table 2.2c).

Table 2.2a Services Included in Household Phone Service Bill

	DSL / Broadband	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/Call forwarding*	
	%	%	%	%	%	Base
Wireless + Landline Customers Non LifeLine subscriber	30	9	67	19	38	(3943)
LifeLine subscriber	24	10	55	11	33	(1210)
Landline Only Customers Non LifeLine subscriber	15	4	61	7	22	(325)
LifeLine subscriber	12	8	41	5	14	368
					Total base	(5846)

Source: Q3 and HHTYPE

Table 2.2b Other Phone Access Available in Household

	Cell phone	*High-speed Internet*	*Digital voice*	Base[1]
	%	%	%	
Wireless + Landline Customers Non LifeLine subscriber	100	70	14	(2271)
LifeLine subscriber	100	43	11	(518)
Landline Only Customers Non LifeLine subscriber	0	27	10	(91)
LifeLine subscriber	0	18	6	(69)
			Total base	(2949)

[1] Base varies for each type of possible phone access; the base shown is the lowest base (for digital voice, about which many respondents didn't know how to respond)

Source: Q15, Q16, and Q17

Table 2.2c Ways Respondent Would Make Calls if Landline Phone Were Disconnected

	Cell phone	*Digital voice*	*Friend*	*Payphone*	*Phone at Work*	*Phone card*	*Other phone*	*Would not use a phone*	Base
	%	%	%	%	%	%	%	%	
Wireless + Landline –Non LifeLine subscriber	90	7	4	2	2	2	2	4	(3928)
LifeLine subscriber	81	3	12	6	0	6	2	8	(1176)
Landline Only Non LifeLine subscriber	37	4	22	10	4	6	5	27	(302)
LifeLine subscriber	22	2	27	15	0	6	2	36	(335)
								Total base	(5741)

Source: Q14 and HHTYPE

2.3 Typical Monthly Total Phone Service Bill

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

Findings

- Reported monthly phone service costs varied widely. Figures at the high end ranged into the hundreds of dollars. Excluding the 20 percent of households with highest reported costs, the figures varied only between a few dollars and $90. The most frugal quartile reports spending $30 a month or less on average. Eighty percent of all customers spend $90 or less in monthly service.

- LifeLine customers without wireless service report the lowest monthly bills by a significant margin. Their monthly expenditure is $12 (30 percent) less than LifeLine customers who have wireless service and $19 (40 percent) less than non-LifeLine customers with only landline service.

Table 2.3a Reported Typical Monthly Phone Bill

	Monthly cost
Quintile	$
20th percentile	30
40th percentile	45
60th percentile	62
80th percentile	90

Table 2.3b Median Typical Monthly Phone Bill

	Monthly cost
	$
Wireless + Landline Not -LifeLine subscriber	50
LifeLine subscriber	40
Landline Only Not LifeLine subscriber	47
LifeLine subscriber	28
Base	(5729)

Source: Q1, Q2 and HHTYPE

2.4 LifeLine Service Eligibility by Individual and Household Characteristics

The following describes income based LifeLine eligibility by selected individual characteristics. The descriptions do not include eligibility categories other than income and household size.

Findings

- Eligibility is highest in single person households (42 percent); this finding is generally consistent with State and nation-wide poverty statistics. Likewise, two person households are least likely to be LifeLine eligible.
- Over a quarter of households with earnings in the $24,000 to $34,000 range are LifeLine eligible.
- Eligibility is highest among Latinos and American Indians, both sizable groups in the CHCF-B area. Nearly a quarter of non-Latino Whites, who represent three quarters of the population in this area, is LifeLine eligible.
- Among customers who chose to be interviewed in a language other than English (the vast majority of which were in Spanish), 70 percent were LifeLine eligible.

Table 2.4 LifeLine Eligibility by Household Size, Gross Annual Income, Race/Ethnicity and Language Preference

Household size	%
1	42
2	18
3	32
4	24
5 or more	29
Base	(5947)

Income	%
$24,000 or less	100
$24,001 to $34,000	30
$34,001 to $39,800	6
$39,801 to $50,000	0
$50,001 to $75,000	0
Over $75,000	0
Base	(5205)

Race/Ethnicity	%
White	23
African American	37
Latino	51
Asian/Pacific Islander	10
American Indian	43
Other	21
Base	(5768)

Language preference	%
English	23
other	70
Base	(6088)

Source: Q18, Q19, Q21 and LANG

2.5 LifeLine Utilization by Individual and Household Characteristics

The following describes LifeLine utilization by selected individual characteristics. These figures can be compared with the preceding figures on LifeLine eligibility to understand where eligibility may not be smoothly translating into utilization.

Findings

- LifeLine utilization patterns largely followed eligibility patterns. Utilization is high in single person households (42 percent), those large households (5 or more persons) had higher than expected utilization rates. Likewise, two person households are least likely to be LifeLine eligible.

- Utilization among households earning $24,000 or less is disturbingly low. Over a third of households in this income category do not utilize LifeLine service for which they are eligible. Utilization in other income categories is higher than expected, possibly due to eligibility criteria outside of income, or possibly because of confusion about what LifeLine actually refers to, or providing an inflated report of household income.

- Utilization follows the pattern of eligibility with regard to race/ethnicity differences. Utilization is highest among Latinos (51 percent), and about a fifth of non-Latino Whites utilize LifeLine. Utilization rates among American Indians are significantly lower than eligibility rates.

- Utilization rates by language preference are in keeping with eligibility rates.

Table 2.5 LifeLine Utilization by Household Size, Gross Annual Income, Race/Ethnicity and Language Preference

Household size	%
1	42
2	16
3	23
4	21
5 or more	37
Base	(5947)

Income	%
$24,000 or less	65
$24,001 to $34,000	32
$34,001 to $39,800	17
$39,801 to $50,000	12
$50,001 to $75,000	7
Over $75,000	3
Base	(5205)

Race/Ethnicity	%
White	19
African American	38
Latino	51
Asian/Pacific Islander	23
American Indian	35
Other	23
Base	(5768)

Language preference	%
English	21
other	63
Base	(6088)

Source: Q6, Q15, Q18, Q19, Q21, and LANG

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Chapter Three

Comparison of LifeLine Subscribers and Gross Annual Income, Eligible Non-Subscribers

This chapter compares the prevalence of LifeLine utilization among those eligible for the service based on their reported income and household size – "income eligible". While utilizing LifeLine would seem an obvious good choice for anyone eligible for the service, over a third of eligible households (35 percent) choose not to subscribe. Understanding this choice informs where LifeLine service can make further penetration.

The following tables consider variation in LifeLine utilization by characteristics of the respondent or household (tables 3.1 through 3.5), or by household access to alternative forms of phone service (tables 3.6 through 3.8). Characteristics of the respondent or household turn out to yield more telling differences in utilization rates than access to alternative forms of phone service. Thus failure to use LifeLine eligibility does not seem to be related to increasingly diverse forms of telecommunications available to citizens. Rather, it seems to be related to age and race/ethnicity categories. In particular, eligible customers over 40 are much less likely to use LifeLine, as are non-Latino Whites. LifeLine service may simply be less well known to customers who are older or non-Latino White.

The relationships discovered here are further considered in Chapter Four, where we incorporate information about affordability and risk of disconnection to elaborate on the crude demographic relationships we have discovered here.

3.1 LifeLine Utilization among Income Eligible Customers – Race/Ethnicity Comparisons

This section describes LifeLine utilization among those who are eligible for the service, based on their reported income. Comparisons are made based on self-identified race/ethnicity and ethnicity classifications. All Latinos are represented as a single category. All other categories include only non-Latino members.

Findings

- With the exception of Asians and Pacific Islanders, the majority of eligible households utilize LifeLine service.
- Significant minorities in all groups fail to utilize the LifeLine service for which they are eligible.
- Utilization is lowest among Asian/Pacific Islander customers and highest among Latino customers.

Table 3.1 LifeLine Utilization among Income Eligible Customers – Race/Ethnicity Comparisons

	White	*African American*	*Latino*	*Asian/ Pacific Islander*	*American Indian*	*Other*	*Total*	Base
	%	%	%	%	%	%	%	
Not a LifeLine subscriber	39	32	26	54	33	49	35	(443)
LifeLine subscriber	61	68	74	46	67	51	65	(833)
Base	(687)	(38)	(460)	(19)	(55)	(17)	(1276)	

Source: LLQUAL, LLINE, Q21

3.2 Lifeline Utilization among Income Eligible Customers – Language Comparisons

This section describes LifeLine utilization among those who are eligible for the service, based on their reported income. Comparisons are made based on language of the interview. Over 90 percent of all respondents chose to conduct the interview in English. Of the 589 interviewees (out of 6,090 total) who chose to interview in another language, the vast majority completed the interview in Spanish.

Findings

- Language does not seem to be a significant barrier to utilizing LifeLine service. Nearly two-thirds of both English and non-English preference speakers utilized LifeLine services if they were eligible.
- Utilization among those who chose to conduct the interview in a language other than English is actually higher than among English preference customers.

Table 3.2 LifeLine Utilization among Income Eligible Customers – Language Comparisons

	English	*Other language*
	%	%
Not a LifeLine subscriber	37	28
LifeLine subscriber	63	72
Base	(973)	(332)

Source: LLQUAL, LLINE, ENGLISH

3.3 LifeLine Utilization among Income Eligible Customers – Age Comparisons

This section describes LifeLine utilization among those who are income eligible for the service, based on their reported income. Comparisons are made based on the respondent's age. Utilization rates vary markedly by age with a monotonic trend of younger persons being more likely to use the service for which they are eligible. Age seems to be a significant barrier to LifeLine utilization.

Findings

- A majority of income eligible households utilize LifeLine service, regardless of the age of the household respondent.
- The utilization rate for the youngest customers was twenty three percentage points, (or 27% by comparison) higher than the rate for the oldest customers.
- There is a steep and steady descent in utilization rates between ages 18 and 40. After 40, utilization rates stabilize.

Table 3.3 LifeLine Utilization among Income Eligible Customers – Age Comparisons

	18 – 29	*30 – 39*	*40 – 59*	*60 and older*
	%	%	%	%
Not a LifeLine subscriber	15	27	38	38
LifeLine subscriber	85	73	62	62
Base	(103)	(182)	(418)	(598)

Source: LLQUAL, LLINE, Q20

3.4 LifeLine Utilization among Income Eligible Customers – Household Size Comparisons

This section describes LifeLine utilization among those who are eligible for the service, based on their reported income. Comparisons are made based on household size. Because of the dollar figures included in the income variable, determining LifeLine income eligibility for three-person households had to be a predictive process. The LifeLine income limit for three-person households is $28,200. Unfortunately, respondents could choose to answer that their household income is somewhere between $24,001 and $34,000. Thus some three-person households in this income bracket would be eligible for LifeLine and some would not. In general, we took a conservative approach, declaring three-person household in this category (see methodological appendix for details). Two- and three-person households have been combined in this analysis and elsewhere to minimize potential error from this estimation process.

Findings

- The majority of income eligible households utilize LifeLine service.
- Large households of four or more persons are more likely than others to utilize LifeLine service if they are eligible.
- The relatively low utilization rate by two- and three-person households may be an effect of age; younger adults tend to live in numerically smaller household units. See the analysis of LifeLine utilization by age above in section 3.3.

Table 3.4 LifeLine Utilization among Income Eligible Customers – Household Size Comparisons

	1	*2 – 3*	*4*	*5 or more*
	%	%	%	%
Not a LifeLine subscriber	34	42	28	28
LifeLine subscriber	66	58	72	72
Base	(488)	(416)	(197)	(205)

Source: LLQUAL, LLINE, HHSIZE

3.5 LifeLine Utilization among Income Eligible Customers – Employment Status Comparisons

This section describes LifeLine utilization among those who are eligible for the service, based on their reported income. Comparisons are made based on employment status. Respondents were classified as being employed, unemployed, and not in the workforce if they reported being retired, a full-time students, a non-working parent, or other category that would be classified as outside the formal workforce.

