

Deregulating Telecommunications in Indiana: AARP Members Speak Out

February 2006



Deregulating Telecommunications in Indiana: AARP Members Speak Out

Report Prepared by Susan L. Silberman, Ph.D.

**Copyright © 2006
AARP
Knowledge Management
601 E Street NW
Washington, DC 20049
<http://www.aarp.org/research>
Reprinting with Permission**

AARP is a nonprofit, nonpartisan membership organization dedicated to making life better for people 50 and over. We provide information and resources; engage in legislative, regulatory and legal advocacy; assist members in serving their communities; and offer a wide range of unique benefits, special products, and services for our members. These include *AARP The Magazine*, published bimonthly; *AARP Bulletin*, our monthly newspaper; *AARP Segunda Juventud*, our quarterly newspaper in Spanish; *NRTA Live and Learn*, our quarterly newsletter for 50+ educators; and our Web site, www.aarp.org. We have staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

Acknowledgements

AARP staff from the Indiana State Office, State Affairs, and Knowledge Management contributed to the design of the study. Special thanks go to AARP staff including, Nancy Griffin, June Lyle, and Cindy Lahr, Indiana State Office; Coralette Hannon, State Affairs; Rachelle Cummins, Darlene Mathews, Cheryl Barnes, Erica Dinger, and Brittne Nelson, Knowledge Management. Susan L. Silberman managed the project and wrote the report. For more information, contact Susan L. Silberman at (202) 434-6339.

Background

States have jurisdiction over intrastate telecommunications services (local and toll) delivered via *landline* networks.¹ Traditionally, state regulatory commissions have the authority to regulate the telecommunication services within their borders. However, today the roles of state regulatory commissions are changing; agencies are reconsidering the appropriate amount of oversight for telecommunication carriers.

Telecommunication deregulation is now being discussed in the Indiana Statehouse. During the 2006 legislative session, Indiana lawmakers are considering Senate Bill 245 (SB 245), a telecommunications bill that would deregulate basic residential telephone service and increase broadband service by 2009. Specifically, SB 245 would deregulate basic residential phone service by 2009, allow telephone companies to raise monthly rates by \$1 each year until 2009, significantly deregulate quality of service, and require one statewide agency to award video programming contracts.² A similar measure, House Bill 1279, is also being considered.

AARP Indiana conducted the survey to explore member experience with telephone service, the cost of services, and opinion about deregulation in Indiana.

The present report, *Deregulating Telecommunications in Indiana: AARP Members Speak Out*, is based on data from a telephone survey of 824 Indiana AARP members; it was conducted by Woelfel Research, Inc. from January 6 through January 12, 2006. The survey has a sampling error of +/- 3.4%, meaning that at the 95 percent confidence level, if every member in Indiana³ was surveyed their responses would be within 3.4 percentage points of those reported here. The data are weighted to accurately represent the age segments of members in Indiana. The full annotated questionnaire is contained in the appendix of this report. Percents may not add to 100 percent due to rounding.

¹ Rosenberg, Ed and Joe McGarvey. “*What to Think About When You Think About Telecommunications Deregulation*” The National Regulatory Research Institute. Columbus, Ohio: April 2005.

² Martin, Deanna. “*Telecom bill’s effects up for debate: Deregulation advances; would let telephone companies set own rates*” January 11, 2006. <http://www.fortwayne.com/mld/newssentinel/business/13600591.htm> and “*Some lawmakers push for telephone deregulation*” January 5, 2006.

<http://www.fortwayne.com/mld/newssentinel/news/local/13556515.htm?template=contentModules/printstory.jsp>

³ As of December 2005, Indiana has over 820,000 members across the state.

