

**Federal Communications Commission Response to
United States House of Representatives
Committee on Energy and Commerce
Universal Service Fund Data Request of June 15, 2010**

**Part 8
States with a Statewide Universal Service Fund**

PART 8: STATES THAT HAVE A STATEWIDE UNIVERSAL SERVICE FUND

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Research Methodology:

The data summarized in Part 8 of this report represents publicly available information, not compiled by the FCC. For this report, the FCC's Wireline Competition Bureau (Bureau) employed the following methodology:

1. The Bureau relied on the data set forth in the *NRRI 2005-2006 Survey*.¹ The survey was conducted by NRRI between December 2005 and April 2006. State commissions in all 51 jurisdictions responded to the survey.
2. To the extent possible, the Bureau supplemented the *NRRI 2005-2006 Survey* with information available on state Public Utility Commissions (PUC) websites, in state PUC publications, and in state codes.

States that Include a "High-Cost" program within their State USF

What is Covered? The *NRRI 2005-2006 Survey* defines state USF High-Cost Programs in a broad sense, including all programs that help maintain low local telephone rates in high-cost or rural areas. This definition may include state high-cost recovery mechanisms that do not neatly fit into the description of the conventional high-cost programs.

How is it Funded? All of the states that have a high-cost program require incumbent local exchange carriers (LECs), competitive LECs, and interexchange carriers (IXCs) to contribute to the state high-cost program.² A majority of state commissions require commercial mobile radio service (CMRS) providers to contribute to the fund.³ Some states, including Nebraska and South Carolina, have begun to require voice over Internet protocol (VoIP) service providers to contribute to state funds.⁴

States that include a "Low-Income" program within their State USF

What is Covered? In 1984, the FCC established a Lifeline program designed to promote universal service by providing low-income individuals with discounts on the monthly cost of telephone service. Under the federal Lifeline program, eligible consumers in states that establish their own supplemental Lifeline programs receive additional federal discounts equal to the lesser of one-half of the state low-income discount or \$1.75.⁵ In states that provide state low-income support, federal Lifeline support is available to all subscribers who meet the state's prescribed eligibility requirements. Although states

¹ National Regulatory Research Institute (NRRI), *State Universal Service Funding Mechanisms: Results of the NRRI's 2005-2006*, (Report No. 06-09) (2006), available at <http://nrri.org/pubs/telecommunications/06-09.pdf> (last visited Apr. 7, 2009) (*NRRI 2005-2006 Survey*).

² National Regulatory Research Institute (NRRI), *State High Cost Funds: Purposes, Design, and Evaluation*, Report No. 10-04 at 61 (2006) (*NRRI 2009-2010 Survey*) (noting, however, that these carriers' revenues are declining).

³ *Id.* at 62.

⁴ *NRRI 2005-2006 Survey* at 4. Authority of states to assess VoIP service providers is currently being challenged in the courts, including in the United States Court of Appeals for the 8th Circuit, which has upheld a lower court decision finding that the Nebraska Public Service Commission does not have the authority to require interconnected VoIP service providers to contribute to the Nebraska universal service fund. See *Vonage Holdings Corp. and Vonage Networks Inc. v. Nebraska Public Service Comm'n*, No. 08-1764 (8th Cir. May 1, 2009).

⁵ See 47 C.F.R. § 54.403(a)(3).

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have some latitude in selecting means tests, state commissions must establish narrowly targeted qualification criteria that are based solely on income or factors directly related to income for low-income residents to be eligible for federal Lifeline support. In addition, states with eligible residents of tribal lands must ensure that their qualification criteria are reasonably designed to apply to low-income residents of tribal lands, if applicable.⁶

According to the *NRRI 2005-2006 Survey*, the low-income subsidy programs in most states only cover basic local residential telephone services (state Lifeline program). Some states provide a discount for the initial installation fee (state Link-Up program), while other states support both.⁷

How is it Funded? Among the 33 jurisdictions that have a state low-income subsidy program, twenty jurisdictions fund the program through a surcharge on carriers' revenue or customer bills. Low-income programs in other states are supported either by carriers' internal subsidy or by the general state tax revenue.⁸