Findings

- Just under two-thirds of income eligible customers utilize LifeLine regardless of employment status.
- LifeLine eligible customers who are not in the workforce are the most likely to utilize LifeLine. Those who are employed are the least likely to utilize the service for which they are eligible. But again, the differences are fairly small.

Table 3.5 LifeLine Utilization among Income Eligible Customers – Employment Status Comparisons

	Employed	*Unemployed*	*Not in workforce*
	%	%	%
Not a LifeLine subscriber	40	36	34
LifeLine subscriber	60	64	66
Base	(419)	(360)	(521)

Source: LLQUAL, LLINE, Q22

3.6 LifeLine Utilization among Income Eligible Customers – Cell/Wireless Access Comparisons

This section describes LifeLine utilization among those who are eligible for the service, based on their respective reported incomes. Comparisons are made based on cell phone or wireless access.

Findings

- Roughly two-thirds of eligible customers utilize LifeLine regardless of cell/wireless access.
- LifeLine eligible customers without cell/wireless access are slightly more likely to utilize LifeLine service than those with such access.

Table 3.6 LifeLine Utilization among Income Eligible Customers – Cell/Wireless Access Comparisons

	Cell/Wireless access	*No cell/wireless access*
	%	%
Not a LifeLine subscriber	37	32
LifeLine subscriber	63	68
Base	(920)	(384)

Source: LLQUAL, LLINE, Q15

3.7 LifeLine Utilization among Income Eligible Customers – High-Speed Internet Access Comparisons

This section describes LifeLine utilization among those who are income eligible for the service, based on their reported income. Comparisons are made based on high-speed internet access. Any broadband connection via cable, DSL, or other non-dial up service is classified as high-speed.

Findings

- Roughly two-thirds of income eligible customers utilize LifeLine regardless of cell/wireless access.
- LifeLine eligible customers without high-speed internet access are slightly more likely to utilize LifeLine service than those with such access.

Table 3.7 LifeLine Utilization among Income Eligible Customers – High-Speed Internet Access Comparisons

	High-speed Internet access	*No high-speed Internet access*
	%	%
Not a LifeLine subscriber	39	35
LifeLine subscriber	62	66
Base	(407)	(884)

Source: LLQUAL, LLINE, Q16

3.8 LifeLine Utilization among Income Eligible Customers – Digital Phone Service Comparisons

This section describes LifeLine utilization among those who are income eligible for the service, based on their reported income. Comparisons are made based on digital phone service, including Voice over Internet Protocol (VoIP).

Findings

- Digital phone service is rare among this population.
- LifeLine eligible customers without digital phone service are slightly more likely to utilize LifeLine service than those with digital phone service.

Table 3.8 LifeLine Utilization among Income Eligible Customers – Digital Phone Service Comparisons

	Digital phone service	*No digital phone service*
	%	%
Not a LifeLine subscriber	47	38
LifeLine subscriber	53	62
Base	(35)	(372)

Source: LLQUAL, LLINE, Q17

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Chapter Four

Perceived Affordability of Phone Service and Recent Experience of Disconnection

This chapter compares customers' perceptions of their ability to afford phone service and their experience with recent phone service disconnection due to non-payment. There is a vast gap between the perception of being economically challenged to afford to pay a bill and actually failing to pay a bill regularly enough to warrant disconnection. However, perceptions of affordability seem to predict disconnection fairly well; thus customers' perceptions seem accurate though elevated.

Perceptions of affordability vary much more than the simple fact of disconnection. Anywhere from 20 to 60 percent of given subgroups of customers in this chapter's tables reported finding last month's phone bill difficult to afford. These concerns are strongly related to income, as we would expect, as well as the extent of services the customer receives. Households earning $39,800 or less appear to be the ones where concern about being able to pay the phone bill is simply much more common. It also appears that customers can and do limit their phone services in the face of economic pressure. This may, unfortunately, also imply that customers may forgo phone service entirely under economic pressure. This question will be considered in Chapter Five.

Recent (since the beginning of 2009) phone service disconnection experiences due to non-payment are rare. Subgroups report disconnection rates anywhere between 2 and 10 percent. If these rates holds steady over time, however, the cumulative probability of experiencing disconnection will create a gap that grows larger over time. An 8 percent gap, for example, will be compounded into a 16 percent gap, then a 24 percent gap, and so forth as we project disparities over a longer timeframe.

Affordability and disconnection generally coincide. If we simply know whether a respondent found their last month's phone bill to be easy or hard to afford, we can predict whether they experienced a recent service disconnection with 7 percent greater accuracy.[2] The predictive value of customers' own assessments of their ability to pay remains when we control for the effect of income. Customers are therefore fairly good at reporting their own ability to make payment regardless of how much income their household earns.

[2] This is based on a simple logistic regression model where disconnection is predicted by affordability. The Nagelkerke R square is .07; thus 7 percent of the variation in disconnection is explained by affordability.

4.1 Perceived Affordability of Last Month's Telephone Bill

This section describes respondents' perceptions of the affordability of their phone service. Perception of affordability was assessed based on a single question; further examination of affordability and how it compares to perception of affordability will be taken up later. The table below merely reveals that perceptions of affordability differ greatly between LifeLine and non-LifeLine customers. Despite the LifeLine service, LifeLine customers find their phone bill more difficult to afford.

Findings

- Nearly two-thirds of customers (63 percent) found their last month's bill easy to afford.
- A majority (51 percent) of LifeLine customers found their last month's bill hard to afford.

Table 4.1 Perceived Affordability of Last Month's Telephone Bill

Affordability	*Not a LifeLine subscriber* %	*LifeLine subscriber* %	*Total* %	Base
Easy	66	49	63	(3484)
Hard	34	51	37	(2150)
Base	(4121)	(1513)	(5634)	

Source: Q4

4.2 Perceived Affordability of Last Month's Telephone Bill – Race/Ethnicity Comparisons

This section describes respondents' perceptions of the affordability of their phone service as it differs by race/ethnicity.

Findings

- A majority of customers in every group, with the exception of African Americans, reported finding it easy to pay last month's phone bill.
- Non-Latino Whites, the majority of customers in the area, along with Asians had the lowest percentage reporting it difficult to pay last month's bill.
- Latinos and American Indians, both relatively large groups in CHCF-B areas, had nearly half of customers reporting it difficult to pay last month's bill.

Table 4.2 Perceived Affordability of Last Month's Telephone Bill by Race/Ethnicity

Affordability	*White*	*African American*	*Latino*	*Asian/ Pacific Islander*	*American Indian*	*Total*
	%	%	%	%	%	%
Easy	65	44	51	71	51	63
Hard	35	56	49	29	49	37
Base	(3987)	(159)	(1170)	(179)	(186)	(5678)

Source: Q4 and Q21

4.3 Perceived Affordability of Last Month's Telephone Bill – Language of Interview Comparisons

This section describes respondents' perceptions of the affordability of their phone service as it differs by language preference of respondent. Again, the vast majority of respondents (95 percent) chose to complete the survey in English, so the comparisons below pertain to a small subset of the sample.

Findings

- A majority of respondents' choosing to complete the interview in a language other than English found it difficult to pay last month's phone bill.
- Among respondents who chose to complete the interview in English, nearly two-thirds (64%) found it easy to pay last month's phone bill compared to only 43% of those completing the survey in another language.

Table 4.3 Perceived Affordability of Last Month's Telephone Bill by Language of Interview

Affordability	*English*	*Other language*
	%	%
Easy	64	43
Hard	36	57
Base		

Source: Q4 and LANG

4.4 Perceived Affordability of Last Month's Telephone Bill – Household Income Comparisons

This section describes respondents' perceptions of the affordability of their phone service as it differs by income category.

Findings

- There is a steady decrease in the percent of customers who found it hard to pay last month's phone bill as income categories increase.
- A majority of those making $39,800 or under found it hard to pay last month's phone bill.
- Even in the highest income category, nearly one-fifth (18 percent) of customers reported finding it difficult to pay last month's phone bill.

Table 4.4 Perceived Affordability of Last Month's Telephone Bill – by Household Gross Annual Income

Affordability	*$24,000 or less*	*$24,001 - $34,000*	*$34,001 - $39,800*	*$39,801 $50,000*	*$50,001 - $75,000*	*Over $75,000*
	%	%	%	%	%	%
Easy	47	48	50	57	71	82
Hard	53	52	50	43	21	18
Base	(1370)	(643)	(369)	(534)	(817)	(1472)

Source: Q4 and Q18

4.5 Perceived Affordability of Last Month's Telephone Bill – Income Eligibility for LifeLine Comparisons

This section describes respondents' perceptions of the affordability of their phone service as it differs by income eligibility for LifeLine service.[3] The large gap (17 percentage point differentiation) between the two groups shows that LifeLine eligibility affects those who at least in their own perception, are having a more difficult time paying their phone bills.

Findings

- Just over one-third (34%) of customers who are income eligible for LifeLine service report it being hard to afford last month's phone bill.
- About half of customers not income eligible for LifeLine service report it being hard to afford last month's phone bill.

[2] LifeLine eligibility is strictly calculated on self-reported income and household size. Other categories of LifeLine eligibility are not included.

Table 4.5 Perceived Affordability of Last Month's Telephone Bill – Comparisons by Income Eligibility for LifeLine Service

Affordability	*Income eligible for LifeLine*	*Not income eligible for LifeLine*
	%	%
Easy	66	49
Hard	34	51
Base		

Source: Q4 and LLQUAL

4.6 Perceived Affordability of Last Month's Telephone Bill – Household Communication Type Comparisons

This section describes respondents' perceptions of the affordability of their phone service as it differs by household communication type. This table helps us understand what is driving customers' perceptions of telephone affordability. It appears that services and income both play a role in determining perceptions of affordability. Non-LifeLine customers with wireless phone service plus a landline are least likely to report having difficulty affording last month's phone bill. Conversely, LifeLine customers with only landline service are nearly as unlikely to report difficulty paying last month's phone bill. Thus having income sufficient to afford an array or phone services, or limiting phone services to a minimum appear to be two routes to achieving affordability.

Findings

- A majority of each category found it easy to pay last month's phone bill.
- LifeLine customers are more likely to report having difficulty paying last month's phone bill (see second table)
- LifeLine customers with wireless service are most likely to report having difficulty paying last month's phone bill.
- Landline only customers who do not subscribe to LifeLine service are relatively more likely to report having difficulty paying last month's phone bill compared to their LifeLine subscribing counterparts. This finding indicates that among this group of landline only customers, LifeLine service makes a significant difference in affordability.

Table 4.6 Perceived Affordability of Last Month's Telephone Bill – Comparisons by Household Voice Communication Type

	Household Voice Communication Type			
	Wireless + Landline Customer		*Landline Only Customer*	
	Not a-LifeLine Subscriber	*LifeLine Subscriber*	*Not a LifeLine Subscriber*	*LifeLine Subscriber*
Affordability	%	%	%	%
Easy	66	53	55	61
Hard	34	47	45	39
Base	(3943)	(1210)	(325)	(368)

	Not a LifeLine Subscriber	*LifeLine Subscriber*
Affordability	%	%
Easy	65	56
Hard	35	44
Base	(4121)	(1513)

Source: Q4 and HHTYPE

4.7 Perceived Affordability of Last Month's Telephone Bill – Employment Status Comparisons

This section describes respondents' perceptions of the affordability of their phone service as it differs by employment status.

Findings

- A majority of each category found it easy to pay last month's phone bill.
- Employed customers were most likely to find it easy to afford last month's phone bill.
- Unemployed customers were most likely to find it difficult to afford last month's phone bill.
- Persons not in the workforce, including retirees and homemakers, do not appear to be particularly disadvantaged in affording phone service.

Table 4.7 Perceived Affordability of Last Month's Telephone Bill by Employment Status

Affordability	*Employed*	*Unemployed*	*Not in workforce*
	%	%	%
Easy	67	55	61
Hard	33	45	39
Base	(3272)	(976)	(1762)

Source: Q4 and Q22

4.8 Perceived Affordability of Last Month's Telephone Bill – Service Location (Rural or Urban) Comparisons

This section describes respondents' perceptions of the affordability of their phone service as it differs by household location (urban versus rural CBG). There are no apparent differences between the areas in terms of perceptions of affordability of phone service.