Highlights

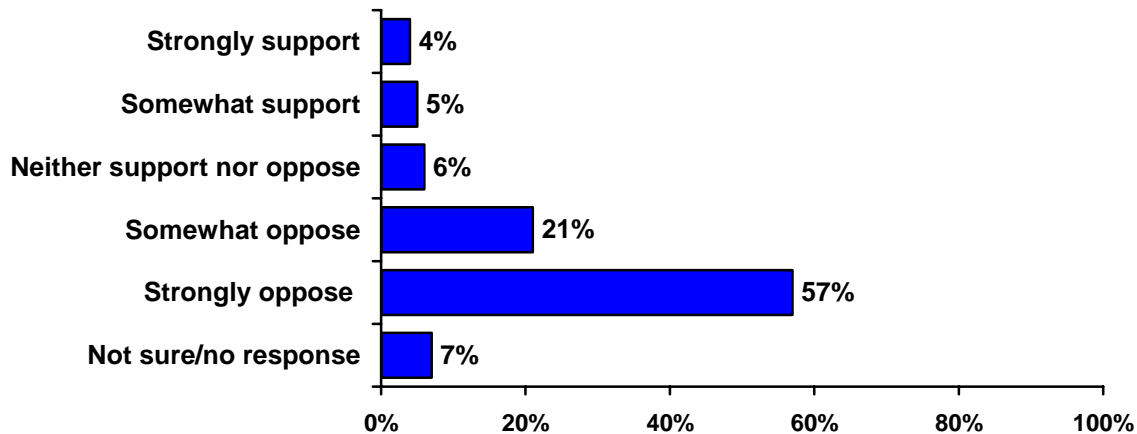
- Almost eight in ten AARP Indiana members oppose a change in the law that would allow telephone companies to set their own prices for local telephone service.
- More than half of AARP Indiana members would be less likely to vote for a legislator who supported changing the law to allow telephone companies to set the price of basic local telephone service.
- Two-thirds of AARP Indiana members oppose a state law that would limit the Indiana Utility Regulatory Commission's ability to require that telephone companies improve their service quality.
- Almost half of Hoosier members would be less likely to vote for a legislator who supported a law that would limit the Commission's ability to require that telephone companies improve their service quality.
- Almost half of members say it should be a priority for AARP Indiana to work on maintaining affordable, reliable, high quality telephone services in Indiana.

Findings

Almost eight in ten AARP Indiana members oppose a change in the law to allow telephone companies to set their own prices for local telephone service.

Currently, the Indiana Utility Regulatory Commission sets limits on the prices telephone companies can charge for basic local telephone service. The Indiana legislature is considering changing the law to allow telephone companies to set their own prices for basic local telephone service. Survey respondents were asked if they would support or oppose a change in the law. Seventy-eight percent of AARP members oppose a change in the Indiana law.

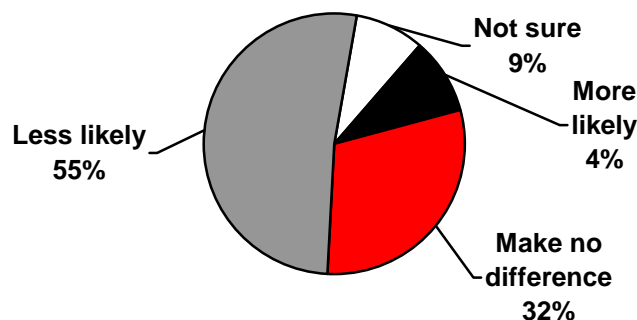
Support for Changing the Law to Allow Telephone Companies to Set Their Own Prices for Basic Local Telephone Service (Weighted, N = 824)



More than half of AARP Indiana members would be less likely to vote for a legislator who supported changing the law to allow telephone companies to set the price of basic local telephone service.

Survey respondents were asked if they would be more or less likely to vote for a legislator who supported changing the law to allow telephone companies to set the price of basic local telephone service.