States that include a "Schools and Libraries" program within their State USF

What is Covered? Most state subsidy programs for schools and libraries provide a subsidy for broadband Internet access, but do not include equipment and subsequent monthly subscription fees. Some programs cover other advanced services such as toll-free services and online access to databases.⁹

How is it Funded? The source of funding and the administration for state schools and libraries programs vary across states.¹⁰

States that include a "Rural Health Care" program within their State USF

What is Covered? Most state programs for rural health care facilities provide subsidies to broadband Internet access services; some include equipment as well as other advanced services such as toll-free services.¹¹

How is it Funded? The source of funding and the administration for state rural health care programs vary from state to state.¹²

⁶ 47 C.F.R. § 54.409(a).

⁷ *NRRI 2005-2006 Survey* at 5. The level of monthly support for low-income consumers varies across states ranging from \$1.17 (Connecticut) to \$13.30 (New Jersey). *See id.*

⁸ *NRRI 2005-2006 Survey* at 5.

⁹ *NRRI 2005-2006 Survey* at 5, 58.

¹⁰ *NRRI 2005-2006 Survey* at 5-6.

¹¹ *NRRI 2005-2006 Survey* at 5.

¹² *NRRI 2005-2006 Survey* at 5-6.

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States with Universal Service Funds¹³

Alabama – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (information on funding of the program unavailable)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Alaska – has a state universal service fund

- High-Cost Program – yes (program funded by carrier surcharges)
- Low-Income Program – yes (program funded by federal funds and end-user surcharges)¹⁴
- Schools and Libraries Program – no
- Rural Health Care Program – no

Arizona – has a state universal service fund

- High-Cost Program – yes (program funded by a mix of per-line and revenue surcharges)
- Low-Income Program – yes (program funded by carrier surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Arkansas – has a state universal service fund

- High-Cost Program – yes (program funded by carrier surcharges)¹⁵
- Low-Income Program – yes (information on funding of the program unavailable)
- Schools and Libraries Program – no
- Rural Health Care Program – no

California – has a state universal service fund

- High-Cost Program – yes (program funded by end-user surcharges)
- Low-Income Program – yes (program funded by end-user surcharges)
- Schools and Libraries Program – yes (program funded by end-user surcharges)
- Rural Health Care Program – yes (program funded by end-user surcharges)

Colorado – has a state universal service fund

- High-Cost Program – yes (program funded by carrier surcharges)
- Low-Income Program – yes (program funded by end-user surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – no

¹³ All high-cost program references have been updated to conform with the most recent NRRI survey. See NRRI Survey 2009-2010 at 5-10.

¹⁴ L. KENYON, REGULATORY COMM'N OF ALASKA, LIFELINE & LINK-UP 3 (2006) <http://rca.alaska.gov/RCAWeb/Documents/Telecomm/Lifeline.pdf>.

¹⁵ Arkansas' state fund is a revenue replacement fund from which only rural incumbent local exchange carriers receive funding. See NRRI 2005-2006 Survey at 7.

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Connecticut – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by end-user surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Delaware – does not have a state universal service fund

District of Columbia – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by carrier surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Florida – has a statewide universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by implicit subsidies in carriers' rates)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Georgia – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (information on funding of the program unavailable)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Hawaii – does not have a state universal service fund

Idaho – has a state universal service fund

- High-Cost Program – yes (program funded by a mix of per-line and per-minute surcharges)
- Low-Income Program – yes (program funded by end-user surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Illinois – has a state universal service fund

- High-Cost Program – yes (program funded by carrier surcharges)
- Low-Income Program – yes (program funded by end-user surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Indiana – has a state universal service fund

- High-Cost Program – yes (program funded by carrier surcharges)
- Low-Income Program – no

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- Schools and Libraries Program – no
- Rural Health Care Program – no

Iowa – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (information on funding of the program unavailable – possibly funded through end user surcharges)¹⁶
- Schools and Libraries Program – no
- Rural Health Care Program – no

Kansas – has a state universal service fund

- High-Cost Program – yes (program funded by a mix of per-line and revenue surcharges)
- Low-Income Program – yes (program funded by carrier surcharges)
- Schools and Libraries Program – yes (funded by a combination of state and federal funds)¹⁷
- Rural Health Care Program – no