Findings

- No significant differences based on household location.

Table 4.8 Perceived Affordability of Last Month's Telephone Bill by Service Location (Rural or Urban)

	Urban	*Rural*
Affordability	%	%
Easy	62	63
Hard	38	37
Base	(1945)	(3687)

Source: Q4, CGB, and RURBAN

4.9 Perceived Affordability of Last Month's Telephone Bill – Household Size Comparisons

This section describes respondents' perceptions of the affordability of their phone service as it differs by household size. Few patterns emerge from this data. The slightly higher percentages who found it difficult to afford last month's phone bill in three-person and five-person households may be due to the presence of minor children. However, the survey does not allow us to examine this supposition.

Findings

- A majority of customers in all household sizes found it easy to afford last month's phone bill.
- Two person households reported the least difficulty paying last month's phone bill.

Table 4.9 Perceived Affordability of Last Month's Telephone Bill by Household Size

Affordability	*1*	*2*	*3*	*4*	*5*
	%	%	%	%	%
Easy	61	67	57	63	56
Hard	39	33	43	37	44
Base	(1220)	(2492)	(777)	(736)	(722)

Source: Q4 and Q19num

4.10 Perceived Affordability of Last Month's Telephone Bill – Age of Respondent Comparisons

This section describes respondents' perceptions of the affordability of their phone service as it differs by age of the respondent. No significant differences emerge from this data.

Findings

- Different age groups did not differ significantly in how affordable they found last month's phone bill.

Table 4.10 Perceived Affordability of Last Month's Telephone Bill by Age of Respondent

	Age of Respondent			
	18 – 29 years	*30 – 39 years*	*40 – 59 years*	*60 years or older*
Affordability	%	%	%	%
Easy	65	64	61	64
Hard	35	36	39	36
Base	(311)	(763)	(2293)	(2147)

Source: Q4 and Q20

4.11 Experience of Phone Service Disconnection since January 2009

This section describes respondents' experience of phone service disconnection due to non-payment since January 2009. Disconnection is self-reported and we generally regard it as more substantial evidence of affordability than self-assessments of cost. The table below reveals that the vast majority (97 percent) of customers have not experienced service disconnection in the recent past.

Findings

- The vast majority of customers have not experienced disconnection in the recent past.
- LifeLine customers were twice as likely to have experienced disconnection as other customers.

Table 4.11 Experience of Phone Service Disconnection Since January 2009

Disconnection since January 2009?	*Not a LifeLine Subscriber*	*LifeLine Subscriber*	*Total*	Base
	%	%	%	
Yes	3	6	3	(219)
No	97	94	97	(5853)
Base	(4486)	(1586)	(6072)	

Source: Q4

4.12 Experience of Phone Service Disconnection since January 2009 – Race/Ethnicity Comparisons

This section describes respondents' experience of phone service disconnection due to non-payment since January 2009, as it differs by race/ethnicity.

Findings

- The vast majority of customers in each group did not experience disconnection recently.
- Latinos and Asians had double the rate of disconnection experienced by non-Latino Whites, while American Indians had triple the rate.

Table 4.12 Experience of Phone Service Disconnection Since January 2009 by Race/Ethnicity

	Race/Ethnicity				
	White	*African American*	*Latino*	*Asian/Pacific Islander*	*American Indian*
Disconnection since January 2009?	%	%	%	%	%
Yes	3	4	7	7	10
No	97	96	93	93	90
Base	(3987)	(159)	(1170)	(179)	(186)

Source: Q4 and Q21

4.13 Experience of Phone Service Disconnection since January 2009 – Language of Interview Comparisons

This section describes respondents' experience of phone service disconnection due to non-payment since January 2009, as it differs by language preference of respondent. Again, the vast majority of respondents (95 percent) chose to complete the survey in English, so the comparisons below pertain to a small subset of the sample.

Findings

- The rate of disconnection among those who chose to answer the survey in a language other than English is twice that of other respondents'.

Table 4.13 Experience of Phone Service Disconnection Since January 2009 by Language of Interview

Disconnection since January 2009?	*English*	*Other language*
	%	%
Yes	3	7
No	97	93
Base	(4526)	(257)

Source: Q4 and LANG

4.14 Experience of Phone Service Disconnection since January 2009 – Household Gross Annual Income Comparisons

This section describes respondents' experience of phone service disconnection due to non-payment since January 2009, as it differs by income category. The patterns evident here coincide with the patterns found in Table 4.4, which looks at income as it relates to perceptions of affordability. Thus what customers are reporting in terms of affordability does match up with what they are experiencing in terms of disconnection due to non-payment.

Findings

- Rates of disconnection vary substantially in the lowest three income brackets. In the highest three income brackets, there is a steady decrease in the percent of customers experiencing disconnection.

- Rate of disconnection for households earning $39,800 or less is more than double that for higher income households.

Table 4.14 Experience of Phone Service Disconnection Since January 2009 by Household Gross Annual Income

Disconnection since January 2009?	*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*
	%	%	%	%	%	%
Yes	6	3	9	4	2	1
No	94	97	91	96	98	99
Base	(1370)	(643)	(360)	(534)	(817)	(1472)

Source: Q4 and Q18

4.15 Experience of Phone Service Disconnection since January 2009 – Income Eligibility for LifeLine Service Comparisons

This section describes respondents' experience of phone service disconnection due to non-payment since January 2009, as it differs by income eligibility for LifeLine service.[4] The patterns evident here coincide with the patterns found in Table 4.15, which looks at LifeLine eligibility as it relates to perceptions of affordability.

Findings

- The rate of disconnection for customers who are income-eligible for LifeLine service is double that for other customers.

[4] LifeLine eligibility is strictly calculated on self-reported income and household size. Other categories of LifeLine eligibility are not included.

Table 4.15 Experience of Phone Service Disconnection Since January 2009 by Income Eligibility for LifeLine Service

Disconnection since January 2009?	***Income Eligibility***	
	Not income eligible for LifeLine Service	*Income eligible for LifeLine Service*
	%	%
Yes	3	6
No	97	94
Base	(4774)	(1298)

Source: Q4 and LLQUAL

4.16 Experience of Phone Service Disconnection since January 2009 – Household Communication Type Comparisons

This section describes respondents' experience of phone service disconnection due to non-payment since January 2009, as it differs by household communication type. This table helps us understand the types of services people who have been disconnected in the recent past are now receiving. The vast majority of such customers currently have access to wireless service in addition to their LifeLine landline service.

Findings

- The rate of disconnection for LifeLine customers is double that for other customers.
- The finding in Table 4.16 that customers can control affordability by limiting services is only faintly echoed here. Customers who have experienced disconnection are still quite likely to have wireless service in addition to their landline service.

Table 4.16 Experience of Phone Service Disconnection Since January 2009
Household Voice Communication Type

Disconnection since January 2009?	Wireless + Landline Customer		Landline Only Customer	
	Not a LifeLine Subscriber	*Life Line Subscriber*	*Not a LifeLine Subscriber*	*Life Line Subscriber*
	%	%	%	%
Yes	3	6	3	5
No	97	94	97	95
Base	(3965)	(1215)	(331)	(371)

Disconnection since January 2009?	*Not a LifeLine Subscriber*	*LifeLine Subscriber*
	%	%
Yes	3	6
No	97	94
Base	(4296)	(1586)

Source: Q4 and HHTYPE

4.17 Experience of Phone Service Disconnection since January 2009 – Employment Status Comparisons

This section describes respondents' experience of phone service disconnection due to non-payment since January 2009, as it differs by employment status.

Findings

- Unemployed customers were twice as likely to have experienced disconnection of services in the recent past. This may indicate that bill payment for many customers is tenuously connected to their employment and that they cannot remain unemployed long before payment of bills becomes a problem.

Table 4.17 Experience of Phone Service Disconnection Since January 2009 by Employment Status

Disconnection since January 2009?	*Employed*	*Unemployed*	*Not in workforce*
	%	%	%
Yes	3	6	3
No	97	94	97
Base	(3264)	(971)	(1758)

Source: Q4 and Q22

4.18 Experience of Phone Service Disconnection since January 2009 – Service Location (Rural or Urban) Comparisons

This section describes respondents' experience of phone service disconnection due to non-payment since January 2009, as it differs by household location (urban versus rural CBG). There are no apparent differences between the areas in terms of recent experiences with disconnection.

Findings

- No significant differences based on household location.

Table 4.18 Experience of Phone Service Disconnection Since January 2009 by Service Location (Rural or Urban)

Disconnection since January 2009?	*Urban*	*Rural*
	%	%
Yes	3	4
No	97	96
Base	(2099)	(3971)

Source: Q4, CBG, and RURBAN

4.19 Experience of Phone Service Disconnection since January 2009 – Household Size Comparisons

This section describes respondents' experience of phone service disconnection due to non-payment since January 2009, as it differs by household size. There appears to be a trend where larger households are more likely to experience disconnection.

Findings

- One and two person households have the lowest rates of recent disconnection.
- Three and four person households experience recent disconnection at roughly twice the rate of one and two person households.
- Large households of five or more persons have a rate of recent disconnection four times higher than small households.

Table 4.19 Experience of Phone Service Disconnection Since January 2009 by Household Size

Disconnection since January 2009?	*Household Size*				
	1	*2*	*3*	*4*	*5*
	%	%	%	%	%
Yes	3	2	5	5	8
No	97	98	95	95	92
Base	(1220)	(2492)	(777)	(736)	(722)

Source: Q4 and Q19num

4.20 Experience of Phone Service Disconnection since January 2009 – Age of Respondent Comparisons

This section describes respondents' experience of phone service disconnection due to non-payment since January 2009, as it differs by age of the respondent. There is a steady trend from relatively high to low recent disconnection experiences as age increases. Seniors appear to have made choices about their ability to pay for phone services and have steady enough income to predictably pay bills.

Findings

- 18 to 29 year olds are the most likely to have experienced a recent disconnection.
- Those 60 and old are least likely to have experienced a recent disconnection.

Table 4.20 Experience of Phone Service Disconnection Since January 2009 by Age of Respondent

Disconnection since January 2009?	*Age of Respondent*			
	18 – 29 years	*30 – 39 years*	*40 – 59 years*	*60 years or older*
	%	%	%	%
Yes	7	5	5	2
No	93	95	95	98
Base	(326)	(800)	(2475)	(2356)

Source: Q4 and Q20

4.21 Experience of Phone Service Disconnection Since January 2009 – Perceptions of Affordability Comparisons

This section describes respondents' experience of phone service disconnection due to non-payment since January 2009, as it differs by the respondents' perceptions of phone service affordability. Not surprisingly, those who perceive having difficulty paying their monthly phone bill are more likely to have had a recent disconnection experience.

Findings

- The disconnection rate for those who found it difficult to pay for last month's phone bill is three times that for other customers. Perception, in this limited sense, seems grounded in reality.

Table 4.21 Experience of Phone Service Disconnection Since January 2009 – Perceptions of Affordability Comparisons

Disconnection since January 2009?	**Affordability of Last Month's Phone bill**	
	Easy	*Hard*
	%	%
Yes	2	7
No	98	93
Base	(3484)	(2150)

Source: Q4 and Q20

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Chapter Five

Customer Decision Making in Light of Hypothetical Fee Increases

This chapter examines customers' assessments of how much they can afford to pay for phone and related services. It also evaluates how customers imagine they might react to increases in phone service fees. While there is a great deal of variety in terms of how much customers say they can afford, responses to how they would behave in light of a personally defined "borderline unacceptable" increase are quite consistent. Customers largely agree on what services they would terminate first; and customers with alternative access to phone service are, predictably, less tolerant of fee increases. However, there are some interesting anomalies in predicted behavior, most importantly, among LifeLine customers with only landline service.