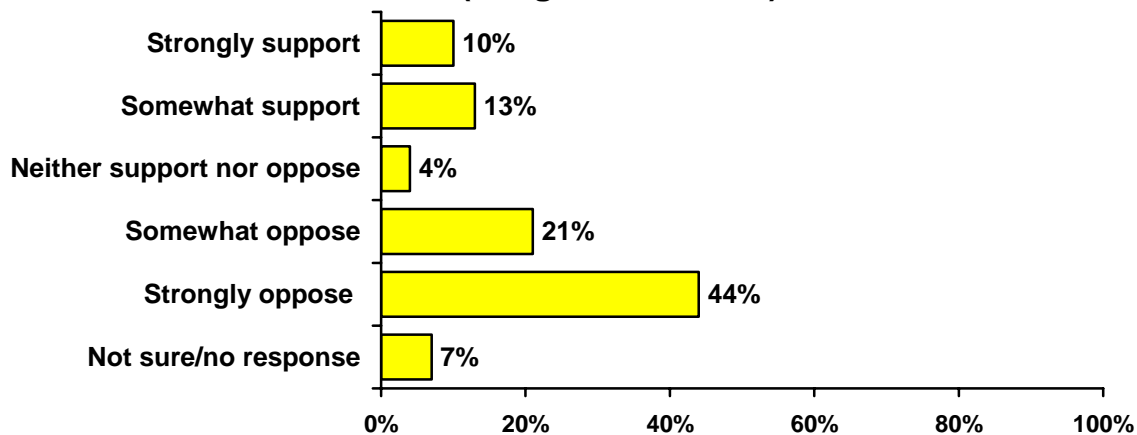
Likelihood to Vote for Legislator (Weighted, N = 824)



Two-thirds of AARP Indiana members oppose a state law that would limit the Indiana Utility Regulatory Commission’s ability to require that telephone companies improve their service quality.

Currently, if a telephone company has a pattern of providing poor service to its telephone customers, the Indiana Utility Regulatory Commission can require that company to improve its service quality. AARP members were asked if they would support or oppose a state law that would limit the Commission’s ability to require that telephone companies improve their service quality. Two-thirds of survey respondents would oppose such a state law.

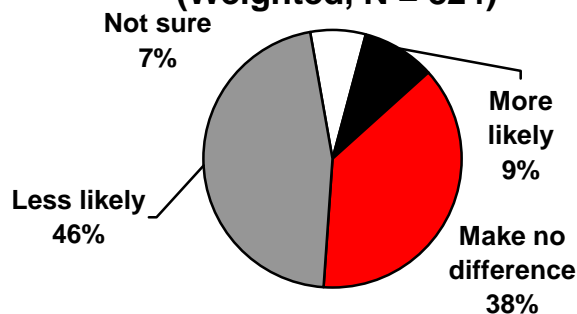
**Support for Changing the Law to Limit the Commission’s Ability to Require That Telephone Companies Improve Their Service Quality
(Weighted, N = 824)**



Almost half of Hoosier members would be less likely to vote for a legislator who supported a law that would limit the Commission’s ability to require that telephone companies improve their service quality.

Survey respondents were asked if they would be more or less likely to vote for a legislator who supported a law that would limit the Commission’s ability to require that telephone companies improve their service quality. Almost half would be less likely to vote for such a legislator.

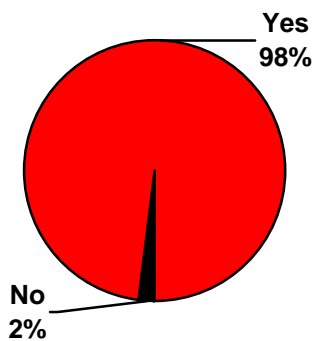
**Likelihood to Vote for Legislator
(Weighted, N = 824)**



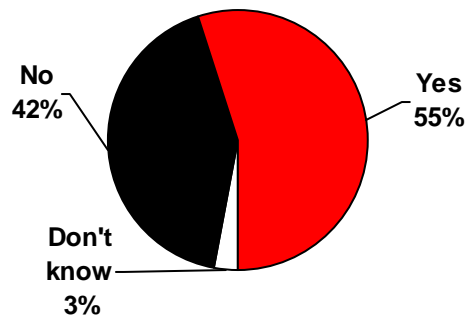
Almost all survey respondents have traditional telephone service at home; more than forty percent of AARP Indiana members buy their phone service as a stand-alone (unbundled) service.

Ninety-eight percent of survey respondents have traditional telephone service, service received through a telephone line physically connected to the home that enables residents to make and receive local and long-distance calls. More than forty percent of members buy their phone service as a stand-alone (unbundled) service. Bundling refers to the practice of charging consumers a single price for two or more telephone services such as basic phone service, call waiting, caller ID, Internet, and long-distance service.

