

Public Service Commission of Wisconsin

Rebecca Cameron Valcq, Chairperson
Ellen Nowak, Commissioner
Tyler Huebner, Commissioner

4822 Madison Yards Way
P.O. Box 7854
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December 9, 2022

Senate Chief Clerk Michael J. Queensland
State Senate Journal and Records
B20 Southeast, State Capitol
P.O. Box 7882
Madison, WI 53707

Assembly Chief Clerk Ted Blazel
State Assembly Records
17 West Main Street
Room 401
Madison, WI 53703

Re: Administration of the Universal Service Fund

5-UF-2022

Dear Chief Clerks Queensland and Blazel:

The Public Service Commission of Wisconsin (Commission) is pleased to present the Universal Service Fund (USF) Report to the Legislature. Established in 1993, Wisconsin's USF operates in four separate state agencies, administering a wide range of programs focused on promoting access to essential and advanced telecommunications services.

At the Commission, this includes:

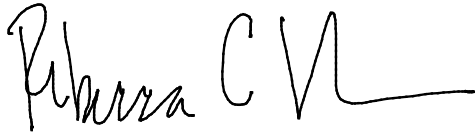
- The Lifeline program that discounts telephone and bundled internet services for low-income customers;
- The Telecommunications Equipment Purchase Program (TEPP) that provides financial assistance to purchase specialized equipment for people with disabilities to access telecommunications;
- The Telemedicine Equipment grant program that promotes access to telecommunications for patients in rural or underserved areas who need access to specialized medical professionals and services;
- The Non-Profit Grant Program, which enables non-profit groups to apply for partial funding of programs or projects that will facilitate affordable access to telecommunications, including internet access; and
- The Outreach for Low-Income Assistance Grant Program, known as the Lifeline Outreach Grant Program, which funds projects that increase the awareness of the Lifeline Program and provide information to eligible households.

At the Department of Administration, the Department of Public Instruction, and the University of Wisconsin, the USF supports:

- Access to materials for people who are blind;
- Digital communications for Wisconsin's schools, libraries and UW campuses; and
- Subsidized telecommunications access such as data lines to eligible schools, libraries, and educational institutions; and so much more.

Through promotion of access to telecommunications, the USF seeks to make our society's use of telecommunications technology—to connect, educate, and learn—universal for all Wisconsinites.

Sincerely,

A handwritten signature in black ink, appearing to read "Rebecca CV", with a long horizontal flourish extending to the right.

Rebecca Cameron Valcq
Chairperson
Public Service Commission of Wisconsin

RCV:CT:KN:TK:AK:LF:kle DL:01906920

Attachment

Report to the Legislature

Universal Service Fund

July 1, 2020 through June 30, 2022

Foreword

All telecommunications providers contribute to the Universal Service Fund (USF), but the telecommunications industry is in flux. Changes in customer calling habits and choice of telecommunications services are shifting away from retail switched-access lines (landlines) to services with voice-over-broadband and to mobile voice service with access to high-speed internet access. This report discusses the impact of these trends on the telecommunications industry in general, and specifically on Wisconsin's USF programs.

This report satisfies the statutory request for a biennial report on universal service found in Wis. Stat. § 196.218(5r) for the period of July 1, 2020 to June 30, 2022. Review the Public Service Commission's (PSC or Commission) website at <https://psc.wi.gov/Pages/Footer/ReferenceCenter/BiennialReportsOther.aspx> for previous versions of this report.

Please note that the charts, graphs, and data in this report includes years previous to the period addressed by this report. These years are included to provide the reader with a broader understanding of longitudinal changes.

Universal Service Fund

Background and History: The Wisconsin Universal Service Fund (USF) was established by 1993 Wisconsin Act 496.¹ The purpose of the Fund is to promote universal access to essential and advanced telecommunications services through discounted rates for service and targeted grant programs.² Both landline and wireless carriers provide essential telecommunications services.³ A wireless or wireline carrier that has been designated as an Eligible Telecommunications Carrier (ETC)⁴ by the Public Service Commission of Wisconsin (Commission) may receive federal and state USF funds to offset a portion of the cost of providing service.

The USF provides support to carriers to assist the following groups of customers to obtain affordable access to essential telecommunications service: (a) customers in areas of the state that have relatively high costs of telecommunications services, (b) low-income customers, and (c) customers with disabilities. USF dollars fund programs at the following Wisconsin agencies: the Commission, the Department of Administration (DOA), the Department of Public Instruction (DPI), and the University of Wisconsin (UW) System. This report describes the programs at each agency that qualify as Universal Service Programs and Activities.

The Broadband Expansion Grant program was authorized by 2013 Wisconsin Act 20 and is codified at Wis. Stat. § 196.504. From FY 2016 to FY 2021, the Broadband Expansion Grant program was funded by the USF fund balance as well as periodic transfers from DOA's federal USF E-Rate Aid appropriation. Beginning in FY 2019, this included annual transfers from the USF fund balance, as required by Wis. Stat. 196.218(2s)⁵. 2021 Wisconsin Act 58, the 2021–2023 Biennial Budget, provided bonding authority of up to \$125 million for the Broadband Expansion Grant Program. It should be noted that neither the bond repayments, nor the associated debt service costs, will be funded by the USF. The Broadband Expansion Grant Program does not directly receive funds from USF assessments at this time.

Contributions to the Fund: All telecommunications providers, including VoIP and wireless service providers, are assessed a proportionate share of the cost of the state USF program. Assessments are based on the gross intrastate retail voice telecommunications revenue reported annually to the Commission.⁶ Broadband services are not subject to assessment for USF purposes.

¹ See Wis. Stats. § 196.218.

² Under 2011 Wisconsin Act 22, “advanced telecommunications,” formerly a USF targeted offering, was removed from the definition of essential telecommunications service.

³ Wis. Stats. § 196.218(1)(a), “Essential telecommunications services means the services or functionalities listed in 47 CFR 54.101(a).”

⁴ Wis. Stats. § 196.218(4)(a), “...eligible telecommunications carrier pursuant to 47 USC 214.”

⁵ Wis. Stat 196.218(2s) creates a \$2.0 million minimum annual funding requirement for the Broadband Expansion Grant Program. Funding equal to the amount of the unencumbered balance of the USF appropriations is transferred from the USF fund balance. If this amount is less than \$2.0 million, the Commission has the authority recover the remaining amount via USF assessments. To date the Commission has not assessed for this purpose.

⁶ Wis. Admin. Code § PSC 160.18 and Wis. Stat. § 196.218(3).

The Commission currently exempts telecommunications providers with USF assessable annual revenues of less than \$200,000 from the USF assessment.⁷

In general, the Commission calculates the USF assessment rates using the appropriated amounts approved in the state budget for each USF-funded program and adjusts for funding received from other sources, including transfers.⁸ In recent years, the Commission has considered the existing USF fund balance, projected expenditures, and funding from other sources when setting the USF assessment rates. The assessment is a monthly rate, adjusted annually. Providers paying a USF assessment⁹ may pass along their payment obligations to customers through a service fee on the customer's bill.¹⁰ State general-purpose revenue does not contribute to the USF.

The changing nature of telecommunications services, specifically the trend away from retail voice telephone service¹¹, has affected the assessable revenues reported for purposes of the USF in Wisconsin. The Commission also issues an annual assessment for Telecommunications Trade Practices (TTP). TTP is an assessment the Commission collects from telecommunications service providers to fund oversight of trade practices. The assessment goes to the Department of Agriculture, Trade and Consumer Protection (DATCP) to pay for administration of their rule on telecommunications services. The Commission has authority for the TTP assessment under Wis. Stat. §196.859.

The TTP assessment is based on the sum of all telecommunications-related operating revenue in Wisconsin, reported by telecommunications providers for the year prior to the report. The aggregate TTP assessable revenue provides a picture of the status of the telecommunications industry in the state. The overall decrease in assessable revenues in Wisconsin's telecommunications industry since 2016 is mainly due to changes in the telecommunications industry.