Kentucky – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by end-user surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Louisiana – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (as of 2005, funded through end user surcharges or as part of a standard intrastate phone bill)¹⁸
- Schools and Libraries Program – no
- Rural Health Care Program – no

Maine – has a state universal service fund

- High-Cost Program – yes (program funded by carrier surcharges)
- Low-Income Program – yes (program funded primarily by federal & state funds)
- Schools and Libraries Program – yes (program funded by carrier surcharges)
- Rural Health Care Program – no

Maryland – has a state universal service fund

- High-Cost Program – no

¹⁶ See http://www.verizonwireless.com/pdf/lifeline/LifelineLinkup_Brochure_Iowa.pdf.

¹⁷ In Kansas, the schools and libraries program is funded by a combination of state universal service funds, state general funds, and federal schools and libraries universal service funds. STATE OF KANSAS BOARD OF REGENTS, KAN-ED 2007 ANNUAL REPORT 22 (2008).

¹⁸ Louisiana Public Service Commission, Docket No. U-20883-Subdocket C, Order, *available at* http://www.lpsc.org/_pdfs/_general/04-29-05%20_U-20883%20Subdocket%20C_.pdf.

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- Low-Income Program – yes (program funded by tax credits)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Massachusetts – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by implicit subsidies in carriers' rates)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Michigan – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by federal funds and end-user surcharges)¹⁹
- Schools and Libraries Program – no
- Rural Health Care Program – no

Minnesota – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by end-user surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Mississippi – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (information on funding of the program unavailable)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Missouri – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by end-user surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Montana – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by end-user surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Nebraska – has a state universal service fund

¹⁹ Press Release, Michigan Public Service Commission, MPSC Approves Increase in Lifeline Telephone Surcharge (Apr. 27, 2010), http://www.michigan.gov/mpsc/0,1607,7-159-16400_17280-236133--,00.html.

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- High-Cost Program – yes (program funded by end-user surcharges)²⁰
- Low-Income Program – yes (program funded by carrier surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – yes (program funded by carrier surcharges)

Nevada – has a state universal service fund

- High-Cost Program – yes (program funded by carrier surcharges)
- Low-Income Program – yes (information on funding of the program unavailable)
- Schools and Libraries Program – yes (program funded by carrier surcharges)
- Rural Health Care Program – yes (program funded by carrier surcharges)

New Hampshire – does not have a state universal service fund

New Jersey – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by implicit subsidies in carriers' rates)
- Schools and Libraries Program – yes (program funded by implicit subsidies in carriers' rates)
- Rural Health Care Program – no

New Mexico – has a state universal service fund

- High-Cost Program – yes
- Low-Income Program – yes (information on funding of the program unavailable)
- Schools and Libraries Program – no
- Rural Health Care Program – no

New York – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by end-user surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – no

North Carolina – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by tax credits)
- Schools and Libraries Program – no
- Rural Health Care Program – no²¹

North Dakota – has a state universal service fund

- High-Cost Program – no

²⁰ *NRRI 2009-2010 Survey*, at 115.

²¹ *In the Matter of Rural Health Care Support Mechanism*, WC Docket No. 02-60, DA 09-1696, Order, 24 FCC Rcd 10040.

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- Low-Income Program – yes (information on funding of the program unavailable)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Ohio – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by implicit subsidies in carriers' rates)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Oklahoma – has a state universal service fund

- High-Cost Program – yes
- Low-Income Program – yes (program funded by federal and state USF funds)
- Schools and Libraries Program – yes (program funded by carrier surcharges)
- Rural Health Care Program – yes (program funded by carrier surcharges)

Oregon – has a state universal service fund

- High-Cost Program – yes (program funded by end-user surcharges)
- Low-Income Program – yes (program funded by end-user surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Pennsylvania – has a state universal service fund

- High-Cost Program – yes (program funded by carrier surcharges)²²
- Low-Income Program – yes (program funded by carrier surcharges)²³
- Schools and Libraries Program – no
- Rural Health Care Program – no