High-speed internet connectivity is viewed as quite important by the bulk of customers. However, LifeLine customers with only landline service are markedly less attached to high-speed internet. This is also true of customers 60 and over, though most accentuated among the LifeLine customers in that age group.

Other differences in the valuation of services include the relatively high value on voicemail/call waiting services among African American customers and those aged 18-29. This type of anomaly cautions us to take care in assessing the value of any given service, defining "essential" phone service, and "at risk" customers. These issues are discussed in more detail in the following chapter.

Tolerance for fee increases also needs to be interpreted in a nuanced way. The data reveal that higher tolerance for fee increases is due to both higher expendable income and greater dependence on service. Thus low income, highly dependent populations report some of the highest fee tolerance figures in this study. Their tolerance is very much about reaching a breaking point where they can no longer afford phone service. Customers with more expendable income have lower tolerance because the choice for them is not loss of phone service but rather a subset of services or a change to a different form of phone service provision.

5.1 Customer Assessment of Tolerable Increase in Phone Service Bill Excluding Fees, Taxes, and Surcharges*

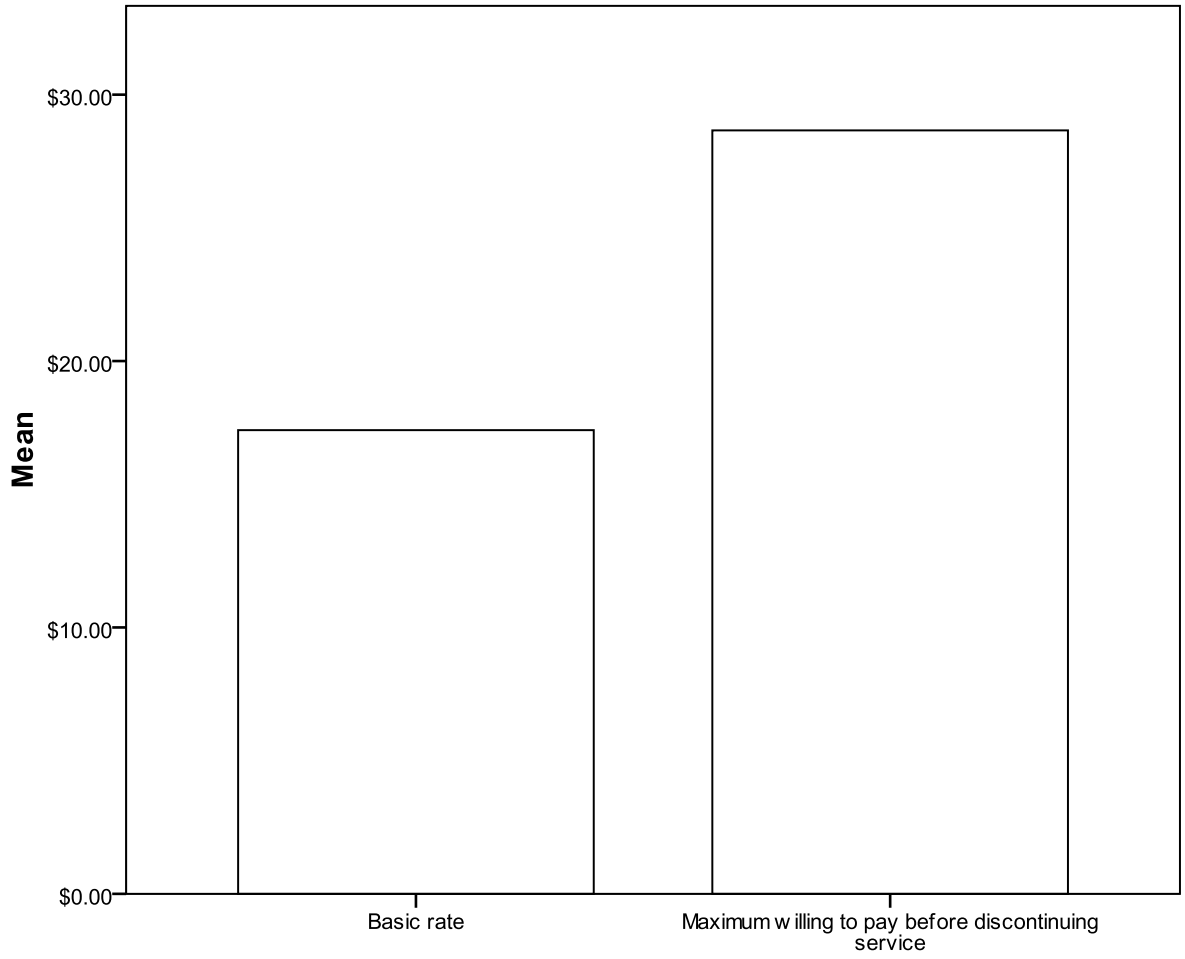
This section describes respondents' assessments of how much of an increase in the rate of basic phone service, excluding fees, taxes, and surcharges they could tolerate before discontinuing phone service. This assessment is for basic phone service alone. A service by service examination of cost versus benefit assessments follows this most basic analysis.

Findings

- On average, customers pay a basic phone service rate of $17.41.
- The average maximum customers report being willing to pay before discontinuing their basic phone service is $28.66.
- Customers on average would tolerate a 63 percent increase before discontinuing their phone service.[5]

[5] The percentage is calculated as the maximum reported amount the customer would be willing to pay as a percentage of the basic rate of service they presently pay.

Table 5.1 Customer Assessment of Tolerable Increase in Phone Service Bill*



Source: RATE 1 (from phone company data) and Q7MAX

5.2 Customer Assessment of Tolerable Increase in Phone Service Bill Excluding Fees, Taxes, and Surcharges;* Comparisons by Household Gross Annual Income

This section describes respondents' assessments of how much of an increase in the rate of basic phone service, excluding fees, taxes, and surcharges they could tolerate before discontinuing phone service as the assessments differ by household income. We examine the maximum tolerable percentage increase.

Findings

- There is a steady increase in mean percentage tolerable increase from the lowest income bracket through $39,800. Customers earning more than $39,800 as a whole report being able to tolerate a more than doubling of their basic service fees before contemplating disconnecting their phone service.

- The important income "tipping point" here seems to be $39,800; customers in households earning this amount or less report being able to handle only a modest 30 percent to 52 percent increase in basic phone service fees. This divide echoes what our research found in Chapter Four concerning assessment of difficulty in paying last month's phone bill.

Table 5.2 Tolerable Percentage Change in Basic Phone Service Bill* by Household Gross Annual Income

Tolerable Percentage Change in Basic Phone Service Cost	*$24,000 or less*	*$24,001 - $34,000*	*$34,001 - $39,800*	*$39,801 $50,000*	*$50,001 - $75,000*	*Over $75,000*
	%	%	%	%	%	%
Mean	32	30	52	141	106	64
Base	(588)	(323)	(197)	(271)	(434)	(800)

Source: RATE 1 (from phone company data), Q7MAX, and Q18

5.3 Customer Assessment of Tolerable Increase in Phone Service Bill Excluding Fees, Taxes and Surcharges;* Comparisons by Service Location (Rural or Urban)

This section describes respondents' assessments of the amount of an increase in the basic phone service rate they could tolerate before discontinuing phone service, as the assessments differ by rural or urban residence (rural or urban CBG). We examine the maximum tolerable percentage increase.

Findings

- Customers residing in urban areas report being able to tolerate a greater increase in fees compared to rural customers.

Table 5.3 Tolerable Percentage Change in Basic Phone Service Bill* by Service Location (Rural or Urban)

Tolerable Percentage Change in Basic Phone Service Cost	*Rural*	*Urban*
	%	%
Mean	51	66
Base N	(1123)	(1865)

Source: RATE 1 (from phone company data), Q7MAX, and RURBAN

5.4 Customer Assessment of Tolerable Increase in Phone Service Bill Excluding Fees, Taxes and Surcharges;* Comparisons by Language of Interview

This section describes respondents' assessments of how much increase in their basic phone service rate they could tolerate before discontinuing phone service as the assessments differ by language in which the interview was conducted. We examine the maximum tolerable percentage increase. We conducted the vast majority of interviews in English. This should be considered when making sense of the results below.

Findings

- Those completing the survey in English report being able to tolerate a 67 percent increase in basic phone service fees before deciding to disconnect service.

- Those completing the survey in a language other than English, somewhat confusingly, report being able to tolerate maximum fees slightly less than what they presently pay. This does coincide with evidence that such customers disproportionately report having difficulty paying last month's phone bill, but obviously it would be incorrect to interpret this finding as indicating the entire group is in danger of disconnection. We might infer that some customers answered the question with a dollar figure they could pay *in addition* to what they currently pay. However, such misunderstanding on the part of respondents cannot be corrected without making potentially biased assumptions about what customers *meant* to report. We have therefore treated respondent's answers as correct in all cases. The error introduced by customers misunderstanding the question will lead to greater uncertainty (larger margins of error) but will *not* introduce any bias in findings.

Table 5.4 Tolerable Percentage Change in Basic Phone Service Bill* by Language of Interview

Tolerable Percentage Change in Basic Phone Service Cost	*English*	*Not English*
	%	%
Mean	67	-18
Base	(2726)	(261)

Source: RATE 1 (from phone company data), Q7MAX, and LANG

5.5 Customer Assessment of Tolerable Increase in Phone Service Bill Excluding Fees, Taxes and Surcharges:* Comparisons by Race/Ethnicity of Respondent

This section describes respondents' assessments of how much of an increase in the rate of basic phone service they could tolerate before discontinuing phone service as the assessments differ by race/ethnicity of respondent. We examine the maximum tolerable percentage increase.

Findings

- Assessments of tolerable increase vary greatly by race/ethnicity. African Americans, by a sizeable margin, report the lowest tolerance for fee increases. Whites also report markedly lower tolerance for fee increases compared to other groups. Latinos and American Indians report being able to tolerate a more than doubling of their basic fees.

- This difference, as revealed later in this chapter, is partially explained by Whites being less willing to pay for services they do not deem worth the cost, as opposed to Latinos and American Indians, who are more likely to report resorting to service discontinuation only when they cannot afford the fees.

Table 5.5 Tolerable Percentage Change in Basic Phone Service Bill* by Race/Ethnicity of Respondent

	White	*African American*	*Latino*	*Asian or Pacific Islander*	*American Indian*	*Other*
Tolerable Percentage Change in Basic Phone Service Cost	%	%	%	%	%	%
Mean	59	13	102	73	109	49
Base	(1952)	(79)	(576)	(90)	(97)	(43)

Source: RATE 1 (from phone company data), Q7MAX, and Q21

5.6 Customer Assessment of Tolerable Increase in Phone Service Bill Excluding Fees, Taxes and Surcharges;* Comparisons by Age of Respondent

This section describes respondents' assessments of how much of an increase in the rate of basic phone service they could tolerate before discontinuing phone service as the assessments differ by age of respondent. We examine the maximum tolerable percentage increase.

Findings

- Customers under 40 years of age are markedly less tolerant of fee increases than those 40 and over.
- Customers 60 and over report being willing to tolerate near doubling of fees before discontinuing phone service.

Table 5.6 Tolerable Percentage Change in Basic Phone Service Bill* by Age of Respondent

Tolerable Percentage Change in Basic Phone Service Cost	*18 to 29*	*30 to 39*	*40 to 59*	*60 and older*
	%	%	%	%
Mean	25	28	54	93
Base	(201)	(484)	(1342)	(908)

Source: RATE 1 (from phone company data), Q7MAX, and Q20

5.7 Customer Assessment of Tolerable Increase in Phone Service Bill Excluding Fees, Taxes and Surcharges;* Comparisons by Household Size

This section describes respondents' assessments of how much of an increase in the rate of basic phone service they could tolerate before discontinuing phone service as the assessments differ by household size. We examine the maximum tolerable percentage increase.

Findings

- Single person households and large households (five or more persons) have markedly higher tolerance for increases than two-, three-, and four-person households.