Have Traditional Telephone Service at Home (Weighted, N=824)



Pay a Single Price for Two or More Telephone Services (Weighted, n=810)



Most members are satisfied with their traditional telephone service.

More than sixty percent of AARP Indiana members are satisfied (extremely 12% and very 50%) with their traditional telephone service. Another third of members say they are somewhat satisfied (34%) with their service, while only three percent are not very (2%) or not at all (1%) satisfied with their telephone service.

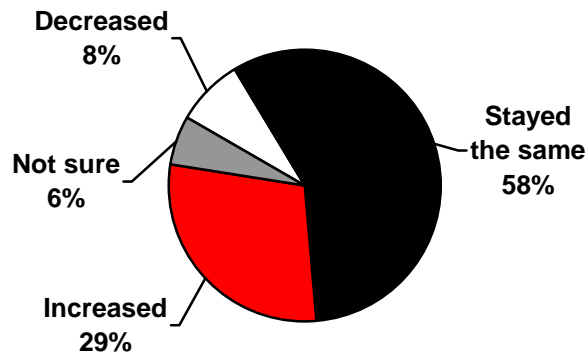
Most Hoosier members are satisfied with what they are paying for their current traditional telephone service.

Six in ten members say they are paying about the right amount for their telephone service. Thirty-six percent of AARP Indiana members think they are paying too much for their traditional telephone service. Only one percent of respondents think they are paying too little.

Three in ten AARP Indiana members say their traditional telephone service bill has increased in the past three years.

Twenty-nine percent of survey respondents have had their traditional telephone service bill increase in the past three years.

**Changes in Traditional Telephone Service Bill
(Weighted, n =810)**



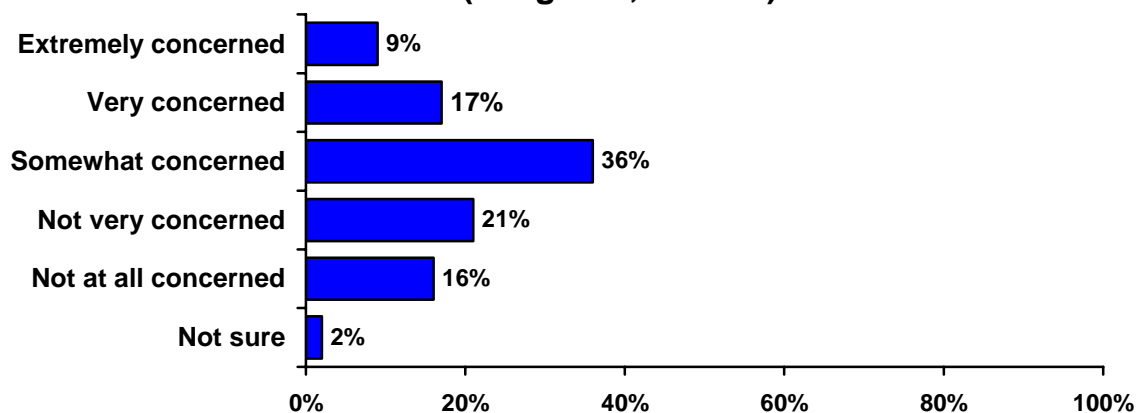
One in ten AARP Indiana members say it was hard to understand their last traditional telephone service bill.

Eleven percent of survey respondents say it was somewhat or very hard to understand their last traditional telephone service bill. Six percent say it was neither easy nor hard to understand their telephone bill. Eight in ten members say it was very or somewhat easy to understand their most recent telephone bill.

One quarter of survey respondents are concerned about being able to afford future traditional telephone service rate increases.

Twenty-five percent of members are extremely or very concerned about being able to afford future traditional telephone service rate increases.