Rhode Island – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by implicit subsidies in carriers' rates)
- Schools and Libraries Program – yes (program funded by end-user surcharges)
- Rural Health Care Program – no

South Carolina – has a state universal service fund

- High-Cost Program – yes (program funded by carrier surcharges)
- Low-Income Program – yes (program funded by carrier surcharges)
- Schools and Libraries Program – yes (program funded by implicit subsidies in carriers' rates)
- Rural Health Care Program – yes (program funded by implicit subsidies in carriers' rates)

²² Pennsylvania's program is intended to keep intrastate toll rates and access charges low and keep rural residential rates under a cap. *See NRRI 2005-2006 Survey* at 7.

²³ Universal Service Fund, 52 Pa. Code § 63.170.

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South Dakota – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (information on funding of the program unavailable)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Tennessee – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by implicit subsidies in carriers' rates)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Texas – has a state universal service fund²⁴

- High-Cost Program – yes (program funded by carrier surcharges)
- Low-Income Program – yes (program funded by carrier surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Utah – has a state universal service fund

- High-Cost Program – yes (program funded by end-user surcharges)
- Low-Income Program – yes (program funded by end-user surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Vermont – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by end-user surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Virginia – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (information on funding of the program unavailable)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Washington – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by end-user surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – no

²⁴ See <http://www.puc.state.tx.us/ocp/telephone/choice/txunivserv.cfm>.

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West Virginia – has a state universal service fund

- High-Cost Program – no
- Low-Income Program – yes (program funded by tax credits)
- Schools and Libraries Program – no
- Rural Health Care Program – no

Wisconsin – has a state universal service fund

- High-Cost Program – yes (program funded by carrier surcharges)²⁵
- Low-Income Program – yes (program funded by carrier surcharges)
- Schools and Libraries Program – yes (program funded by carrier surcharges)
- Rural Health Care Program – yes (program funded by carrier surcharges)

Wyoming – has a state universal service fund

- High-Cost Program – yes (program funded by carrier surcharges)
- Low-Income Program – yes (program funded by end-user surcharges)
- Schools and Libraries Program – no
- Rural Health Care Program – no

²⁵ Wisconsin has a high-cost assistance program based on the median income in an area. *See NRRI 2005-2006 Survey* at 7.

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**Table 1
USF Type of Program, Per State (Chart Form)**

State	State USF (Any Program)	Types of State USF Programs			
		High Cost	Low Income	Schools and Libraries	Rural Health Care
AK	Y	Y	Y		
AL	Y		Y		
AR	Y	Y	Y		
AZ	Y	Y	Y		
CA	Y	Y	Y	Y	Y
CO	Y	Y	Y		
CT	Y		Y		
DC	Y		Y		
DE	No				
FL	Y		Y		
GA	Y		Y		
HI	No				
IA	Y		Y		
ID	Y	Y	Y		
IL	Y	Y	Y		
IN	Y	Y			
KS	Y	Y	Y	Y	
KY	Y		Y		
LA	Y		Y		
MA	Y		Y		
MD	Y		Y		
ME	Y	Y	Y	Y	
MI	Y		Y		
MN	Y		Y		

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State	State USF (Any Program)	Types of State USF Programs			
		High Cost	Low Income	Schools and Libraries	Rural Health Care
MO	Y		Y		
MS	Y		Y		
MT	Y		Y		
NC	Y		Y		
ND	Y		Y		
NE	Y	Y	Y		Y
NH	No				
NJ	Y		Y	Y	
NM	Y	Y	Y		
NV	Y	Y	Y	Y	Y
NY	Y		Y		
OH	Y		Y		
OK	Y	Y	Y	Y	Y
OR	Y	Y	Y		
PA	Y	Y	Y		
RI	Y		Y	Y	
SC	Y	Y	Y	Y	Y
SD	Y		Y		
TN	Y		Y		
TX	Y	Y	Y		
UT	Y	Y	Y		
VA	Y		Y		
VT	Y		Y		
WA	Y		Y		
WI	Y	Y	Y	Y	Y
WV	Y		Y		
WY	Y	Y	Y		
Total	48	21	47	9	6