Table 5.7 Tolerable Percentage Change in Basic Phone Service Bill* by Household Size

Tolerable Percentage Change in Basic Phone Service Cost	*1*	*2*	*3*	*4*	*5 or more*
	%	%	%	%	%
Mean	84	58	37	43	117
Base	(526)	(1145)	(447)	(433)	(380)

Source: RATE 1 (from phone company data), Q7MAX, and HHSIZE

5.8 Customer Assessment of Tolerable Increase in Phone Service Bill Excluding Fees, Taxes and Surcharges;* Comparisons by Lifeline Eligibility

This section describes respondents' assessments of how much of an increase in the rate of basic phone service they could tolerate before discontinuing phone service as the assessments differ by LifeLine eligibility. Eligibility here is restricted to income eligibility; it does not include other categories of LifeLine eligibility. We examine the maximum tolerable percentage increase.

Findings

- LifeLine eligible customers report much lower tolerance for fee increases than other customers.
- LifeLine eligible customers seem to assess themselves as dangerously close to not being able to afford phone service. See Table 4.5, (Chapter 4, page 51)

Table 5.8 Tolerable Percentage Change in Basic Phone Service Bill* by LifeLine Eligibility

Tolerable Percentage Change in Basic Phone Service Cost	*Eligible*	*Not Eligible*
	%	%
Mean	28	74
Base	(2412)	(576)

Source: RATE 1 (from phone company data), Q7MAX, and Q20

5.9 Customer Assessment of Tolerable Increase in Phone Service Bill Excluding Fees, Taxes and Surcharges;* Comparisons by Voice Communications Type

This section describes respondents' assessments of how much of an increase in the rate of basic phone service they could tolerate before discontinuing phone service as the assessments differ by household telecommunications type. We examine the maximum tolerable percentage increase.

Findings

- Customers with only landline service are less tolerant of fee increases.
- Customers with both wireless and landline access who do not subscribe to LifeLine service seem to have sufficient resources to tolerate an over 75 percent increase in fees.
- LifeLine customers with wireless service are less tolerant of fee increases than LifeLine customers without wireless service.

Table 5.9 Tolerable Percentage Change in Basic Phone Service Bill* by Voice Communications Type

	Wireless and Landline		Landline Only	
	Not a LifeLine Subscriber	*LifeLine Subscriber*	*Not a LifeLine Subscriber*	*LifeLine Subscriber*
Tolerable Percentage Change in Basic Phone Service Cost	%	%	%	%
Mean	78	17	47	28
Base	(2063)	(587)	(134)	(129)

Source: RATE 1 (from phone company data), Q7MAX and Q20

5.10 Customer Assessment of Tolerable Increase in Phone Service Bill Excluding Fees, Taxes and Surcharges;* Comparisons by Employment Status

This section describes respondents' assessments of how much of an increase in the rate of basic phone service they could tolerate before discontinuing phone service as the assessments differ by employment status. We examine the maximum tolerable percentage increase.

Findings

- Employment status does not seem to influence tolerance for rate increases.

Table 5.10 Tolerable Percentage Change in Basic Phone Service Bill* by Employment Status

Tolerable Percentage Change in Basic Phone Service Cost	*Employed*	*Unemployed*	*Not in Workforce*
	%	%	%
Mean	64	61	66
Base	(1792)	(454)	(708)

Source: RATE 1 (from phone company data), Q7MAX, and Q20

5.11 Customer Assessment of Tolerable Increase in Phone Service Bill Excluding Fees, Taxes and Surcharges;* Comparisons by Assessment of Affordability of Phone Service

This section describes respondents' assessments of how much of an increase in the rate of basic phone service they could tolerate before discontinuing phone service as the assessments differ by how affordable customers found last month's phone bill. We examine the maximum tolerable percentage increase.

Findings

- Oddly enough, customers who found it difficult to afford last month's phone bill report being only slightly less able to tolerate about the same increase (just over 50 percent) as customers who had no difficulty paying last month's bill.

Table 5.11 Tolerable Percentage Change in Basic Phone Service Bill* by Assessment of Affordability

Tolerable Percentage Change in Basic Phone Service Cost	%	%
Mean	58	53
Base	(1723)	(1093)

Source: RATE 1 (from phone company data), Q7MAX, and Q20

5.12 Customer Assessment of Tolerable Increase in Phone Service Bill Excluding Fees, Taxes and Surcharges;* Comparisons by Experience of Phone Service Disconnection

This section describes respondents' assessments of how much of an increase in the rate of basic phone service they could tolerate before discontinuing phone service as the assessments differ by recent experience of phone service disconnection because of non-payment. We examine the maximum tolerable percentage increase.

Findings

- The small percentage of customers who have experienced phone service disconnection since January 2009 cannot tolerate much of an increase in fees.

Table 5.12 Tolerable Percentage Change in Basic Phone Service Bill* by Experience of Phone Service Disconnection

Tolerable Percentage Change in Basic Phone Service Cost	%	%
Mean	28	65
Base	(125)	(2857)

Source: RATE 1 (from phone company data), Q7MAX, and Q20

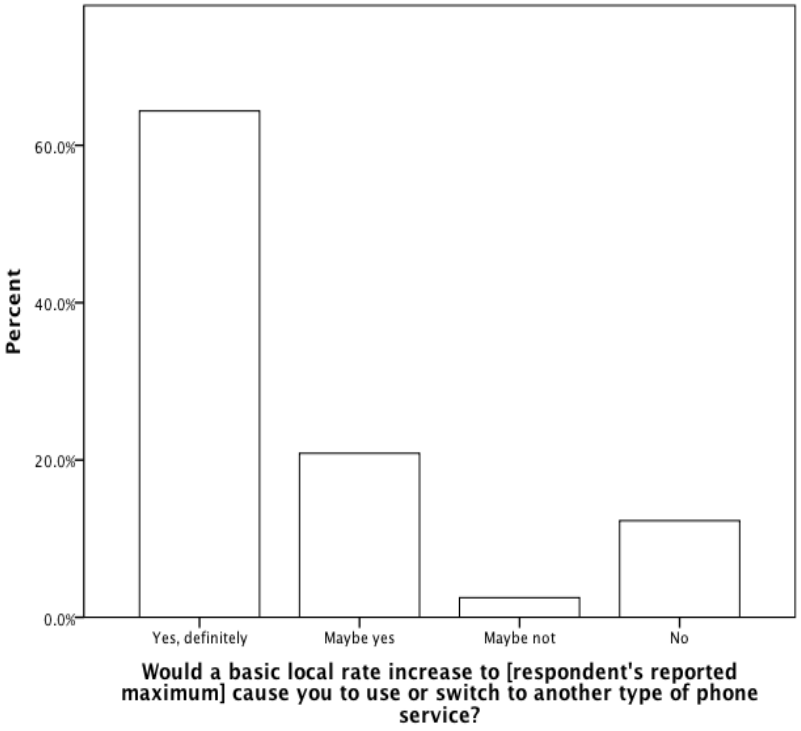
5.13 Likelihood of Disconnection and Reason for Discontinuing Phone Service Bill Excluding Fees, Taxes, and Surcharges;* after Hypothetical Fee Increase

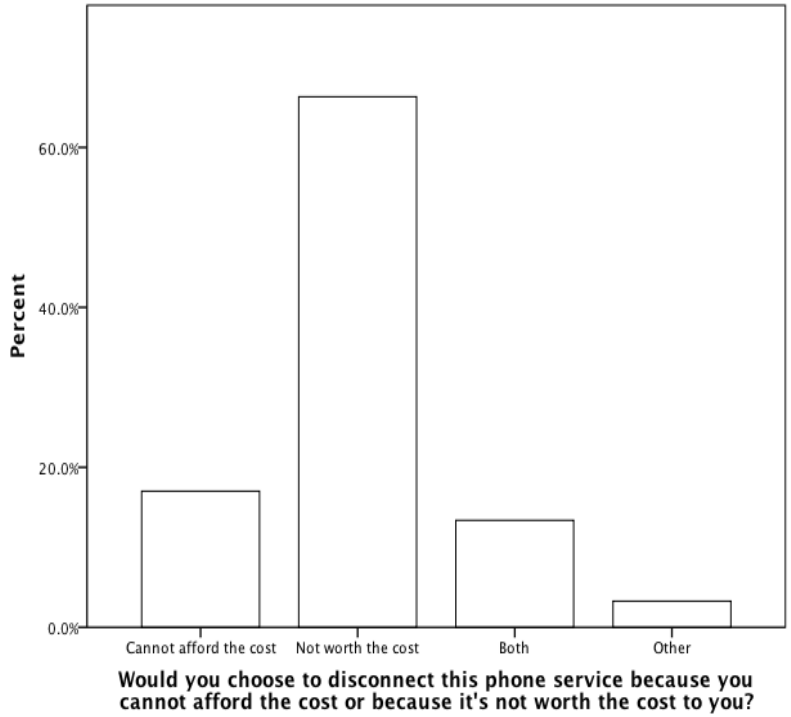
This section describes respondents' reason for discontinuing phone service if the rate were to hypothetically increase to whatever dollar amount they reported as their maximum tolerable amount. The vast majority of customers either gave affordability, an unfavorable cost-benefit assessment, or both as their reason for discontinuing service.

Findings

- Nearly two-thirds of customers report they would switch to another type of phone service in the face of their maximum tolerable increase.
- Nearly 70 percent of customers reported that they would discontinue service because the cost would not be worth the service.
- Almost 20 percent of customers reported that they would not be able to afford the service.

Table 5.13 Likelihood of Disconnection and Reason for Discontinuing Phone Bill* after Hypothetical Fee Increase





Source: RATE 1 (from phone company data), Q7MAX, Q9, and Q20

5.14 Reason for Discontinuing Phone Service after Hypothetical Bill Increase Excluding Fees, Taxes and Surcharges;* Comparisons by Household Gross Annual Income

This section describes respondents' reason for discontinuing phone service if the rate were to increase to whatever dollar amount they reported as their maximum tolerable amount. Responses are divided by household income.

Findings

- There is a steady rise in the percentages reporting "not worth the cost" as income increases.
- A majority of those earning $34,000 and under report either "cannot afford" or "not worth the cost" as a factor.

Table 5.14 Reason for Discontinuing Phone Service after Hypothetical Bill* Increase, Comparisons by Household Gross Annual Income

Reason for Discontinuing Phone Service in the Face of Rate Increase	*$24,000 or less*	*$24,000 - $34,000*	*$34,001 - $39,800*	*$39,801 - $50,000*	*$50,001 - $75,000*	*More than $75,000*	Base
	%	%	%	%	%	%	
Cannot afford the cost	39	32	18	16	10	2	(452)
Not worth the cost	37	47	63	64	72	85	(1659)
Both	21	22	15	20	16	8	(331)
Other response	2	0	4	0	3	5	(80)
Base	(545)	(304)	(192)	(269)	(424)	(788)	(2522)

Source: Q8 and Q18

5.15 Reason for Discontinuing Phone Service after Hypothetical Bill Increase Excluding Fees, Taxes and Surcharges;* Comparisons by Rural or Urban Residence

This section describes respondents' reason for discontinuing phone service if the rate were to increase to whatever dollar amount they reported as their maximum tolerable amount. Comparisons in response are divided by residence – rural or urban.

Findings

- A higher percentage of rural customers report "not worth the cost" as the sole reason. However, rural and urban customers had only minor differences in other responses.

Table 5.15 Reason for Discontinuing Phone Service after Hypothetical Bill* Increase, Comparisons by Rural or Urban Residence

Reason for Discontinuing Phone Service in the Face of Rate Increase	*Rural*	*Urban*
	%	%
Cannot afford the cost	14	19
Not worth the cost	71	64
Both	13	14
Other response	3	3
Base	(1091)	(1782)

Source: Q8 and RURBAN

5.16 Reason for Discontinuing Phone Service after Hypothetical Bill Increase Excluding Fees, Taxes and Surcharges;* Comparisons by Language of Interview

This section describes respondents' reason for discontinuing phone service if the rate were to increase to whatever dollar amount they reported as their maximum tolerable amount. Comparisons in response are divided by language of interview.