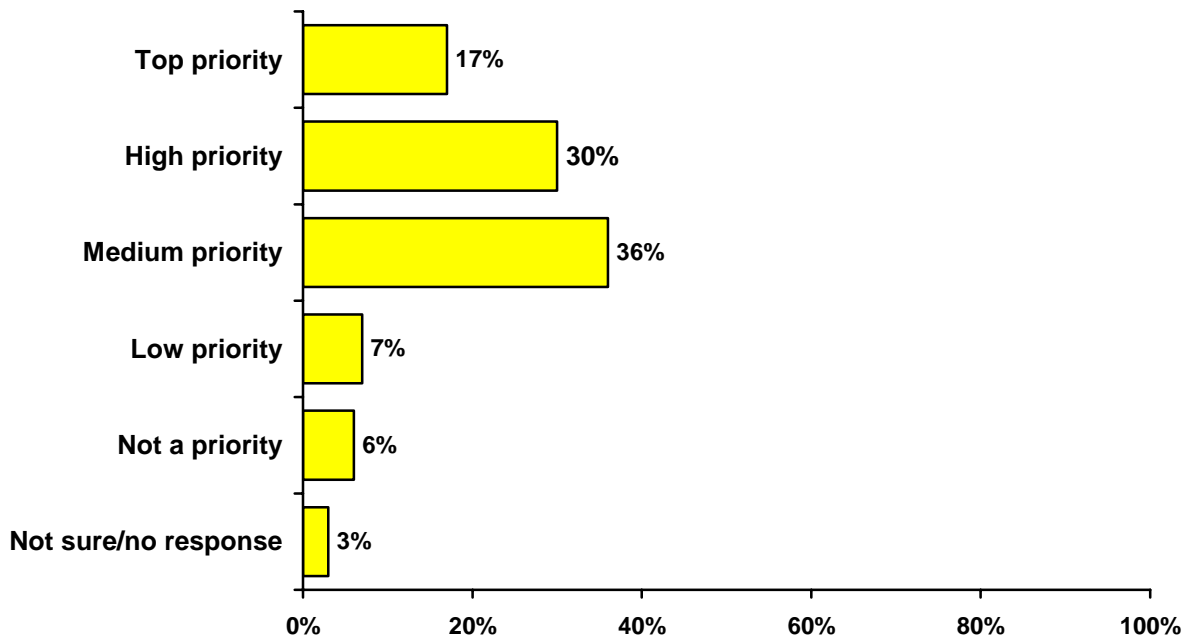
**Concern About Being Able to Afford Future Traditional Telephone Service Rate Increases
(Weighted, n = 810)**



Almost half of members say it should be a priority for AARP Indiana to work on maintaining affordable, reliable, high quality telephone services in Indiana.

When asked how much of a priority it should be for AARP Indiana to work on maintaining affordable, reliable, high quality telephone services in Indiana, forty-eight percent of Hoosier member say it should be a top (17%) or high (30%) priority.

**Priority for AARP Indiana to Work on Maintaining Affordable, Reliable, High Quality Telephone Services in Indiana
(Weighted, N = 824)**



A Profile of Indiana Respondents

A total of 824 AARP Indiana members participated in the survey. A majority (86%) of respondents are regular voters. Seven in ten of those surveyed report they always vote while another 15 percent say they vote most of the time.

