

Converging Industries Research Foundation

(Formerly the Telecommunications Industries Analysis Project)

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Executive Summary: Closing the Gap: Universal Service for Low-Income Households, *August 1, 2000*

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Telecommunications Industries Analysis Project (TIAP)

TIAP is a nine-year-old research forum that conducts and reports impartial research in the areas where network planning, business financials, and public policy (regulation and legislation) intersect. Participants actively work together to provide reliable data, clear analysis of major issues, and workable solutions for telecommunications policies.

Background

The *Telecommunications Act of 1996* requires a Federal-State Joint Board to review and recommend changes to the rules for universal service, including a definition of services that receive support. At the same time, this *Act* requires that the Lifeline program (monthly support to low-income households) continue.¹ Lifeline issues are of major importance to the nation. A connection to our nation's networks is the foundation for discussions on access to advanced technologies and on economic development—both nationwide and statewide. A connection is needed for access to emergency services and for access to employment.

Overview of Paper

This paper provides information for policy discussions associated with answers for two questions:

- 1. Are today's telephone support programs reaching their target of low-income households?*
- 2. What helps low-income households take advantage of the available programs?*

100% State Survey Response

Results based on 1999 data from a TIAP survey of all (100% response) states, the Federal Communications Commission, and other government agencies allows for nationwide comparisons. Other telecommunications support programs not covered in this paper include installation for low-income households, Americans with disabilities, Native Americans, rural areas, schools, and libraries.

Research Summary: Basic Patterns

This paper shows that state initiatives make a difference. This paper shows patterns and comparisons on a state-by-state basis for where the need is and what can be done to meet it.

Where is the support of overall telephone service needed?

- States that have relatively more low-income households have a lower percent of households with telephones.

Do states with the greatest need use the available support programs?

- A state's relatively high or relatively low percent of low-income households does not affect the state's success in getting these households to subscribe to Lifeline service.

Research Summary: What Works?

Some states do better than expected: they have a relatively high percent of households with telephones despite their relatively high percent of low-income households.

What approaches increase the percent of low-income households with basic telephone service?

- **Increase Support:**

An increase in the monthly amount of support per household above the minimum \$5.25 generally increases the percent of eligible low-income households with telephone service (Lifeline service) by 7.0%—an increase from 9.5% to 16.5%.

- **Additional State Initiatives:**

States with initiatives that go beyond the federal/state Lifeline requirements increase the percent of eligible low-income households with telephone service (Lifeline service) by 25.3%—an increase from 9.5% to 34.8%.

- **Combined Impact:**

Taken together, these two factors increase the percent of eligible low-income households with telephone service (Lifeline service) by 32.3%—an increase from 9.5% to 41.8%.

Success Stories from Individual States

This paper provides specific examples of sixteen types of state initiatives that contribute to these Lifeline increases. One example is: cooperation between the state regulatory commission and other state agencies and/or local companies, which have data bases on eligible customers. Another example is inform potential customers through an active community outreach program.

Some states have new legislative and regulatory initiatives for 2000 and beyond. One example is: competitively neutral marketing of Lifeline services.

One Size Does Not Fit All

Personal communications with all states indicate that different states have different needs. Approaches vary among the states that focused on Lifeline service. Some states focused on other areas of universal service, such as support for rural areas, schools, and libraries. Regardless of the approach, state initiatives make a big difference.

1. *Telecommunications Act of 1996*, Pub. L. No. 104-104, Stat.56 [hereinafter referred to as the *Act of 1996*], codified at 47 U.S. C. §§151 et seq., §254(a) Universal Service, Procedures to Review Universal Service Requirements and §254(j), Lifeline Assistance.