



**NRRI Colloquium
Orlando, Florida
19 November 2013**

**Lifeline and the States:
Designating and Monitoring Eligible
Telecommunications Carriers**

NRRI Report 13-12

Sherry Lichtenberg, Ph.D.
Principal Researcher – Telecommunications



Lifeline is a key example of cooperative federalism

- Lifeline is an important means of ensuring the availability of ubiquitous, affordable, and comparable communications services for all citizens across the country, regardless of income level
- The states and the FCC share responsibility for designating and monitoring eligible telecommunications carriers
- FCC regulations provide a floor for ETC requirements; states may exceed those requirements
- State oversight ensures that ETCs “play by the rules” and meet the specific needs of each state’s citizens



NRRI Lifeline Survey: Methodology

- NRRI surveyed the states to determine
 - Types of providers certified (i.e., wireline, wireless, cable, VoIP)
 - Certification process (e.g., adjudicatory procedure, paper filing)
 - ETC requirements and enforcement policies
 - State Lifeline fund size
 - Pending changes in certification requirements/processes
- 48 states and the District of Columbia responded
 - No response from Louisiana and West Virginia
- Reviewed open proceedings to identify best practices
 - Massachusetts ETC regulations
 - California ETC designation
 - Missouri ETC regulations



Key Findings

- 48 states and the District of Columbia designate ETCs
 - Over half the survey respondents would allow “non-traditional” carriers to gain ETC designation
 - To date, few cable providers but no VoIP providers have applied
- The majority of states have a formal public interest test
- The majority of states will use (or require providers to use) the USAC-developed duplicates database (NLAD)
- States remain undecided about using the USAC eligibility database (when developed) or creating their own
 - 8 states already have an automated eligibility database
 - 4 states are considering developing their own databases
- 20 states and the District of Columbia have state funds
 - A Hawaii fund has been authorized but not implemented
 - Several states are modifying their funds as a result of legislation and FCC Orders

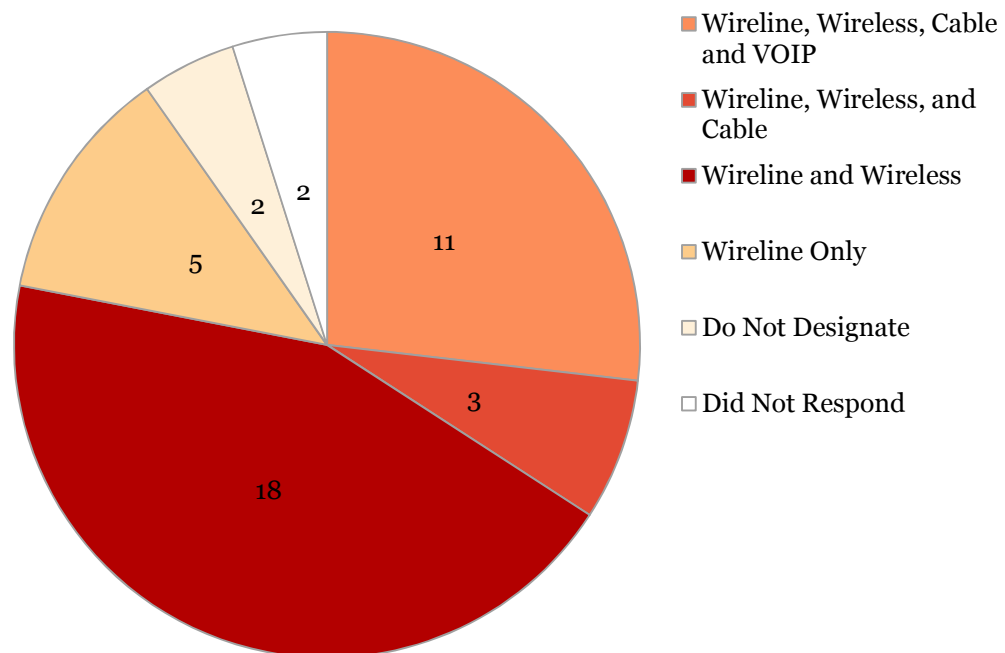


ETC Designation Varies by State

- Wireline: AL, DC, NH, NC, TN
- Wireline and Wireless: AK, CA, CO, HI, ID, IL, IN, MD, MI, MN, MS, MO, NJ, ND, OK, PA, SC, TX
- Wireline and Cable: CT, FL, MA, NY, VA
- Wireline, Wireless, Cable: GA, RI, WA
- Individual case basis: SD, WY, IA, KS, KY
- Platform agnostic: AZ, AR, MT, NM, NE, NV, OH, OR,
- ME and DE do not designate ETCs, regardless of platform