Table 1 shows the changes in USF and TTP assessable revenue for the period from 2016 to 2021. During this period, the total assessable USF revenue declined 42.3 percent while the total assessable TTP revenue dropped by 28.7 percent. On the USF side, the drop in assessable revenue was most dramatic from 2019 to 2020 with a decrease of 14.63 percent. TTP assessable revenue saw the largest decrease from 2018 to 2019 at 10.24 percent.

⁷ Wis. Admin. Code § PSC 160.18(1).

⁸ See Table 2.

⁹ See: <https://psc.wi.gov/Documents/usf/assessment%20Providers.pdf>

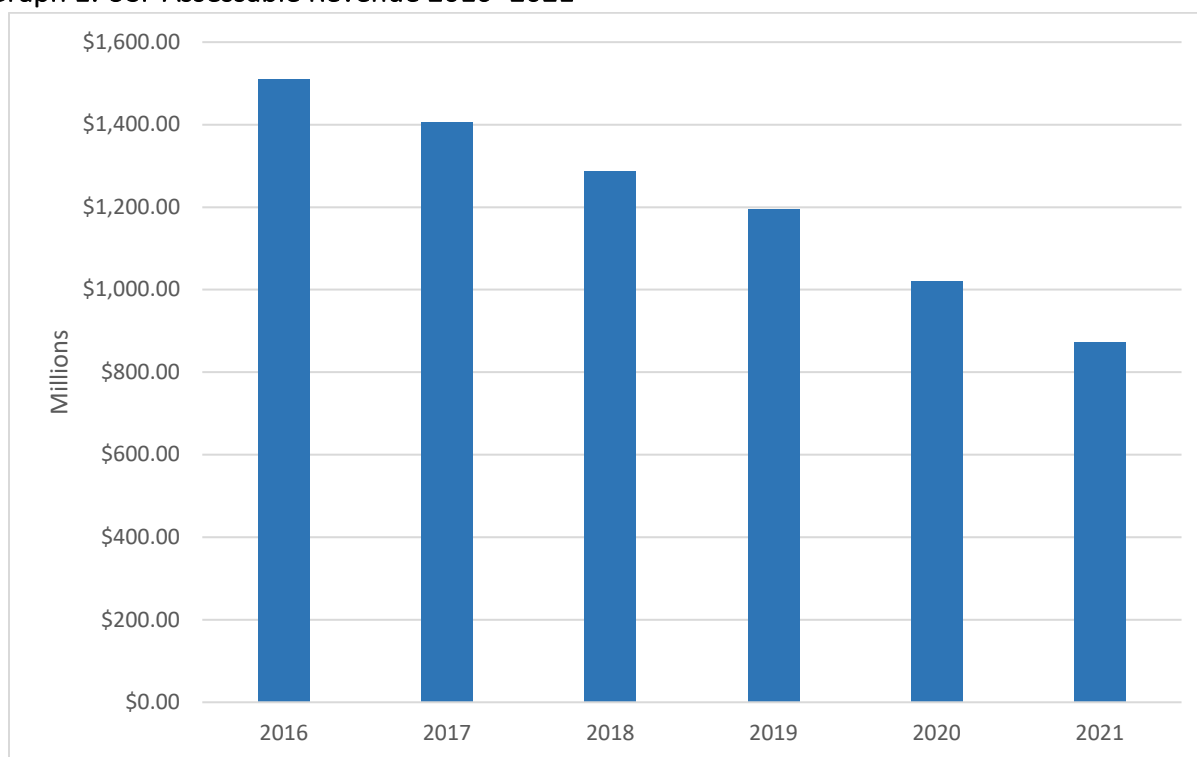
¹⁰ Wis. Stats. § 196.218(3)(e) and (f).

¹¹ See Graph 2.

Table 1.¹²: Change in Assessable Revenue 2016- 2021

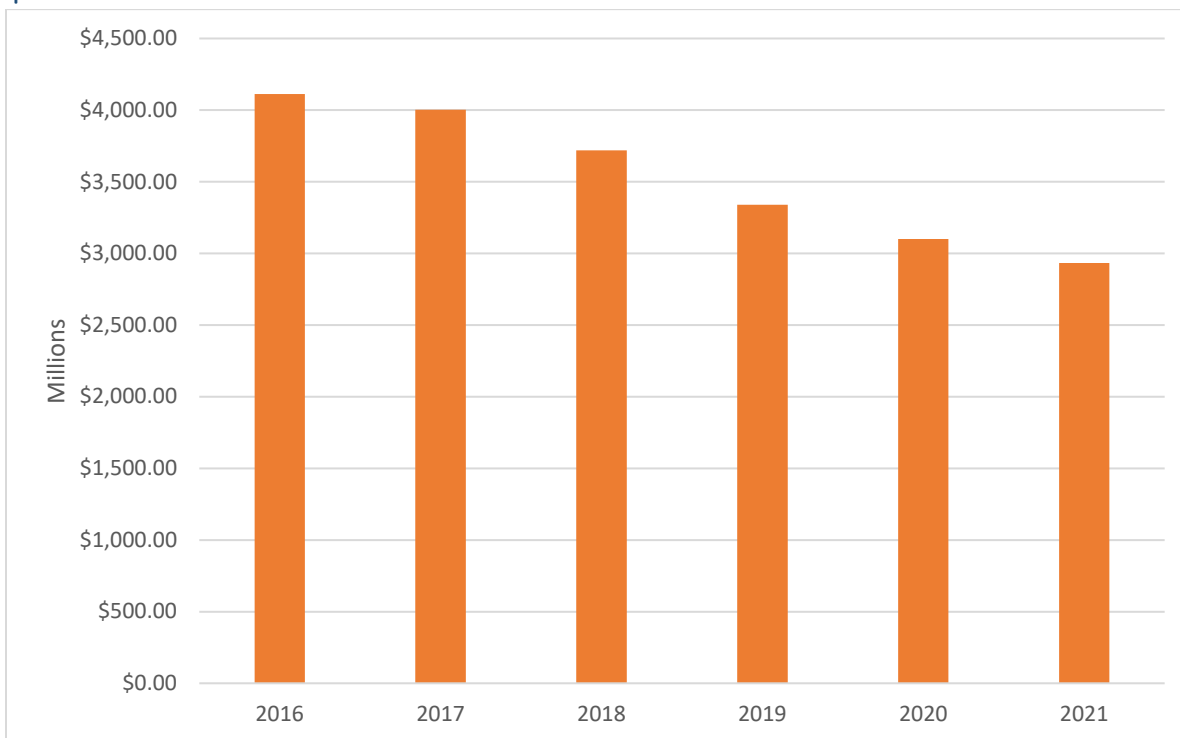
	USF		TTP	
	Assessable Revenue (million \$)	% Change	Assessable Revenue (million \$)	% Change
2016	\$1,511		\$4,112	
2017	\$1,406	-6.95%	\$4,001	-2.70%
2018	\$1,287	-8.46%	\$3,720	-7.02%
2019	\$1,196	-7.07%	\$3,339	-10.24%
2020	\$1,021	-14.63%	\$3,099	-7.19%
2021	\$872	-14.59%	\$2,933	-5.36%

Graph 1: USF Assessable Revenue 2016 -2021



¹² Source: Commission staff calculations

Graph 2: TTP Assessable Revenue 2016-2021



The USF is financed by collecting a fee from telecommunication providers based on their interstate and international telecommunications service and certain telecommunications revenues. Although wireless and VoIP carriers report USF assessable revenue and pay an assessment for USF, the overall decline in assessable revenue may indicate that people continue to substitute services that do not contribute to the USF such as broadband internet, wireless data, cable video, text messaging, and other non-assessable communications formats, in place of traditional telephone services. Nationwide, revenues used to calculate USF contributions have declined 63 percent in the last two decades, from \$79.9 billion in 2001 to \$29.6 billion in 2021.¹³ As nonassessable services continue to grow, certain providers are allocating an ever-decreasing portion of the monthly rate to the USF. Smaller groups of providers are responsible for paying the fee, contributing to the overall increase in the USF assessment rate in recent years.