Findings

- Two-thirds of customers completing the survey in English answered "not worth the cost".
- The percentage of non-English interviews wherein customers reported they "cannot afford the cost" is more than double the percentage among other customers.

Table 5.16 Reason for Discontinuing Phone Service after Hypothetical Bill* Increase, Comparisons by Language of Interview

Reason for Discontinuing Phone Service in the Face of Rate Increase	*English*	*Not English*
	%	%
Cannot afford the cost	16	38
Not worth the cost	67	33
Both	15	25
Other response	3	4
Base	(2630)	(242)

Source: Q8 and LANG

5.17 Reason for Discontinuing Phone Service after Hypothetical Bill Increase Excluding Fees, Taxes and Surcharges;* Comparisons by Race/Ethnicity of Respondent

This section describes respondents' reason for discontinuing phone service if the rate were to increase to whatever dollar amount they reported as their maximum tolerable amount. Comparisons in response are divided by the race/ethnicity of the respondent.

Findings

- The majority within each race/ethnicity category answered "not worth the cost".
- At least a quart of Latino, American Indian, and Asian customers (whose numbers are low in this dataset) report cost as their main reason for disconnecting their phone service.

Table 5.17 Reason for Discontinuing Phone Service after Hypothetical Bill* Increase, Comparisons by Race/Ethnicity of Respondent

Reason for Discontinuing Phone Service in the Face of Rate Increase	*White*	*African American*	*Latino*	*Asian or Pacific Islander*	*American Indian*	*Other*	*Total*
	%	%	%	%	%	%	%
Cannot afford the cost	14	19	28	25	34	12	17
Not worth the cost	68	50	51	55	54	70	65
Both	15	27	19	9	10	12	15
Other response	3	5	2	11	2	6	3
Base	(1886)	(77)	(549)	(85)	(92)	(41)	(2730)

Source: Q8 and Q21

5.18 Reason for Discontinuing Phone Service after Hypothetical Bill Increase Excluding Fees, Taxes and Surcharges;* Comparisons by Age of Respondent

This section describes respondents' reason for discontinuing phone service if the rate were to increase to whatever dollar amount they reported as their maximum tolerable amount. Comparisons in response are divided by the age of the respondent.

Findings

- There are few differences to note between age groupings.
- The young (18-29) and old (60 and above) are more likely to report cost as the main factor in discontinuing phone service. These are the age groups that are also most likely to report other vulnerabilities around phone bills.

Table 5.18 Reason for Discontinuing Phone Service after Hypothetical Bill* Increase, Comparisons by Age of Respondent

Reason for Discontinuing Phone Service in the Face of Rate Increase	*18 to 29*	*30 to 39*	*40 to 59*	*60 and older*
	%	%	%	%
Cannot afford the cost	18	14	14	20
Not worth the cost	60	65	68	61
Both	22	19	15	14
Other response	0	2	2	4
Base	(196)	(470)	(1299)	(861)

Source: Q8 and Q20

5.19 Reason for Discontinuing Phone Service after Hypothetical Bill Increase Excluding Fees, Taxes and Surcharges;* Comparisons by Household Size

This section describes respondents' reason for discontinuing phone service if the rate were to increase to whatever dollar amount they reported as their maximum tolerable amount. Comparisons in response are divided by the household size.

Findings

- A majority of all age categories answered "not worth the cost".
- Single person households are the most likely to report "cannot afford the cost" as the leading factor.

Table 5.19 Reason for Discontinuing Phone Service after Hypothetical Bill* Increase, Comparisons by Household Size

Reason for Discontinuing Phone Service in the Face of Rate Increase	*1*	*2*	*3*	*4*	*5 or more*
	%	%	%	%	%
Cannot afford the cost	26	12	16	12	21
Not worth the cost	54	71	64	67	62
Both	18	13	17	17	17
Other response	3	3	2	4	1
Base	(496)	(1099)	(438)	(415)	(371)

Source: Q8 and HHSIZE

5.20 Reason for Discontinuing Phone Service after Hypothetical Bill Increase Excluding Fees, Taxes and Surcharges;* Comparisons by Household Telecommunications Type

This section describes respondents' reason for discontinuing phone service if the rate were to increase to whatever dollar amount they reported as their maximum tolerable amount. Comparisons in response are divided by household telecommunications channels that were open.

Findings

- Customers with wireless and landlines but without LifeLine service are most likely to say "not worth the cost".
- Customers with only a LifeLine landline account are more than twice as likely to report not being able to afford phone service as any other group.

Table 5.20 Reason for Discontinuing Phone Service after Hypothetical Bill* Increase, Comparisons by Household Telecommunications Type

Reason for Discontinuing Phone Service in the Face of Rate Increase	Wireless and Landline		Landline Only	
	Not a LifeLine Subscriber	*LifeLine Subscriber*	*Not a LifeLine Subscriber*	*LifeLine Subscriber*
	%	%	%	%
Cannot afford the cost	11	24	29	65
Not worth the cost	73	48	49	25
Both	13	27	20	5
Other response	3	1	3	6
Base	(2013)	(551)	(122)	(117)

Source: Q8 and HHTYPE

5.21 Reason for Discontinuing Phone Service after Hypothetical Bill Increase Excluding Fees, Taxes and Surcharges;* Comparisons by Employment Status

This section describes respondents' reason for discontinuing phone service if the rate were to increase to whatever dollar amount they reported as their maximum tolerable amount. Comparisons in response are divided by employment status.

Findings

- Customers who are employed are the least likely to mention cost as a factor.
- Unemployed customers and those out of the workforce are remarkably similar in how they assess their reasons for discontinuing phone service.

Table 5.21 Reason for Discontinuing Phone Service after Hypothetical Bill* Increase, Comparisons by Employment Status

Reason for Discontinuing Phone Service in the Face of Rate Increase	*Employed*	*Unemployed*	*Not in Workforce*
	%	%	%
Cannot afford the cost	11	27	23
Not worth the cost	73	54	56
Both	14	19	18
Other response	3	0	4
Base	(1746)	(428)	(667)

Source: Q8 and Q22

5.22 Reason for Discontinuing Phone Service after Hypothetical Bill Increase Excluding Fees, Taxes and Surchages;* Comparisons by Affordability of Last Month's Phone Bill

This section describes respondents' reason for discontinuing phone service if the rate were to increase to whatever dollar amount they reported as their maximum tolerable amount. Comparisons in response are divided by the respondent's self-reported ability to pay last month's phone bill.

Findings

- While customers who reported having difficulty paying last month's phone bill were more than twice as likely to say they cannot afford the cost increase, the absolute percent is fairly low – just over a quarter of respondents.
- Over three-quarters of those who had no difficulty paying last month's phone bill answered "not worth the cost".
- Over a quarter of those having difficulty paying last month's bill answered *both* cost and value for cost.

Table 5.22 Reason for Discontinuing Phone Service after Hypothetical Bill* Increase, Comparisons by Affordability of Last Month's Phone Bill

Reason for Discontinuing Phone Service in the Face of Rate Increase	Last month, was your telephone bill easy or hard for you to afford?	
	Easy	*Hard*
	%	%
Cannot afford the cost	11	26
Not worth the cost	77	44
Both of the above	8	28
Other response	4	2
Base	(1669)	(1042)

Source: Q8 and LANG

5.23 Reason for Discontinuing Phone Service after Hypothetical Bill Increase Excluding Fees, Taxes and Surcharges;* Comparisons by Experience with Disconnection

This section describes respondents' reason for discontinuing phone service if the rate were to increase to whatever dollar amount they reported as their maximum tolerable amount. Comparisons in response are divided by whether or not the respondent experienced phone service disconnection for non-payment since January 2009.

Findings

- Over a quarter of customers who experienced a recent phone disconnection said they "cannot afford the cost". This compares to only 16 percent of customers who have not experienced a disconnection recently.
- Two-thirds of customers who have not experienced disconnection recently say that an increased bill would not be worth the cost.

Table 5.23 Reason for Discontinuing Phone Service after Hypothetical Bill* Increase, Comparisons by Experience with Disconnection

Reason for Discontinuing Phone Service in the Face of Rate Increase	Recent Experience with Disconnection Due to Non-Payment?	
	Yes	*No*
	%	%
Cannot afford the cost	27	16
Not worth the cost	45	66
Both	24	15
Other response	5	3
Base	(121)	(2746)

Source: Q8 and LANG

5.24 Likelihood of Discontinuing Services with Maximum Reported Bill Increase Excluding Fees, Taxes and Surchages.*

This section describes respondents' likelihood of dropping given phone or related services in the face of a hypothetical rate increase which they themselves defined as the "maximum" they would pay. Questions are only posed to those customers reporting that they currently have the given service. Results indicate that actual voice telecommunications services are more likely to be dropped then non-voice communication services like high-speed internet connectivity and television.

Findings

- High-speed internet connectivity is the least likely service to be dropped in the face of a rate increase. Television is also relatively less likely to be dropped.
- Surprisingly, basic phone service and long distance are second only to voicemail/call forwarding as services that many customers would jettison in the face of a significant rate increase.

Table 5.24 Percent of those Customers Likely to Discontinue Service with Bill* Increase

	DSL / Broadband	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/Call forwarding*	*Basic Phone Service*
	%	%	%	%	%	%
Overall	58	66	71	64	79	72
Base	(2049)	(878)	(3683)	(939)	(2195)	(6090)

Source: Q12

5.25 Likelihood of Discontinuing Services with Maximum Reported Increase Excluding Fees, Taxes and Surcharges;* Individual Demographic Comparisons

This section describes respondents' likelihood of dropping given phone or related services in the face of a hypothetical rate increase which they themselves defined as the "maximum" they would pay. Questions are only posed to those customers reporting that they currently have the given service. Comparisons are made based on household income, the rural or urban character of the residence, the language in which the interview was conducted, the race/ethnicity of the respondent, their age, and their employment status.

Findings

- Voicemail/Call forwarding services are usually rated the most expendable, except among African Americans where it lags significantly behind television service (see Table 5.25c), and customers in the 18 to 29 age category where it lags behind both television and basic phone service (see Table 5.25d).

- High-speed internet access is rated as relatively important to customers. Among those who have the service, it ranks as among the last services they would discontinue. Those not in the workforce (see Table 5.25e) and 60 or over (see Table 5.25d) are somewhat more likely to be willing to forgo high-speed internet service.

- Willingness to forgo basic phone service is only related to age, where increasing age coincides with increasing resistance to doing away with basic phone service (see Table 5.25d).