Over half the states certify “non-wireline” carriers, including wireless and cable providers



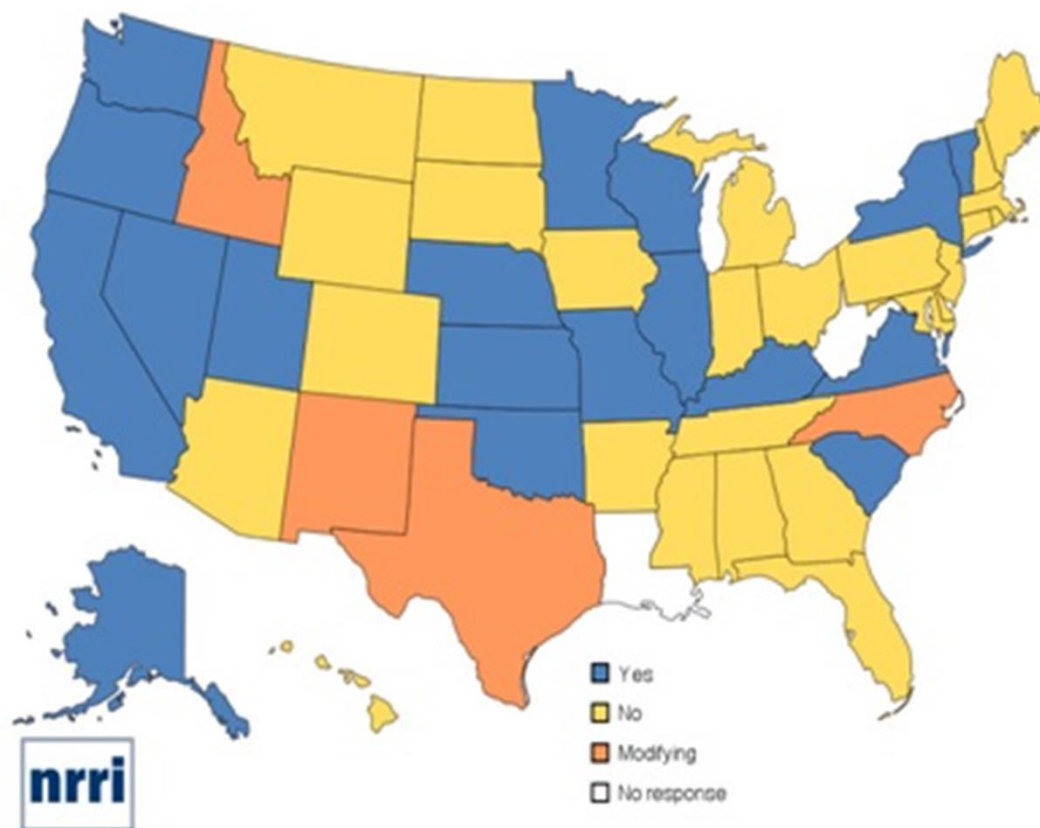
Note: No states reported ETC applications from VoIP providers



State Lifeline Funds

- 20 states and the District of Columbia have funds specifically directed to Lifeline support
- Legislation has modified or eliminated some state funds
 - CO and Maine have discontinued their funds as a result of legislation passed in 2012
 - North Carolina's Lifeline tax credit will end 12/31/13, ending the state fund
 - Idaho reduced its state Lifeline credit to \$2.50
 - Texas and New Mexico are reviewing USF funding, which will affect Lifeline
- Additional changes are expected across the states as broadband is added to the Lifeline supported services

State Lifeline Funds





Lifeline Opportunities and Challenges Remain

- **Balancing oversight and the public interest**
 - Increasing consumer participation while reducing abuse
 - Determining required services on a state by state basis
 - Increasing competitive provider participation
- **Sharing jurisdiction and information**
 - How can the states encourage FCC-designated ETCs to share performance and quality data with the states?
 - Should there be only a single authority to designate ETCs?
- **The IP Transition, Broadband, and Lifeline**
 - Can the states certify broadband-only providers?
 - Will quality and service rules need to be amended?
 - Will broadband displace wireline voice altogether?



Proposed Research Topics

Competition in Telecommunications: How Can We Measure It, Evaluate It, and Preserve It?

Increasingly, state legislatures and communications providers have cited competition as a replacement for regulation. This briefing paper will explore whether competition between providers and technologies can ensure customer choice, service quality, and reliable and ubiquitous telecommunications for all citizens. It will address how the states are identifying areas where competition is sufficient to discipline the market and where the states may have to step in to resolve consumer problems and ensure service availability. Finally, it will suggest ways in which states can address the question of “substitution;” that is, how can states, consumers, and providers evaluate whether different technologies are really “substitutable?”