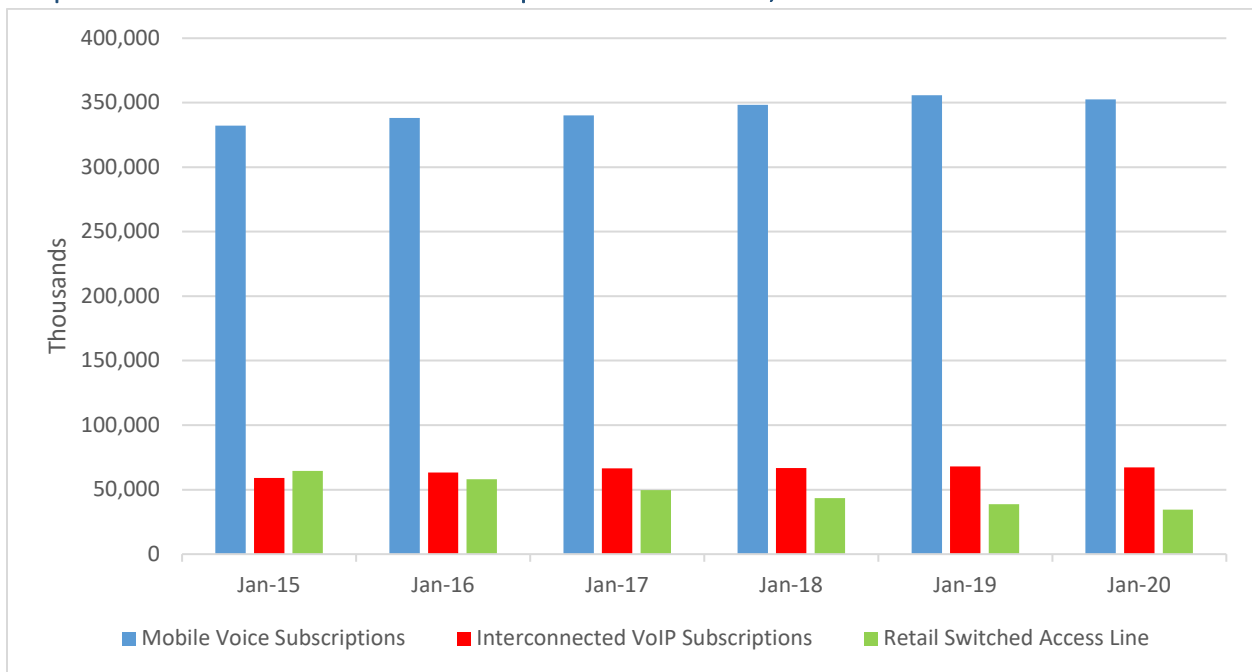
¹³ Source: *USForward Report 2021, FCC Must Reform USF Contributions Now: An Analysis of the Options*, Carol Mattey, Mattey Consulting LLC.

Table 2: USF Monthly Assessment Rates 2018 – 2022

Period (Oct. to Sept.)	Monthly Assessment Rate (%)	Total Assessments
2018-2019 ¹⁴	.28476	\$43,103,900
2019-2020 ¹⁵	.29274	\$42,502,100
2020-2021 ¹⁶	.34437	\$42,157,222
2021-2022 ¹⁷	.44874	\$45,787,000

The mechanism that governs contributions to the federal USF and assessments for the state USF did not account for the shift of subscribers from assessable to non-assessable telecommunications services. Nationwide, the federal contribution factor has increased from 6.9 percent in 2001 to a historic high of 33.4 percent in the second quarter of 2021.¹⁸ This trend is apparent in data from the most recent Federal Communications Commission (FCC) report on Voice Telephone Services¹⁹, which looks at subscribership nationwide.

Graph 3:²⁰ Nationwide Retail Voice Telephone Connections, 2015-2020



¹⁴ Docket 5-UF-2018, [PSC REF#: 351411](#)

¹⁵ Docket 5-UF-2019, [PSC REF#: 377342](#)

¹⁶ Docket 5-UF-2020, [PSC REF#: 399829](#)

¹⁷ Docket 5-UF-2021, [PSC REF#: 422831](#)

¹⁸ *Id.*

¹⁹ *FCC Voice Telephone Services: Status as of June 30, 2021*, <https://www.fcc.gov/voice-telephone-services-report>, released August 1, 2022, and *Status as of December 31, 2018*, released March 6, 2020.

²⁰ *Id.*

While the USF programs may support access to broadband through its Lifeline eligible services,²¹ the Lifeline program is only available to Eligible Telecommunications Carriers, and Lifeline offerings for broadband service are limited. In Wisconsin, revenues earned by broadband providers are not subject to assessment.

Due in large part to their lower costs, it appears likely that a growing number of customers may move to non-assessable communication options in future years. As a result, the cost of assessments would continue to fall to increasingly smaller groups of providers—and their customers, and place the funding model of the USF at increased risk. USF funded programs are critical to ensuring that all Wisconsin residents have access to essential and advanced telecommunications services. Addressing this issue would require statutory and administrative code revisions in Wisconsin.

Statutory Report on Universal Service

This report addresses specific standards established in Wis. Stat. § 196.218(5r):

1. The affordability of and accessibility to a basic set of essential telecommunications services throughout this state.
2. The affordability of and accessibility to high-quality education, library, and health care information services.
3. Financial assistance provided under the USF.
4. An assessment of how assistance provided by the USF and other alternative incentive regulations of telecommunications utilities designed to promote competition have been advancing the public interest goals identified under Wis. Stat. 196.03(6), and recommendations for further advancing those goals.

As the world continues to recover from a global health pandemic, the value and importance of access to and affordability of essential telecommunications services continues to be a vital issue. Society quickly adapted to new ways of living and working in a digital world. The economic hardships that resulted from the pandemic demonstrated that affordability of telecommunications services is a significant driver in the ability of community members to participate in society. It is evident that the ability to access technology and essential telecommunications services is a basic necessity in today's digital ecosystem.

1. The affordability of and accessibility to a basic set of essential telecommunications services throughout this state

2011 Wisconsin Act 22 codified a choice to rely on competition and market forces to provide affordable telecommunications services for Wisconsin residents. The most recent FCC Voice Telephone Services Report²² documents an increasing level of competition in

²¹ Lifeline-eligible services are described here: <https://www.usac.org/lifeline/rules-and-requirements/minimum-service-standards/> Only ETCs providing these services are able to provide a Lifeline discount to customers, and receive a reimbursement of that discount from the federal and state USFs.

²² *FCC Voice Telephone Services: Status as of June 30, 2021*, <https://www.fcc.gov/voice-telephone-services-report>, released August 1, 2022.

the state. Nationally, from 2015 through 2020, interconnected VoIP subscriptions increased at a compound annual growth rate of 0.5 percent, mobile voice subscriptions increased at a compound annual growth rate of 1.4 percent, and retail switched access lines (landlines) declined at a compound annual growth rate of 11.6 percent per year.²³ Similarly, the FCC report shows clear evidence that Wisconsin subscriber trends are in-line with national trends regarding the shift to wireless and VoIP telecommunications services from traditional landline telephone services.

Table 3:²⁴ Wisconsin Retail Voice Telephone Connections 2015 - 2020

Year	Mobile Voice Subscriptions	Interconnected VoIP Subscriptions	Retail Switched Access Subscriptions
2015	5.42 million	917,000	1.25 million
2016	5.51 million	973,000	1.14 million
2017	5.57 million	973,000	978,000
2018	5.68 million	996,000	827,000
2019	5.82 million	986,000	738,000
2020 ²⁵	5.74 million	978,000	647,000

On average, retail switched access subscriptions have fallen 8.6 percent annually from 2015 to 2020 while VoIP subscriptions increased by an average of 1.4 percent during that same period. Mobile voice subscriptions increased at the same rate as VoIP subscriptions, with an average annual increase of 1.4 percent.

Whether these changes in the make-up of retail options resulted in a reduction in the overall percentage of Wisconsinites without any voice telephone service is difficult to measure. While subscribership was expected to increase, reflecting the anticipated, increased numbers of phones per household, the slight, annual, average decrease of 2 percent from 2015 to 2020 may instead reflect a shift to increased communications through non-voice communication channels. The percentage of people with a wireline voice phone is decreasing, however most of those people likely have either a mobile voice phone or a broadband connection capable of carrying voice service.