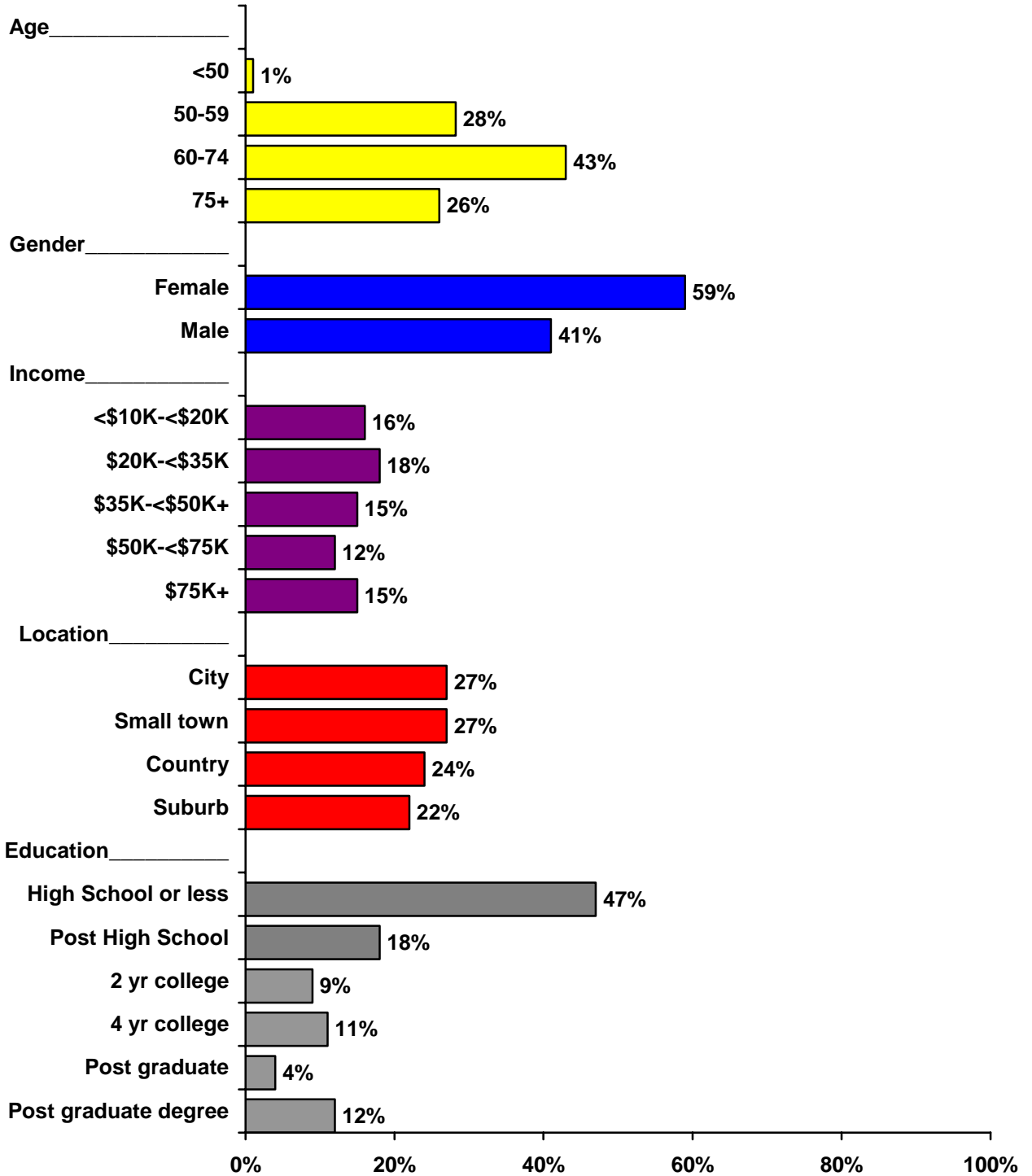
There are more female respondents (59%) than male respondents (41%). Two-thirds of respondents (67%) are married. One quarter of Indiana members are divorced (6%) or widowed (20%). Almost three in ten respondents have some college or technical training beyond high school (27%), and 11 percent are graduates of a four-year college. The majority of Indiana members (93%) are white. While almost six in ten Hoosiers are retired, one third of respondents are still working full-or part-time. Indiana members are fairly evenly split in where they live: almost three in ten live in cities, another three in ten live in small towns. One quarter of members live in the country, while two in ten live in suburbs. One third of Indiana members had incomes of \$35,000 or less in 2005.

Summary

AARP Indiana members have strong opinions about telephone service and efforts to deregulate their local residential telephone service. They oppose changing the law to allow telephone companies to set their own prices for local telephone service. Similarly, Hoosier members also oppose a state law that would limit the Indiana Utility Regulatory Commission's ability to require that telephone companies improve their service quality. At least half of survey respondents would be less likely to vote for a legislator who supported these regulatory changes.

The vast majority of AARP Indiana members have traditional telephone service in their homes and more than forty percent buy their phone service as a stand-alone (unbundled) service. Most Hoosier members are satisfied with their traditional telephone service and with what they are paying for that service. The cost of telephone service in the future is a concern for AARP Indiana members. Moreover, a quarter of members are concerned about being able to afford telephone rate increases in the future. Almost half of members believe maintaining affordable, reliable, high quality telephone service in the Hoosier state should be a priority for AARP Indiana.