Table 5.25a Likely to Discontinue Service with Bill* Increase, by Gross Annual Income

Income	*DSL / Broadband*	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/ Call forwarding*	*Basic Phone Service*
	%	%	%	%	%	%
$24,000 or less	68	62	73	71	78	69
$24,001 to $34,000	76	68	70	59	84	72
$34,001 to $39,800	34	77	63	59	85	69
$39,8001 to $50,000	71	71	71	74	88	76
$50,001 to $75,000	57	65	65	61	71	67
More than $75,000	46	63	73	65	78	73
Base	(1153)	(512)	(2076)	(524)	(1337)	(3338)

Source: Q12 and Q18

Table 5.25b Likely to Discontinue Service with Bill Increase Excluding Fees, Taxes and Surcharges;* by Service Location (Rural or Urban) and Language of Interview

Service Location	*DSL / Broadband*	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/ Call forwarding*	*Basic Phone Service*
	%	%	%	%	%	%
Rural	62	66	69	64	79	71
Urban	51	68	77	63	79	76
Base	(1306)	(581)	(2359)	(1496)	(3788)	(1307)

Language of Interview	*DSL / Broadband*	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/ Call forwarding*	*Basic Phone Service*
	%	%	%	%	%	%
English	57	95	80	65	78	70
Not English	82	66	71	64	79	72
Base	(1307)	(581)	(2358)	(587)	(1495)	(3787)

Source: Q12, RURBAN, LANG

Table 5.25c Likely to Discontinue Service with Bill* Increase by Race/Ethnicity

Race/Ethnicity	*DSL / Broadband*	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/ Call forwarding*	*Basic Phone Service*
	%	%	%	%	%	%
White	57	67	70	64	78	71
African American	57	89	65	36	64	61
Latino	63	68	72	74	83	72
Asian or Pacific Islander	52	17	56	20	74	81
American Indian	61	60	76	51	89	71
Base	(2254)	(562)	(1436)	(3620)	(1290)	(577)

Source: Q12 and Q21

Table 5.25d Likely to Discontinue Service with Bill* Increase by Age

Age	*DSL / Broadband*	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/ Call forwarding*	*Basic Phone Service*
	%	%	%	%	%	%
18 to 29	56	77	60	26	67	81
30 to 39	58	62	82	54	84	72
40 to 59	55	73	73	67	81	74
60 and older	62	60	64	63	75	66
Base	(2325)	(578)	(1479)	(3724)	(1296)	(577)

Source: Q12 and Q20

Table 5.25e Likely to Discontinue Service with Bill* Increase by Employment

Employment	*DSL / Broadband*	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/ Call forwarding*	*Basic Phone Service*
	%	%	%	%	%	%
Employed	53	73	75	66	78	74
Unemployed	56	73	70	58	86	71
Not in Workforce	69	56	66	63	77	66
Base	(1296)	(577)	(2337)	(583)	(1485)	(3749)

Source: Q12 and Q22

5.26 Likelihood of Discontinuing Services with Maximum Reported Bill Increase Excluding Fees, Taxes and Surcharges;* Household Demographic Comparisons

This section describes respondents' likelihood of dropping given phone or related services in the face of a hypothetical rate increase which they themselves defined as the "maximum" they would pay. Questions are only posed to those customers reporting that they currently have the given service. Comparisons are made based on household size, income eligibility for LifeLine service, household telecommunication type, self-assessments of how difficulty it was to pay last month's phone bill, and experience of phone service disconnection since January 2009, because of non-payment.

Findings

- Income-eligible LifeLine customers and actual LifeLine customers who have only landline service are much less willing than others to give up basic phone service and long distance service (see Table 5.26b).
- These same customers are most willing to forgo high-speed internet access (see Table 5.26b).
- Customers who have recently experienced phone service disconnection due to non-payment are very reluctant to give up high-speed internet access or television service, but are relatively willing to forgo basic phone service and long distance service (see Table 5.26c).
- Voicemail and call forwarding services are the easiest for customers to imagine giving up (see Tables 5.26a – 5.26c).

Table 5.26a Likely to Discontinue Service with Bill* Increase by Household Size

Household Size	*DSL / Broadband*	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/ Call forwarding*	*Basic Phone Service*
	%	%	%	%	%	%
1	63	74	67	60	82	68
2	62	60	72	63	77	71
3	46	81	70	67	76	74
4	62	62	70	62	82	74
5 or more	51	72	74	74	84	72
Base	(1271)	(563)	(2310)	(577)	(1471)	(3713)

Source: Q12 and HHSIZE

Table 5.26b Likely to Discontinue Service with Increase by LifeLine Eligibility and Household Communication Type

Income Eligible for LifeLine	*DSL / Broadband*	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/ Call forwarding*	*Basic Phone Service*
	%	%	%	%	%	%
No	56	69	70	64	79	72
Yes	71	55	72	66	81	69
Base	(1307)	(581)	(2359)	(587)	(1496)	(3789)

Household telecommunication type	*DSL / Broadband*	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/ Call forwarding*	*Basic Phone Service*
	%	%	%	%	%	%
Wireless and Landline, Not a LifeLine Subscriber	57	66	72	64	80	73
Wireless and Landline, LifeLine Subscriber	66	62	70	62	74	74
Landline Only, Not a LifeLine Subscriber	48	96	65	69	75	63
Landline Only, LifeLine Subscriber	84	65	59	81	73	57
Base	(1284)	(573)	(2317)	(577)	(1468)	(3695)

Source: Q12, LLQUAL, and HHTYPE

Table 5.26c Likely to Discontinue Service with Bill Increase by Affordability and Recent Disconnection

Affordability of current bill	*DSL / Broadband*	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/ Call forwarding*	*Basic Phone Service*
	%	%	%	%	%	%
Easy	52	64	69	63	77	69
Hard	67	68	73	66	81	75
Base	(1226)	(540)	(2202)	(546)	(1397)	(3561)

Recent disconnection	*DSL / Broadband*	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/ Call forwarding*	*Basic Phone Service*
	%	%	%	%	%	%
Yes	61	94	61	80	95	75
No	58	66	71	64	78	71
Base	(1302)	(579)	(2353)	(586)	(1494)	(3779)

Source: Q12 and Q13

5.27 Factors making it Difficult to Afford Phone Service

This section describes respondents' assessment of factors that make it difficult to afford phone service. Responses are from all customers.

Findings

- Over half of all customers identified fees, taxes, and surcharges as a factor making it difficult to afford phone service. This figure is by far the highest response.
- Other factors having to do with the cost of services (long distance, local phone, or extra services) garnered at least a quarter of respondents.
- Factors which emphasize the customer or related persons' actions are rarely identified as important.

Table 5.27 Factors Making it Difficult to Afford Phone Service

	Cost of Long Distance	*Talk too long/too many calls*	*Other people*	*Extra services*	*Local phone service*	*Fees, taxes, and surcharges*
	%	%	%	%	%	%
Overall	33	15	12	26	27	54
Base	(5902)	(5973)	(6021)	(5916)	(5842)	(5903)

Source: Q13

5.28 Factors making it Difficult to Afford Phone Service, Demographic Comparisons

This section describes respondents' assessment of factors that make it difficult to afford phone service. Comparisons are made based on household income, the rural or urban character of the residence, the language in which the interview was conducted, the race/ethnicity of the respondent, their age, and their employment status.

Findings

- Fees, taxes, and surcharges are the leading factor for every demographic. Cost of long distance is similarly ubiquitously rated high (see Tables 5.28a – 5.28e).
- Younger customers are somewhat more willing to assess their own phone habits as responsible for unaffordable cost. They are also more likely to identify "extra services" as a source of cost. This matches with earlier information that younger customers utilize such extras more (see Table 5.28d).
- Local phone service is identified as a factor by a surprisingly high percentage of Latinos (see Table 5.28c) and non-English interview respondents (see Table 5.28b).

Table 5.28a Factors Making it Difficult to Afford Phone Service by Gross Annual Income

Income	*Cost of Long Distance*	*Talk too long/too many calls*	*Other people*	*Extra services*	*Local phone service*	*Fees, taxes, and surcharges*
	%	%	%	%	%	%
$24,000 or less	48	24	15	31	34	58
$24,001 to $34,000	42	16	13	30	31	60
$34,001 to $39,800	45	14	17	37	35	68
$39,8001 to $50,000	30	15	12	29	27	60
$50,001 to $75,000	28	12	10	27	28	57
More than $75,000	20	9	10	21	19	43
Base	(1302)	(579)	(2353)	(586)	(1494)	(3779)

Source: Q13 and Q18

Table 5.28b Factors Making it Difficult to Afford Phone Service by Service Location (Rural or Urban) and Language of Interview

Service Location	*Cost of Long Distance*	*Talk too long/too many calls*	*Other people*	*Extra services*	*Local phone service*	*Fees, taxes, and surcharges*
	%	%	%	%	%	%
Rural	30	14	12	26	27	54
Urban	34	15	12	26	27	54
Base	(5900)	(5971)	(6019)	(5914)	(5840)	(5901)

Language of Interview	*Cost of Long Distance*	*Talk too long/too many calls*	*Other people*	*Extra services*	*Local phone service*	*Fees, taxes, and surcharges*
	%	%	%	%	%	%
English	32	13	11	26	26	54
Not English	50	41	18	30	40	56
Base	(5900)	(5971)	(6019)	(5915)	(5840)	(5901)

Source: Q13, RURBAN, and LANG

Table 5.28c Factors Making it Difficult to Afford Phone Service by Race/Ethnicity

Race/Ethnicity	*Cost of Long Distance*	*Talk too long/too many calls*	*Other people*	*Extra services*	*Local phone service*	*Fees, taxes, and surcharges*
	%	%	%	%	%	%
White	30	13	11	25	24	52
African American	46	19	17	25	23	62
Latino	47	28	17	36	41	61
Asian or Pacific Islander	40	11	9	43	18	71
American Indian	50	19	16	26	33	61
Base	(5598)	(5669)	(5709)	(5608)	(5548)	(5599)

Source: Q13 and Q21

Table 5.28d Factors Making it Difficult to Afford Phone Service by Age

Age	*Cost of Long Distance*	*Talk too long/too many calls*	*Other people*	*Extra services*	*Local phone service*	*Fees, taxes, and surcharges*
	%	%	%	%	%	%
18 to 29	45	24	13	43	35	60
30 to 39	47	20	13	39	34	59
40 to 59	34	16	13	30	29	56
60 and older	29	12	10	19	22	51
Base	(5784)	(5852)	(5896)	(5794)	(5722)	(5781)

Source: Q13 and Q20

Table 5.28e Factors Making it Difficult to Afford Phone Service by Employment

Employment	*Cost of Long Distance*	*Talk too long/too many calls*	*Other people*	*Extra services*	*Local phone service*	*Fees, taxes, and surcharges*
	%	%	%	%	%	%
Employed	33	15	13	29	28	54
Unemployed	42	19	15	28	31	56
Not in Workforce	29	12	9	21	23	53
Base	(5829)	(5900)	(5945)	(5843)	(5770)	(5828)

Source: Q13 and Q22

5.29 Factors making it Difficult to Afford Phone Service, Household Comparisons

This section describes respondents' assessment of factors that make it difficult to afford phone service. Comparisons are made based on household size, income eligibility for LifeLine service, household telecommunication type, self-assessments of how difficulty it was to pay last month's phone bill, and experience of phone service disconnection since January 2009, because of non-payment.

Findings

- Most disturbingly, over 75% of customers reporting difficulty affording last month's phone bill or who have experienced a recent disconnection identify local phone service as a factor (see Table 5.29c).
- Not surprisingly, very large households are more likely to identify household behaviors (talk too long, other people) as more of a factor than small households. However, the differences are minimal (see Table 5.29a).

Table 5.29a Factors Making it Difficult to Afford Phone Service by Household Size and LifeLine Eligibility

Household Size	*DSL / Broadband*	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/ Call forwarding*	*Basic Phone Service*
	%	%	%	%	%	%
1	35	14	10	23	27	53
2	29	12	9	22	23	52
3	39	17	13	34	33	58
4	32	17	18	30	32	59
5 or more	41	23	18	41	33	59
Base	(5773)	(5840)	(5885)	(5781)	(5712)	(5768)

Income Eligible for LifeLine	*DSL / Broadband*	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/ Call forwarding*	*Basic Phone Service*
	%	%	%	%	%	%
No	29	13	11	26	26	53
Yes	48	23	14	30	32	58
Base	(5902)	(5973)	(5916)	(5842)	(5903)	(5722)

Source: Q13, HHSIZE, and LLQUAL

Table 5.29b Factors Making it Difficult to Afford Phone Service by Household Communication Type

Household Telecommunication Type	*DSL / Broadband*	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/ Call forwarding*	*Basic Phone Service*
	%	%	%	%	%	%
Wireless and Landline, Not a LifeLine Subscriber	28	12	10	25	26	55
Wireless and Landline, LifeLine Subscriber	47	24	17	34	30	57
Landline Only, Not a LifeLine Subscriber	31	14	11	19	28	52
Landline Only, LifeLine Subscriber	47	20	15	27	27	47
Base	(5722)	(5792)	(5839)	(5739)	(5726)	(5479)

Source: Q13 and HHTYPE

Table 5.29c Factors Making it Difficult to Afford Phone Service by Affordability and Recent Disconnection

Affordability of Total Bill	*DSL / Broadband*	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/ Call forwarding*	*Basic Phone Service*
	%	%	%	%	%	%
Easy	24	12	9	20	15	41
Hard	50	20	16	37	47	77
Base	(5479)	(5536)	(5574)	(5489)	(5430)	(5490)

Recent Disconnection	*DSL / Broadband*	*Television*	*Long Distance*	*Additional line/cell*	*Voicemail/ Call forwarding*	*Basic Phone Service*
	%	%	%	%	%	%
Yes	48	23	14	51	45	79
No	33	14	12	25	26	53
Base	(5886)	(5956)	(6004)	(5899)	(5826)	(5885)

Source: Q13 and Q12

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Chapter Six

Brief Description and Assessment of Customers who are "At Risk" of Loss of Service

This chapter offers an assessment of the population within CHCF-B areas "at risk" of some form of loss of service. Part of the charge of this report is to "identify those persons most at risk of losing basic telephone service" (CA Public Utilities Code § 739.3. (f)). However, this task is complicated due to technology evolution and resulting diversified telecommunications service options. As shown throughout this document, consumers have a variety of ways to meet their telecommunications needs; with this diversity, the distinction between basic and supplemental services has blurred. Thus, defining "at risk" is more nuanced than simply determining if a customer will discontinue landline service in the face of a given fee increase.