The Commission’s USF programs directly address affordability and accessibility of telecommunications:

²³ The compound annual growth rate is a smoothed rate of growth calculated in three steps. First, divide the ending value by the beginning value. Second, raise the result of that division to a power equal to one divided by the number of years in the period (in this case, 3 years, so the power is 1/3). Third, subtract one from the result of the second step.

²⁴ Source: *FCC Voice Telephone Services: Nationwide and State-Level Data for 2008-present*, [Voice Telephone Services Report | Federal Communications Commission \(fcc.gov\)](#)

²⁵ Mobile voice subscriptions may have decreased by 2% between December 2019 and June 2020 due to a change in accounting procedures by one or more providers.

- Lifeline: The Wisconsin Lifeline program is the USF low-income program and is complementary to the national Lifeline program. After the application of the federal reimbursement, ETCs in Wisconsin may receive a per customer benefit that lowers the customer's phone bill to approximately \$15. The maximum state discount is \$9.25 per customer, which applies in addition to the federal Lifeline subsidy.²⁶

Since the issuance of the last biennial report to the legislature, the state has transitioned from the Wisconsin-developed Carrier Access for Lifeline Eligibility Requests (CALER) tool to the nationwide eligibility tool called the National Verifier (NV). As of December 2020, the NV fully launched in all states, territories, and the District of Columbia. The NV allows eligibility to be checked against federal databases that were inaccessible via CALER verification.²⁷ The NV allows customers, advocates, carriers, and family members to verify eligibility with a simple Internet query. Overall, this tool improves the accessibility to affordable, basic telecommunications as well as discounted broadband services.

The estimated Lifeline participation rate in Wisconsin is 17 percent, equal to the national average of 17 percent.²⁸ Commission staff is working to increase participation in the Lifeline program by reaching out to community agencies with information about changes to Lifeline ([PSC REF#: 388213](#)) and sharing information about the program ([PSC REF#: 427067](#)). The Commission is also in the process of updating the Lifeline brochure, which provides simple application instructions, eligibility guidelines and additional consumer resources. In FY 2021, the Commission introduced the Lifeline Outreach Grant Program with the goal of increasing awareness of the Lifeline program through education and outreach and research and resources. The grant program awards a total of up to \$250,000 to organizations to assist low-income customers in obtaining affordable access to telecommunications through the Lifeline program. ([PSC REF#: 411750](#)).

Lifeline subscribership is slowly increasing. Based on targeted outreach efforts, staff anticipates a continued increase for the foreseeable future:

²⁶ Wis. Admin. Code § PSC 160.062(2g)

²⁷ The federal Housing and Urban Development (HUD) and the Veterans Administration (VA) databases that demonstrate participation in qualifying program were not accessible under CALER. These databases are available under the NV.

²⁸ <https://www.usac.org/lifeline/resources/program-data/>

Table 4: Total Lifeline Subscribers

	Broadband	Broadband Bundled	Bundled Voice	Bundled Voice and Broadband	Voice	Grand Total
April 2022	392	20,991	1,544	67,760	4,320	96,878
May 2022	398	23,035	1,437	67,864	4,140	96,874
June 2022	416	23,576	1,397	70,856	3,948	100,193
July 2022	434	24,003	1,368	75,881	3,798	105,484

To ensure low-income residents can continue to access affordable telecommunications service during the pandemic, the FCC broadened the income documentation requirements for Lifeline, postponed all reverification activities, and stopped all involuntary de-enrollment, including due to non-usage. However, waivers governing recertification, reverification, general de-enrollment, and income documentation expired after June 30, 2022 for all applicable Lifeline participants, with the exception of Tribal subscribers. The FCC extended previous waivers temporarily through September 30, 2022 for Tribal subscribers only.²⁹

Additionally, Commission staff continues to respond to questions about access to the internet, and to assist customers with Lifeline questions, through the Internet & Phone Helpline, which the Commission established at the onset of the pandemic in April 2020. Within its inaugural month, and as of the date of the last biennial report, the helpline received 200 calls between April 26 and June 30, 2020. The helpline received 1,075³⁰ calls between July 1, 2020 and June 30, 2022.

- **Non-Profit Access Program:** The Non-Profit Access Grant Program funds programs and projects that assist customers located in areas of the state with relatively high costs of telecommunications service, low-income customers, and customers with disabilities to obtain affordable access to a basic set of telecommunications service.³¹ During the 2021 and 2022 grant funding cycles,³² the Commission awarded a wide range of grants that funded projects,³³ such as:
 - Access to computers and telephones for low-income community members. Some programs provided training, instruction, and assistance with employment, medical services, schooling, and general communication.

²⁹ <https://www.fcc.gov/document/wcb-extends-prior-covid-lifeline-program-waivers-june-30-2022>

³⁰ Commission Staff calculations

³¹ See: Wis. Admin. Code § PSC 160.125(2).

³² The USF Non-Profit Access program is funded in the USF budget in the fiscal year preceding the program. For example, funds for the 2021 grant funding cycle (July 1, 2021 to June 30, 2022) were obligated in the SFY 2021 USF budget Order ([PSC REF#: 397059](#)). Funds for the 2022 grant funding cycle (July 1, 2022 to June 30, 2023) were obligated in the SFY 2022 USF budget Order ([PSC REF#: 448074](#)).

³³ See 2021 Memorandum ([PSC REF#: 411986](#)) and Order ([PSC REF#: 413523](#)) and 2022 Memorandum ([PSC REF#: 438110](#)) and Order ([PSC REF#: 439667](#)) describing funded projects.

- Purchase of phones and phone contracts for low-income clients to access employment, medical services, mental health services, schooling, and general communication.
- Provide technology programming on job, college, and career readiness and digital skills instruction.
- Purchase of interactive technology programming to improve the quality of life for memory care and assisted living seniors through cognitive stimulation.
- Programs to assist people with disabilities identify appropriate telecommunications assistive technology through presentations, try-outs, and assistance purchasing equipment.
- Leverage information regarding telecommunications benefits disseminated to tribal communities.
- Establishment of Wi-Fi networks accessible to the public to allow use of the internet when broadband access at home is not available or affordable.

The success of these programs is determined by reviewing reports submitted by grantees, many of whom apply for funding in multiple funding cycles. A summary of 2020 and 2021 grantee reports was compiled as part of the 2022 funding cycle ([PSC REF#: 438110](#), Attachment B). Additional information is on the Commission’s website..³⁴

- Telecommunications Equipment Purchase Program: The Telecommunications Equipment Purchase Program (TEPP) supports the purchase of specialized telecommunications equipment for people with hearing, speech, and mobility disabilities through a voucher program..³⁵

Applicants apply for and are issued vouchers depending on their disability and use the vouchers to purchase equipment³⁶ through a network of authorized vendors. Voucher amounts are based on average costs of specialized equipment commonly used by people with different types of disabilities. Customers may apply for a new voucher to purchase updated equipment once every three years.

The Commission issued an Order on July 3, 2020 adopting TEPP Vendor Protocols ([PSC REF#: 393136](#)), which updated the existing TEPP vendor guidelines. All TEPP vendors

³⁴ See: <https://psc.wi.gov/Pages/ServiceType/Telecom/NonProfitGrants.aspx>

³⁵ During the period covered by this report, this program was funded at \$1 million in SFY 2021 ([PSC REF#: 422788](#)) and \$900,000 in SFY 2022 [PSC REF#: 448074](#)

³⁶ Vouchers pay most equipment costs; for some disability categories a co-payment of \$100 is required. Eligible customers may have their co-pay paid by the Telecommunications Assistance Program administered by the Wisconsin Department of Health Services.

were required to submit a signed acceptance of the protocols to reinforce their ongoing obligation to protect the integrity of the TEPP program.

In continued efforts to promote and provide consumer resources related to the TEPP program, Commission staff partnered with a third-party designer to update the TEPP brochure. The TEPP brochure was completely redesigned for a modern look along with visual pictures to enhance a better understanding of the TEPP process for consumers.