Demographic Characteristics Weighted, N = 824



Annotated Questionnaire

2005 AARP INDIANA TELECOMMUNICATION SURVEY

AARP Members Weighted N =824; Response Rate =28%; Sampling Error =+/- 3.4%)
(Percentages may not add to 100% due to rounding or multiple responses)

Introduction/Screenener

Hello, my name is _____. I am calling on behalf of AARP. Tonight we are calling Indiana AARP members to find out their opinions on telephone service and customer satisfaction.

It is important to us that you know we are NOT telemarketers. This is NOT a sales call and you will NOT be asked to buy anything either now or later.

Your views are important and we would greatly appreciate your participation.

The survey should only take a few minutes (7 minutes) of your time depending on your answers.

Respondent Selection

S1. RECORD GENDER OF PERSON WHO RESPONDS TO SURVEY:

- 1) Male
- 2) Female

Main Questionnaire

1. **Traditional telephone service refers to service received through a telephone line physically connected to your home that enables you to make and receive local and long-distance calls. Do you currently have traditional telephone service at home? (n=810 currently have traditional telephone service at home)**

%
98 Yes
2 No ► **GO TO QUESTION 8**
<1 Don't know

2. **People can buy basic local telephone service as a separate service or they can choose to bundle their telephone services. Bundling refers to the practice of charging consumers a single price for two or more telephone services such as basic local phone service, call waiting, caller ID, Internet, and long distance service. Do you currently pay a single price for two or more services, where basic local phone service is included in the bundle of services? (n=810 currently have traditional telephone service at home)**

%
55 Yes
42 No
3 Don't know

3. In the past three years, has your traditional telephone service bill increased, stayed about the same, or decreased? (n=810 currently have traditional telephone service at home)

%
29 Increased
58 Stayed about the same
8 Decreased
6 Not sure (DO NOT READ)
0 Refused

4. Thinking about your last traditional telephone service bill, how easy or hard was it for you to understand your bill? [PROBE: very, somewhat etc.] (n=810 currently have traditional telephone service at home)

%
47 Very easy
32 Somewhat easy
6 Neither easy nor hard
8 Somewhat hard
3 Very hard
4 Not sure (DO NOT READ)
0 Refused

5. Thinking about your traditional telephone bills over the past year, are you paying too little, about the right amount, or too much for your current telephone service? (n=810 currently have traditional telephone service at home)

%
1 Paying too little
59 Paying about the right amount
36 Paying too much
4 Not sure (DO NOT READ)
<1 Refused

6. **How concerned are you about being able to afford future traditional telephone service rate increases? [PROBE: extremely, very, somewhat, not very, or not at all] (n=810 currently have traditional telephone service at home)**

%
9 Extremely concerned
17 Very concerned
36 Somewhat concerned
21 Not very concerned
16 Not at all concerned
2 Not sure (DO NOT READ)
0 Refused

7. **How satisfied are you with your traditional telephone service? [PROBE: extremely, very, somewhat, not very, or not at all] (n=810 currently have traditional telephone service at home)**

%
12 Extremely satisfied
50 Very satisfied
34 Somewhat satisfied
2 Not very satisfied
1 Not at all satisfied
<1 Not sure (DO NOT READ)
<1 Refused

Now I would like to ask you a few questions about the regulation of telephone companies.

8. **Currently, the Indiana Utility Regulatory Commission sets limits on the prices telephone companies can charge for basic local telephone service. The Indiana legislature is considering changing the law that would allow telephone companies to set their own prices for basic local telephone service. Would you support or oppose a change in the law? [PROBE: Strongly, somewhat, etc.] [INTERVIEWER: Emphasize ALLOW]**

%
4 Strongly support
5 Somewhat support
6 Neither support nor oppose
21 Somewhat oppose
57 Strongly oppose
7 Not sure (DO NOT READ)
1 Refused

9. If a legislator supported changing the law to allow telephone companies to set the price of basic local telephone service, would you be more likely or less likely to vote for the legislator? Or would it not make a difference? [INTERVIEWER: Emphasize ALLOW]

%
4 More likely
32 Would not make a difference
55 Less likely
9 Not sure (DO NOT READ)
1 Refused