For the most part, customers have four choices when faced with a given increase.

1. Pay the now more expensive monthly cost.
2. Switch phone service provider or adopt a different form of telecommunications (e.g. VoIP).
3. Discontinue services related to basic phone service (e.g. voicemail) which some may deem unessential.
4. Discontinue phone service and live largely without telecommunications access.

As shown previously, there is some tolerance for paying a higher phone bill. On average, customers report being able to afford a 63 percent increase in basic phone service. Thus most customers would seemingly absorb, for example, an imaginable increase of around 10 percent. However, there is reason to be concerned about less affluent customers being unfairly burdened by such an increase. As seen in the previous chapter, customers who are most willing to pay higher rates are those who have the least access to alternative forms of telecommunication services and who do not have sufficient income to acquire alternative services. Therefore, the most dependent customers are the most willing to pay more.

Switching phone service provider or adopting a different form of telecommunications such as Vo IP introduces a competitive market alternative that may eventually do away with the necessity for CHCF-B subsidies. However, at this time, lack of access to these alternatives is too prevalent among certain sub-populations to consider relying on these services to ensure adequate phone service for all. As

demonstrated in Chapter Two, customers 60 and over as well as LifeLine customers of any age are significantly less connected to the internet and disproportionately without cell phone service.

As shown throughout Chapter Five, customers are quite willing to discontinue service features when facing economic hardships. In the face of a significant fee increase, nearly all customers report a willingness to eliminate some service features they currently enjoy. While some of these service features may seem supplemental to basic phone service, we should be cautious about this interpretation in what we all know is a rapidly changing telecommunications market and culture. It is quite easy, for example, to see how voicemail has been elevated in importance among families with school aged children as a greater proportion of mothers have entered the workforce. Discontinuing such service features is in a real sense a loss of basic phone service. We took a conservative approach in defining "at risk of discontinuing service features". Customers who reported that they would discontinue an "extra" phone service feature they currently have in the face of a rate increase *and* who report their current phone bill as "not affordable" are defined as being at risk of having to discontinue service.

The strictest interpretation of the "at risk" population, however, has to do with discontinuing telephone service and living largely without telecommunications access. Who are the people at risk of simply doing without telecommunications service as a "solution" to an increase in service cost? To answer this question, we create a stringent definition of risk and examine how it varies across the population of customers. The definition of "high risk for doing without phone service" is being income eligible for LifeLine service, without access to a cell phone, and assessing current basic phone costs as "not affordable". This definition of high risk is not meaningful in and of itself. However, it does clearly demarcate a "high risk for doing without phone service" population and can subsequently be used to examine how risk is spread throughout the customer population. We look at this form of risk before the risk of discontinuing services.

Customers who are Latino, aged 18 to 29, or who earn less than $34,000 are disproportionately represented in "high risk", as shown on Table 6.1, where their risk factor is nearly twice as high as the total average.

Households in the $24,001 to $34,000 range are disproportionately at risk of losing phone service and of discontinuing phone service features currently enjoyed.

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6.1 High Risk of Doing without Phone Service, Comparisons by Race/Ethnicity

This section explores the extent to which customers would react to a sizeable increase in phone service costs by forgoing phone service entirely. Only 1.6 percent of the customer base is at "high risk" of losing phone service, but this risk varies significantly across sub-populations.

Findings

- Latinos are much more at risk than any other large race/ethnicity group. The rate is more than double what it is for Non-Latino Whites and American Indians.
- The surprisingly low figures for African Americans and Asian/Pacific Islanders are due to the low proportion of these groups in the CHCF-B area.

Table 6.1 High Risk by Race/Ethnicity

Race/Ethnicity	%
White	1.3
Base	(3987)
African American	0.2
Base	(159)
Latino	3.0
Base	(1170)
Asian or Pacific Islander	0.2
Base	(179)
American Indian	1.3
Base	(186)
Total	1.6
Base	(6090)*

*Category bases do not add to total because respondents who answered "other" or refused to answer the race/ethnicity question are not presented here.

Source: Q10, LLQUAL, Q15, and Q21

6.2 High Risk of Doing without Phone Service, Comparisons by Age

This section explores the extent to which customers would react to a sizeable increase in phone service costs by forgoing phone service entirely. Only 1.6 percent of the customer base is at "high risk" of losing phone service, but this risk varies significantly across sub-populations.

Findings

- The youngest customers are at the highest risk while those 60 and older are at the lowest risk.

Table 6.2 High Risk by Age

Age	%
18 to 29	2.4
Base	(326)
30 to 39	1.3
Base	(800)
40 to 59	2.0
Base	(2475)
60 and older	1.0
Base	(2356)

Source: Q10, LLQUAL, Q15, and AGE

6.3 High Risk of Doing without Phone Service, Comparisons by Household Income

This section explores the extent to which customers would react to a sizeable increase in phone service costs by forgoing phone service entirely. Only 1.6 percent of the customer base is at "high risk" of losing phone service, but this risk varies significantly across sub-populations.

Findings

- Nearly 5 percent of customers in the $24,001 to $34,000 income category are at high risk.
- Very small proportions of customers earning more than $34,000 are at high risk.

Table 6.3 High Risk by Gross Annual Income

Household Income	%
$24,000 or less	1.1
Base	(1370)
$24,001 to $34,000	4.4
Base	(643)
$34,001 to $39,800	0.8
Base	(369)
$39,801 to $50,000	1.2
Base	(534)
$50,001 to $75,000	1.6
Base	(817)
more than $75,000	0.3
Base	(1472)

Source: Q10, LLQUAL, Q15, and INCOME

6.4 High Risk of Doing without Phone Service, Comparisons by Rural or Urban Residence

This section explores the extent to which customers would react to a sizeable increase in phone service costs by forgoing phone service entirely. Only 1.6 percent of the customer base is at "high risk" of losing phone service, but this risk varies significantly across sub-populations.

Findings

- A larger percentage of urban customers are at high risk, but there are relatively few urban customers in the CHCF-B area.

Table 6.4 High Risk by Service Location (Rural or Urban)

Service Location	%
Rural	1.0
Base	(3594)
Urban	1.7
Base	(1903)

Source: Q10, LLQUAL, Q15, and AGE

6.5 High Risk of Doing without Phone Service, Comparisons by Employment Status

This section explores the extent to which customers would react to a sizeable increase in phone service costs by forgoing phone service entirely. Only 1.6 percent of the customer base is at "high risk" of losing phone service, but this risk varies significantly across sub-populations.

Findings

- The percent of unemployed customers who are at high risk is significantly higher than for other groups.

Table 6.5 High Risk by Employment Status

Employment Status	%
Employed	1.5
Base	(3273)
Unemployed	2.2
Base	(976)
Not in Workforce	1.3
Base	(1762)

Source: Q10, LLQUAL, Q15, and AGE

6.6 At Risk of Discontinuing Phone Service Features, Comparisons by Race/Ethnicity

This section explores the extent to which customers would react to a sizeable increase in phone service costs by discontinuing phone service features they currently enjoy. Roughly 16 percent of the customer base can be considered in danger of losing phone service features they currently enjoy. This risk varies moderately across sub-populations.

Findings

- African Americans are much more at greatest risk for losing current phone service features. The rate is more than 50 percent higher than that for any other group.

Table 6.6 At Risk of Discontinuing Phone Service Features by Race/Ethnicity

Race/Ethnicity	%
White	15
Base	(3987)
African American	27
Base	(159)
Latino	17
Base	(1170)
Asian or Pacific Islander	18
Base	(179)
American Indian	14
Base	(186)
Total	16
Base	(6090)*

*Category bases do not add to total because respondents who answered "other" or refused to answer the race/ethnicity question are not presented here.

Source: Q12 (items 1-5), Q15, and Q21

6.7 At Risk of Discontinuing Phone Service Features, Comparisons by Age

This section explores the extent to which customers would react to a sizeable increase in phone service costs by discontinuing phone service features they currently enjoy. Roughly 16 percent of the customer base can be considered in danger of losing phone service features they currently enjoy. This risk varies moderately across sub-populations.

Findings

- The youngest and oldest customers have a modestly lower risk of losing features they currently enjoy.

Table 6.7 At Risk of Discontinuing Phone Service Features by Age

Age	%
18 to 29	13
Base	(326)
30 to 39	18
Base	(800)
40 to 59	18
Base	(2475)
60 and older	14
Base	(2356)
Overall	16
Total	(5957)

Source: Q12 (items 1-5), Q15, and AGE

6.8 At Risk of Discontinuing Phone Service Features, Comparisons by Gross Annual Household Income

This section explores the extent to which customers would react to a sizeable increase in phone service costs by discontinuing phone service features they currently enjoy. Roughly 16 percent of the customer base can be considered in danger of losing phone service features they currently enjoy. This risk varies moderately across sub-populations.

Findings

- Over a quarter of customers with household income in the $24,001 to $34,000 range are at risk for losing phone service features they currently enjoy. This strongly echoes the finding in Table 6.3.
- Customers in households with incomes above $50,000 are at significantly lower risk of discontinuing their phone service features.

Table 6.8 At Risk of Discontinuing Phone Service Features by Gross Annual Income

Household Income	%
$24,000 or less	18
Base	(1370)
$24,001 to $34,000	26
Base	(643)
$34,001 to $39,800	20
Base	(369)
$39,801 to $50,000	22
Base	(534)
$50,001 to $75,000	15
Base	(817)
more than $75,000	8
Base	(1472)

Source: Q12 (items 1-5), Q15, and INCOME

6.9 At Risk of Discontinuing Phone Service Features, Comparisons by Rural or Urban Residence

This section explores the extent to which customers would react to a sizeable increase in phone service costs by discontinuing phone service features they currently enjoy. Roughly 16 percent of the customer base can be considered in danger of losing phone service features they currently enjoy. This risk varies moderately across sub-populations.

Findings

- A larger percentage of rural customers are at risk of discontinuing their phone service features. This finding is opposite from the finding in Table 6.4 (page 166). However, there are relatively few urban customers in the CHCF-B area.

Table 6.9 At Risk of Discontinuing Phone Service Features by Rural or Urban Residence

Service Location	%
Rural	18
Base	(3594)
Urban	15
Base	(1903)

Source: Q12 (items 1-5), Q15, and AGE

6.10 At Risk of Discontinuing Phone Service Features, Comparisons by Employment Status

This section explores the extent to which customers would react to a sizeable increase in phone service costs by discontinuing phone service features they currently enjoy. Roughly 16 percent of the customer base can be considered in danger of losing phone service features they currently enjoy. This risk varies moderately across sub-populations.

Findings

- Surprisingly, risk of discontinuing phone service features hardly varies by employment status.

Table 6.10 At Risk of Discontinuing Phone Service Features by Employment Status

Employment Status	%
Employed	15
Base	(3273)
Unemployed	17
Base	(976)
Not in Workforce	16
Base	(1762)

Source: Q12 (items 1-5), Q15, and AGE