The success of TEPP is rooted in a commitment to individualized equipment that matches the specific telecommunications needs of an individual. The TEPP brochure, application form (including the ability to apply online), a list of authorized vendors, and equipment are available on the Commission's website.³⁷

- **TEPP Outreach Grant Program:** The TEPP Outreach Grant Program is an annual, non-competitive program funded at \$350,000 split evenly between the eight Wisconsin Independent Living Centers.³⁸ located throughout the state who are experts in assistive technology and have equipment try-out centers to assist customers to find the specialized telecommunications equipment best suited to their needs. This program was established in 2017. ([PSC REF#: 368239](#)).
 - **Outreach for Low-income Assistance Grant Program:** The Outreach for Low-Income Assistance Grant Program, known as the Lifeline Outreach Grant Program, received its inaugural launch and funding in the FY 2021 budget. ([PSC REF#: 414361](#)) The Lifeline Outreach Grant Program funds projects that increase the awareness of the Lifeline Program and provide information to eligible households. While the program was not proposed in the FY 2022 USF budget, the successful impact of grantee efforts since the conclusion of the first grant performance period on June 30, 2022, has demonstrated a need to reinstate the program for FY 2023. The program will be funded at \$250,000 for the FY 2023 budget cycle.
- 2. The affordability of and accessibility to high-quality education, library, and health care information services.**³⁹

One method to measure accessibility to information services is to consider the percentage of residents in the state with access to broadband services meeting the current FCC definition for advanced telecommunications capability, which requires access to actual download speeds of at least 25 Mbps and actual upload speeds of at least 3 Mbps.⁴⁰

Deployment rates for fixed, terrestrial 25/3 (download/upload speeds) Mbps vary based on geographic location.⁴¹ According to the FCC deployment report, which uses a

³⁷ See: <https://psc.wi.gov/Pages/ForConsumers/TEPP.aspx>

³⁸ See: <https://www.dhs.wisconsin.gov/disabilities/physical/ilcs.htm>

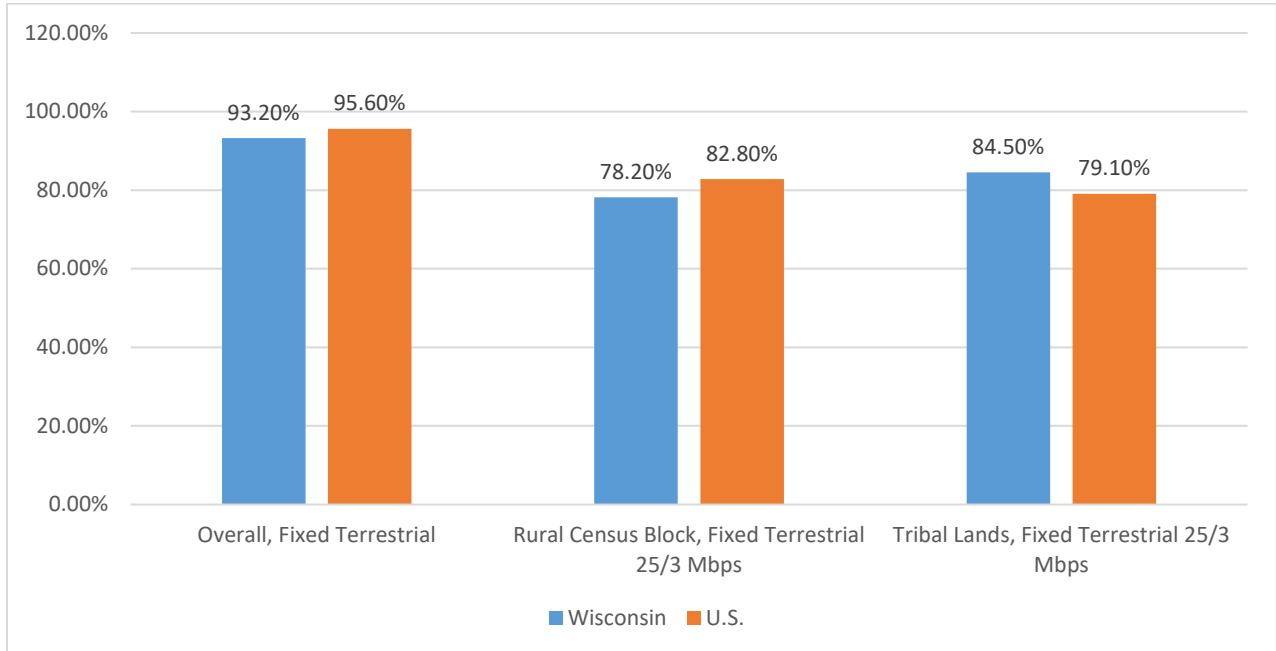
³⁹ The notation of all speed references will be: downstream (provider-to-customer)/upstream (customer-to-provider).

⁴⁰ See 2021 FCC Fourteenth Broadband Deployment Report, January 19, 2021, <https://www.fcc.gov/reports-research/reports/broadband-progress-reports/fourteenth-broadband-deployment-report>.

⁴¹ *Ibid*, Appendix A through F, as of December 31, 2019.

methodology known to overestimate coverage, Wisconsin has an overall deployment rate of 93.2 percent, rural census blocks have a rate of 78.2 percent, and tribal lands have a rate of 84.5 percent—roughly comparable with the U.S. rates.

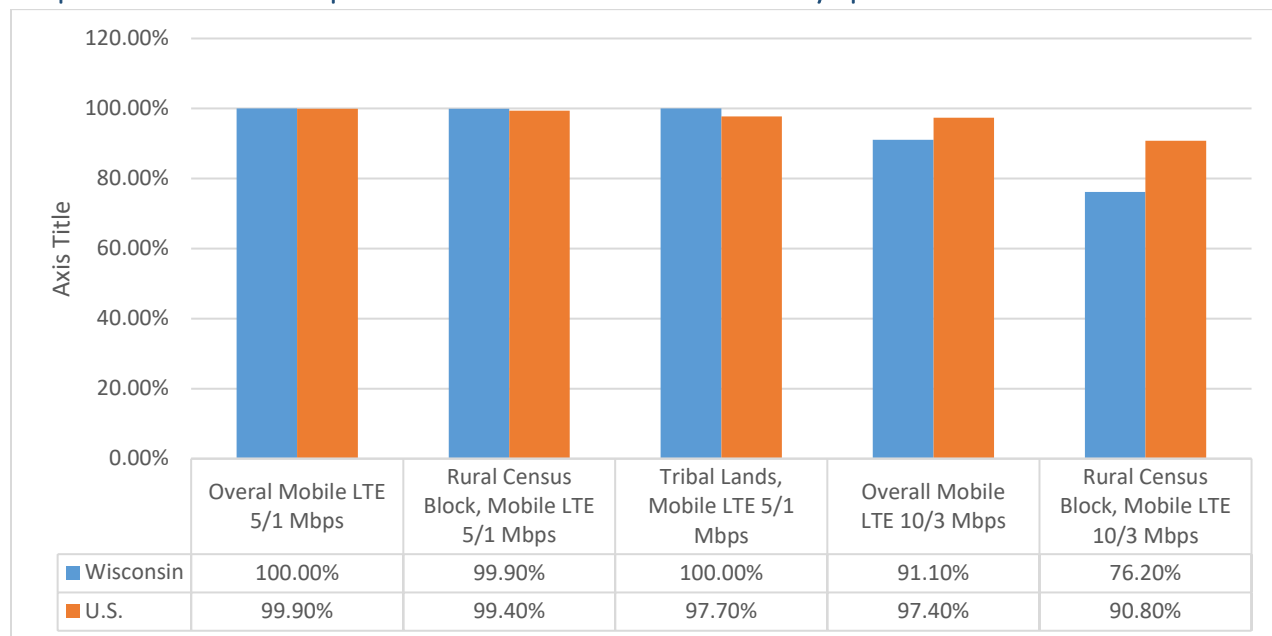
Graph 4:⁴² Percent of Population with Fixed, Terrestrial Internet Service Access by Speed



The FCC also looked at the availability of mobile service by state, providing coverage data for two mobile service standards. In deployment of Mobile LTE 5/1 Mbps, Wisconsin is slightly above the U.S. rates, but lags in deployment of Mobile LTE 10/3 Mbps.