10. Currently, if a telephone company has a pattern of providing poor service to its telephone customers, the Indiana Utility Regulatory Commission can require that company to improve its service quality. Would you support or oppose a state law that would limit the Commission's ability to require that telephone companies improve their service quality? [PROBE: strongly, somewhat etc.] [INTERVIEWER: Emphasize limit]

%
10 Strongly support
13 Somewhat support
4 Neither support nor oppose
21 Somewhat oppose
44 Strongly oppose
7 Not sure (DO NOT READ)
<1 Refused

11. If a legislator supported a law that would limit the Commission's ability to require that telephone companies improve their service quality, would you be more likely or less likely to vote for the legislator? Or would it not make a difference? [INTERVIEWER: Emphasize limit]

%
9 More likely
38 Would not make a difference
46 Less likely
7 Not sure (DO NOT READ)
1 Refused

12. How much of a legislative priority should it be for AARP Indiana to work on maintaining affordable, reliable, high quality telephone services in Indiana? [PROBE: top, high, medium, low, not a priority]

<u>%</u>	
17	Top priority
30	High priority
36	Medium priority
7	Low priority
6	Not a priority
3	Not sure (DO NOT READ)
<1	Refused

About You

The following questions are for classification purposes only and will be kept entirely confidential.

<u>%</u>	
41	Male
59	Female

D1. What is your age as of your last birthday? _____ (in years)

<u>%</u>	
1	35-49
28	50-59
43	60-74
26	75+
4	No response
2	Refused

D2. What is your marital status? Are you currently... [Read list]

<u>%</u>	
67	Married
1	Not married, living with partner
<1	Separated
6	Divorced
20	Widowed
3	Never married
1	Refused

D3. Thinking about your state elections for Indiana Governor and Legislators in the last ten years, how often would you say you vote? [READ: answer categories]

<u>%</u>	
71	Always
15	Most of the time
5	About half of the time
3	Seldom
5	Never
<1	Not sure
<1	Refused

D4. What is the highest level of education that you completed? Is it....[READ: answer categories]

<u>%</u>	
7	0-12 th grade (no diploma)
39	High school graduate (or equivalent)
18	Post-high school education (no degree)
9	2-year college degree
11	4-year college degree
4	Post-graduate study (no degree)
12	Graduate or professional degree (s)
0	Not sure (DO NOT READ)
1	Refused (DO NOT READ)

D5. Which of the following best describes your current employment status? Are you currently.....

<u>%</u>	
4	Self-employed full-time
2	Self-employed part-time
19	Employed full-time
8	Employed part-time
58	Retired, not working at all
3	Not in the workforce for some other reason
2	Unemployed, looking for work
3	Something else [Specify: _____]
<1	Not sure (DO NOT READ)
1	Refused (DO NOT READ)

D6. Are you of Hispanic, Spanish, or Latino origin or descent?

%
1 Yes
97 No
1 Not sure (DO NOT READ)
1 Refused

D7. What race do you consider yourself?

%
93 White-Caucasian
3 Black or African-American
<1 Native Hawaiian or Pacific Islander
<1 Asian
<1 American Indian or Alaska Native
2 Other
2 Refused (DO NOT READ)

D8. How would you describe the place you live now - a city, a suburban area around a city, a small town, or in the country? [READ LIST]

%
27 City
22 Suburb
27 Small town
24 Country
1

D9. Now for statistical purposes only, please stop me when I get to the category that includes your household's income before taxes in 2005. What was your annual household income before taxes in 2005? [READ answer categories]

- %
- 3 Less than \$10,000
- 13 \$10,000 to less than \$20,000
- 18 \$20,000 to less than \$35,000
- 15 \$35,000 to less than \$50,000
- 7 \$50,000 to less than \$60,000
- 5 \$60,000 to less than \$75,000
- 15 Or was your income \$75,000 or more
- 3 Not sure (DO NOT READ)
- 22 Refused (DO NOT READ)

D10. And, finally, may I verify that I reached you at

(_____) _____

Thank you for participating!

AARP
Knowledge Management
For more information contact Susan L. Silberman, Ph.D.
(202) 434-6339