⁴² *Id.*

Graph 5:⁴³ Percent of Population with Mobile Service Access by Speed



There is a disparity between the quality of broadband service available in urban areas and that available in many rural areas of the state. This is mitigated to some degree by the availability of mobile service. However, the FCC has found that a fixed broadband service with a speed of 25/3 Mbps and mobile wireless are not functional substitutes for each other. The higher price, lower speeds, and significant data caps that are common with mobile services limit the utility of those options when compared to a wireline alternative.

- High-Quality Education and Library Information Services:** The DPI, UW System, and DOA receive funding through the USF to target affordability and accessibility to high-quality education and library information services. Additionally, the Commission’s 2020 Non-Profit Access Grant Program awarded three separate grants to the Friends of Appleton Library, Friends of the Juneau Public Library, and the Friends of the Prairie du Chien Public Library to purchase laptops for distribution across library networks, for patron use at the library or at home. Funding was also used to purchase an array of telecommunications equipment for library patrons, including iPads, hotspots, keyboards, and screen protectors. The libraries collected program data to evaluate affordability and future policy development for checking out telecommunications devices. ([PSC REF#: 395945](#)).
- High-Quality Health Care:** The Commission addresses access to affordability of high-quality health care information services through the Medical Telecommunications Equipment Program, or Telemedicine Grant Program. This program was developed to: (a) encourage the use of telecommunications equipment and services to promote technology advanced medical services, (b) directly or indirectly enhance access to medical care in rural

⁴³ *Id.*

or underserved areas of the state, and (c) directly or indirectly enhance access to medical care by underserved populations or persons with disabilities.⁴⁴

The Commission awards up to \$1 million in grants in this program once every two years. Common types of telehealth equipment funded by this program include:

- Telemedicine carts, which facilitate consultation with specialists in rural areas of the state without specialists.
- Home Health Monitoring Units, which use the internet to facilitate check-ins with medical staff without the patient having to travel.
- Video conference equipment permits patients or clients who live near a rural clinic to communicate with a medical specialist in a distant city by teleconference.
- iPads programmed with an interpreter service application for use in situations when the patient and caregiver do not speak a common language.

A list of the 2022/2023 applicants and awards are summarized in the Memorandum ([PSC REF#: 438313](#)) and the Order ([PSC REF#: 439788](#)). Additional information is available on the Commission's website.⁴⁵

3. Financial assistance provided under the USF.

The primary goal of the USF is to provide funds that help Wisconsin residents obtain essential and advanced telecommunications services. The USF uses various mechanisms to offer financial assistance that ensures affordable access to telecommunications service throughout the state. As mentioned in the previous section, the USF encompasses several programs as well as grant funded programs that provide financial assistance. Programs offered under the USF:

- **Lifeline:** Lifeline is the USF's low-income support program. This program reduces monthly telecommunications costs for eligible low-income customers by providing reimbursement to telecommunications providers who meet program requirements and are authorized to receive Lifeline payments.⁴⁶
- **Broadband Grants Programs:** Partially funds the effort to extend broadband service to all parts of Wisconsin.

⁴⁴ See Wis. Admin. Code § PSC 160.115 and Wis. Stat. § 196.218(4u).

⁴⁵ See: <https://psc.wi.gov/Pages/ServiceType/Telecom/TelemedicineGrants.aspx>

⁴⁶ Wis. Admin. Code § PSC 160.062

- **Telecommunications Equipment Purchase Program (TEPP):** Provides financial assistance to people with disabilities to buy specialized equipment for basic telephone services.
- **High Rate Assistance Credit Program:** Provides additional financial assistance if voice service prices were to become excessive.
- **Second Line Voice Carryover:** Finances the majority of the cost of a second phone line for captioned telephones with two wirelines—one to transmit voice, and the other to transmit streaming text.

Grant Programs offered under the USF:

- **Telemedicine Grant Program:** Finances new and innovative means of using telecommunications to provide medical and psychiatric services.
- **Lifeline Grant Program:** Finances outreach to increase awareness of the Lifeline Program and to provide information to eligible households.
- **Nonprofit Access Grant Program:** Finances projects by nonprofits that are working to make telecommunications and broadband more accessible and useful to Wisconsin residents.
- **TEPP Outreach:** Finances ongoing, annual funding for statewide outreach in support of TEPP by Wisconsin's eight Independent Living Centers (ILCs).

4. An assessment of how assistance provided by the universal service fund and other alternative incentive regulations of telecommunications utilities designed to promote competition have advanced the public interest goals identified under Wis. Stat. § 196.03(6), and recommendations for further advancing those goals.

With 2011 Wisconsin Act 22 (2011 WI Act 22), the legislature left the regulation of telecommunications to the marketplace, not the Commission. The Act eliminated most of the regulation of telecommunications services, and as a result, the Commission has limited authority to determine how, where, or under what rates, terms, and conditions telecommunications services are offered in Wisconsin. Competitive telecommunications service provides consumers with multiple choices and a variety of prices in more profitable markets, but can leave consumers with limited and insufficient options and services in other markets.

The Commission, through broadband grants, ongoing efforts of the Commission's USF programs, and community outreach and stakeholder engagement, works to advance the accessibility and affordability of telecommunications for all citizens. These goals are well-served when access to telecommunications is as commonplace and pervasive as access to electricity. Such ubiquity would constitute true universal service.

Universal Service Programs and Activities

The programs in the USF, and the appropriations for each program, are as follows:

Table 5: USF Appropriations by Program

PROGRAM	FY 2019	FY 2020	FY 2021	FY 2022
PSC - Universal Service Programs ⁴⁷	\$5,940,000	\$5,940,000	\$5,940,000	\$5,940,000
PSC - Broadband Expansion Grants ⁴⁸	\$0	\$22,000,000	\$22,000,000	\$2,000,000
DPI - BadgerLink, Newslite for the Blind	\$2,937,500	\$2,937,500	\$3,283,300	\$3,282,300
DPI – Aid to Public Library Systems ⁴⁹	\$16,013,100	\$16,013,100	\$16,013,100	\$18,513,100
DPI – Library Service Contracts	\$1,174,300	\$1,307,500	\$1,342,400	\$1,355,300
DPI – Digital Learning Collaborative	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
UW Telecommunications Services	\$1,054,800	\$1,054,800	\$1,054,800	\$1,054,800
DOA- TEACH	\$15,984,200	\$15,984,200	\$15,984,200	\$15,984,200
TOTAL APPROPRIATED AMOUNT	\$44,103,900	\$66,237,100	\$66,617,800	\$49,129,700
TOTAL FUNDED BY USF ASSESSMENTS	\$43,103,900	\$42,502,100	\$42,157,222	\$45,787,000

Each of these programs is described in detail below. It is worth noting that from FY 2019 to FY 2022, the TEACH and DPI –Aid to Public Library Systems represent more than half of the annual appropriated amount for the USF.

BadgerLink and Newslite for the Blind: BadgerLink funding is for contracts to online materials that support lifelong learning. The BadgerLink sources include materials originally published in newspapers and magazines serving Wisconsin communities and cities nationwide; job skill building and test preparation workbooks; business news and company and market data; reference works on history, mathematics, humanities, science, literature, computing and information technology, arts, education, and medicine and health; encyclopedias; auto repair resources; general interest and academic magazines; multimedia collections about children’s literature; and local history and genealogy sources. BadgerLink databases can be accessed from any computer, tablet, or smartphone connected to the Internet, making them available in public, K-12 and college and tech college libraries, homes, and workplaces. BadgerLink also connects users to WISCAT, the online catalog of materials owned by Wisconsin public and school libraries.

⁴⁷ In FY 2020 and FY 2021, the assessment amount for PSC’s Universal Service Programs was based on the internal operating budget, as approved by the Commission. See Graph 5 for operating budget amounts.

⁴⁸ Broadband Expansion Grants are not funded by USF assessments. Rather, the appropriated amount is funded by transfers from the USF fund balance and/or the DOA Federal E-Rate appropriation. For FYs 2019 – 2021, in addition to the appropriated amount, Wis. Stat. 196.218(2s) sets forth a \$2.0 million minimum annual funding requirement from the USF fund balance. Beginning in FY 2022, the appropriated amount includes the \$2.0 million minimum annual funding requirement.

⁴⁹ \$1,000,000 of the FY 2019 appropriation was funded by a transfer from the DOA Federal E-Rate appropriation.

Newsline funds a contract with the National Federation of the Blind (NFB) to provide Wisconsin residents access to the Newsline service. NFB-NEWSLINE is a free audio news service for anyone who is blind, low-vision, or otherwise print-disabled that offers access to more than 500 publications, emergency weather alerts, job listings, and more. The Newsline appropriation also funds a contract with the Wisconsin Talking Book and Braille Library to act as the mandatory Newsline state service hub.

DPI –Aid to Public Library Systems: These funds go directly to public library systems annually and are intended to promote development and improvement of public libraries through library systems and to provide opportunities for cooperation among all types of libraries. Required services include sharing of books and other resources among libraries through technology and delivery, reference referral, continuing education, services to users with special needs, resource library services, collection development, and consulting services. State aids are distributed according to a statutory formula.

DPI – Library Service Contracts: These funds are used for annual contracts that allow Wisconsin residents to use materials from the UW-Madison and Milwaukee Public Library through interlibrary loan; and they support the programs and services of the Cooperative Children’s Book Center (CCBC) and the Wisconsin Talking Book and Braille Library (WTBBL).

The CCBC is a non-circulating examination, study, and research library for Wisconsin school and public librarians, teachers, early childhood care providers, university students, and others interested in children's and young adult literature, and administers the statewide Read On Wisconsin literacy program. The CCBC is part of the UW-Madison School of Education.

The WTBBL collaborates with the National Library Service for the Blind and Physically Handicapped (NLS) to provide Wisconsin residents who cannot see regular print materials, access to audio books and braille materials. WTBBL currently serves nearly 7,000 registered patrons and more than 561 institutions (e.g., libraries, schools, nursing homes, veteran’s centers).

DPI – Wisconsin Digital Learning Collaborative (WDLC): Funds support the Wisconsin Digital Learning Collaborative, a statewide web academy provider, which offers access to digital content, a learning management system, professional learning, and district planning support to school districts. As the provider of the statutory web-based academy, WDLC provides services to public school districts, private schools, Cooperative Educational Service Agencies (CESAs), and charter schools.

The WDLC consists of the Wisconsin Virtual School and the Wisconsin eSchool Network, which partner with DPI to provide a single point for school districts to access quality online courses, professional learning, research and best practices, and administrative planning support.

UW Telecommunications Services: Funds help to offset the costs associated with access to BadgerNet for University of Wisconsin campuses.

DOA – TEACH: Through Universal Service Administration Corporation’s (USAC) E-Rate, Technology for Educational Achievement (TEACH) funds subsidize equipment purchases, installation, and a portion of the monthly service costs for access to BadgerNet for more than 900

K-12 schools, technical colleges, public libraries, CESAs, and other public and private institutions statewide. TEACH does not subsidize a site's Internet Service Provider (ISP). BadgerNet is a broadband voice and data network operated by a consortium of telecommunications providers under a contract with DOA. Beginning in FY 2016, the funds were also used for two grant programs: the Educational Technology Teacher Training Grants program, funding training for teachers on the use of educational technology; and the Information Technology Block Grants program, funding technology infrastructure for school districts to better use technology for instruction. The IT Block Grant program funds IT infrastructure improvements and certain IT services for eligible school districts and libraries. The program was created by 2017 Wisconsin Act 59, and from fiscal years 2017 to 2021, more than \$13 million in grants were awarded, including \$3 million to 128 school districts and 13 libraries in fiscal year 2021 alone. DOA's Division of Enterprise Technology has established a robust grant monitoring program to ensure compliance with program requirements. The IT infrastructure grant program was not funded in the 2022-23 biennium and, accordingly, no new awards will be made.

PSC – Universal Service Programs: Funds are administered through the Commission and include a variety of programs to enable or subsidize access to telecommunications services for certain populations in Wisconsin. The specific Commission managed programs are described below.

Telecommunications Equipment Purchase Program (TEPP): TEPP assists persons with disabilities to purchase specialized telecommunications equipment needed to use the telephone system. Examples of equipment that can be purchased with the vouchers include amplified phones, wireless devices, speech amplified phones, augmentative and alternative communication (AAC) apps, and signaling systems (such as flashing lights which replace audible rings). Qualifying individuals receive vouchers, which are used to pay approved vendors for a portion of the cost of specialized telecommunications equipment.

Voucher values vary for different types of disabilities because the typical equipment needs of persons in different disability categories vary in price. In most cases, the purchaser must make a \$100 co-payment when purchasing the equipment. If the co-payment and voucher are not sufficient to cover the equipment price, the purchaser pays the remainder amount. Low-income eligible individuals may qualify for funding to pay the \$100 co-payment.⁵⁰ From FY 2021 to FY 2022, 1,316 individuals with disabilities used approximately \$700,000 in vouchers to assist them in accessing basic telecommunications services.

Second line Voice or Speech Carryover: Second line voice or speech carryover (2LVCO) is a service that some persons with hearing or speech disabilities use to communicate over the telephone. With carryover service, two lines are used – on one line, a TTY or captioned telephone⁵¹ is used to receive or send text, while on the second line the user may listen or

⁵⁰ The Telecommunications Assistance Program (TAP) may be able to pay the \$100. TAP is a program out of the Office for the Deaf and Hard of Hearing in the Wisconsin Department of Health Services. TAP is only for persons in low-income households who are Deaf or Severely Hard of Hearing.

⁵¹ A captioned telephone combines the functions of a traditional phone and TTY. Users can both hear the conversation and see the streaming text transcript of the call.

speak for themselves. This program reimburses ETCs whose customers use two-line voice or speech carryover.

USF rules allow a customer to get a second line without a service connection charge and without a monthly charge for most of the costs of the second line. Captioned telephone users traditionally have used the two-line feature. Total costs for this program remain small relative to other USF programs. For the period of this report, a total of \$3,532.42⁵² was paid to ETCs in this program to reduce the cost of the second line.

High Rate Assistance Credits: The High Rate Assistance Credit (HRAC) program provided USF payments to local exchange service providers to reimburse them for credits given to customers to keep local voice rates at affordable levels. Monthly service rates are compared to median household incomes for each county. If the rate that a telecommunications company charges exceeds the threshold established in the rules, the customers pay the threshold price and the USF pays the balance. Adjustments in funding levels for this program are dependent on changes in income levels for the county and changes in local service rates.

The expenditures for this program have declined dramatically over the past 19 years. At its peak, the HRAC program was budgeted at \$1.3 million. Since that time, competitive alternatives, such as cellular and broadband-based offerings, have maintained pressure on rural voice service prices, such that credits are no longer necessary. Accordingly, the budget for this program during the years covered by this report are zero. Since the price for voice service has remained relatively static, and since multiple competitive offerings exist in all parts of the state, it is not expected that HRAC expenditures will be required in the near future.

The implementation of major reforms of inter-carrier compensation rates (the rates paid between telecommunications companies that exchange traffic) mandated by the Federal Communications Commission (FCC) were predicted to result in significant offsetting of local rate increases, which would have increased expenditures from the HRAC. However, the proliferation of alternatives to the traditional landline service such as wireless and VoIP options have created enough competitive pressure to prevent the landline provider from making the offsetting price increases. Since the predicted local rate increases never materialized, the budgets for high-rate assistance credits declined to \$0 in FY 2019 and have remained at \$0 through FY 2022. A 2016 adjustment to the calculation of the HRAC in the USF rules⁵³ was expected to eliminate HRAC program use for the foreseeable future.

Lifeline: The Lifeline program makes telecommunications service more accessible for low-income Wisconsin residents. Lifeline provides a lower monthly rate for

⁵² Commission staff calculations

⁵³ See Docket 1-AC-236, Order, [PSC REF#: 279312](#)

telecommunications service⁵⁴ for low-income consumers or the alternative of a wireless service option at no charge. The Lifeline program is a federal program and Wisconsin's Lifeline program is complementary. Wisconsin's program uses the same rules for eligibility, enrollment, re-certification, and minimum service standards. The FCC provides cost reimbursement to ETCs that varies depending on the type of service. The state reimbursement takes the federal reimbursement into account and provides a reimbursement sufficient to lower the cost of the customer's phone bill to about \$15 per month.

State USF expenditures for the Lifeline program declined from a high of \$2,751,480 in FY 2011 to less than half that, \$1,122,909, in FY 2015. However, increases in customers due to the pandemic and its associated economic impacts, led Commission staff to propose an increase in the Lifeline budget for FY 2021. While Lifeline saw an uptick in subscribers during the pandemic, peaking in April 2021 at 141,254 subscribers, likely a result of federal program changes intended to preserve access to telecommunications during the pandemic⁵⁵, those waivers were lifted on June 30, 2022. Lifeline expenditures stabilized around \$1.1 million, until FY 2022 when it decreased to \$632,043. The 2016 Federal Lifeline Modernization Order⁵⁶ also implemented a stepped decrease in the federal support paid to carriers providing voice service⁵⁷ along with stepped up minimum service standards for internet speed and data. In FY 2022, it was originally anticipated that carriers would request rate increases from the Wisconsin Lifeline program due to reduced federal support for customers receiving voice services without qualifying broadband. However, on November 5, 2021, the FCC paused the scheduled phase out in Lifeline support for voice-only services⁵⁸ and extended the phase out from December 1, 2021 to December 1, 2022.

Participation in Lifeline by landline customers is on the decline, while participation in wireless Lifeline services is increasing, mirroring the national trend in telecommunications at-large.

Non-Profit Grant – Access Programs or Projects: The purpose of these grants is to develop or support programs or projects that facilitate affordable access to telecommunications and information services. Applicants must be nonprofit organizations and must provide at least a 25 percent match for the total project cost. The projects must assist in providing voice, broadband, or internet telecommunications to low-income, customers with disabilities, or those living in areas with high costs for such services.

⁵⁴ Technologies eligible for the Lifeline discount include: voice service, broadband service, bundled voice service, bundled broadband service, and bundled voice and broadband service. See <https://www.usac.org/lifeline/getstarted/eligible-services/>.

⁵⁵ See: <https://www.usac.org/lifeline/resources/covid-19-response/>

⁵⁶ See: <https://www.fcc.gov/document/fcc-modernizes-lifeline-program-low-income-consumers>

⁵⁷ See: <https://www.usac.org/lifeline/rules-and-requirements/minimum-service-standards/>

⁵⁸ Federal Communications Commission DA 21-1389 In the Matter of Lifeline and Link Up Reform and Modernization November 5, 2021 <https://docs.fcc.gov/public/attachments/DA-21-1389A1.docx>

Nonprofit organizations were awarded grants for 13 projects in 2021 totaling \$500,000⁵⁹; and 16 projects in 2022 totaling \$500,000⁶⁰.

The **TEPP Outreach Grant Program** grew out of the Non-Profit Grant Program. The annual award cycle of the Non-Profit program was funding consistent awards to ILCs for their work with TEPP customers with disabilities, and in 2017 the Commission entered an agreement with the Wisconsin DHS to distribute funding for these services to the ILCs using existing DHS contracts. In 2019, the 2017 Order was revised to move administration of that funding to the Commission where it is currently administered as the TEPP Outreach Grant Program.

Medical Telecommunications Equipment Program: Nonprofit medical clinics and public health agencies can receive grants from the USF to purchase telecommunications equipment. Purchases of medical telecommunications equipment under this grant program must promote technologically advanced medical services, enhance access to medical care in rural areas of the state, or enhance access to medical care to underserved populations or to persons with disabilities in the state. Applicants for this program must be a nonprofit clinic serving federally designated health professional shortage areas, medically underserved areas, medically underserved populations, or a public health agency.

Access to healthcare is the point of emphasis for the telemedicine grant program. The initial purpose of the program was to build interest in the use of telecommunications to augment medical practices. For example, early in the program funds were used to purchase video conference equipment, allowing for remote consultations with specialists for rural patients. The legislature recently amended the statute regarding administration of medical assistance, Wis. Stat. s. 49.45 to add s.49.45(61) regarding Services provided through Telehealth and Communications Technology. All the equipment items purchased with Telemedicine Grants in recent grant rounds meet the definition of telehealth care in that section. Examples include home health monitoring units, telemedicine carts, medical interpreter services, as well as the video conference equipment that has been a part of the program from the outset.

Since 2008, the Commission has combined the consideration and approval of the grant applications for a two-year period into a single evaluation. As a result, the Commission is able to award \$1 million for a two-year performance period.

For combined FY 2020 and FY 2021, 16 grants were awarded totaling \$1 million⁶¹. For combined FY 2022 and FY 2023, 12 grants were awarded totaling \$792,522⁶².

⁵⁹ The 2021 grant cycle is named for the first year of the funding cycle, and ran from July 1, 2021 through June 30, 2022. Memorandum ([PSC REF#: 411986](#)); Order ([PSC REF#: 413523](#))

⁶⁰ The 2021 grant cycle is named for the first year of the funding cycle, and ran from July 1, 2021 through June 30, 2022. Memorandum ([PSC REF#: 438110](#)); Order ([PSC REF#: 439667](#))

⁶¹ See: Docket 5-TF-2020, for the period of July 1, 2019 through June 30, 2021. Memorandum ([PSC REF#: 388485](#)) and Order ([PSC REF#: 390971](#)).

⁶² See: Docket 5-TF-2022, for the period of July 1, 2022 through June 30, 2023. Memorandum ([PSC REF#: 438313](#)) and Order ([PSC REF#: 439788](#)).

PSC – Broadband Expansion Grants: Funds are administered through the Commission and are funded by transfers from the USF fund balance and the DOA Federal E-Rate appropriation. In addition to the appropriated amount, Wis. Stat. 196.218(2s) sets forth a \$2.0 million minimum annual funding requirement from the USF fund balance. The \$2.0 million minimum annual funding requirement was first effective for FY 2019. The Broadband Expansion Grant Program does not directly receive funds from USF assessments at this time.

USF Rules: The first USF rules (Wis. Admin. Code ch. PSC 160) were approved in 1996 and subsequently revised in 2000. The next rulemaking proceeding in Docket 1-AC-198 began in 2001, but experienced significant resistance and delays and timed out. A rulemaking initiated in 2011 in Docket 1-AC-236 updated the language of the USF to reflect the changes resulting from 2011 Wis. Act 11 was completed and became effective February 1, 2016. That proceeding also addressed changes in the industry and alignment with the federal USF programs. A revision to the rules is currently being considered in Docket 1-AC-251.⁶³

Administration: While the Commission develops the overall policy and procedures for the USF, manages and operates several of the programs, it is required by statute to contract with a private firm to administer the fund. Responsibilities under that contract include issuing USF assessment bills to providers, collecting and summarizing requests for payment from ETCs for Lifeline, 2LVCO and Hearing Carryover (HCO) programs, managing the online application process for TEPP, and sending reimbursements to grantees in the USF grant programs. This does not include the Broadband Expansion grant program, which is administered by the Commission and is not technically a USF program. In 2016, the Commission issued a Request for Proposals for the administration of the USF. Solix, Inc., was selected as the USF administrator to succeed the former USF administrator, Wipfli, LLP effective July 1, 2016. The current contract covers administrative services from July 1, 2021, to June 30, 2023, with three optional, one-year extensions. The final one-year, of three possible one-year extensions with Solix, expires on June 30, 2026.

The USF is accounted for as a special revenue fund and the financial statements of the USF are audited. The financial statements provide a detailed short-term view of the USF's finances that assists the Commission in determining whether there will be adequate resources available to meet the current needs of the USF. These audited financial statements are found on the USF website and are available for review.⁶⁴

The USF Council advises the Commission on the administration of the USF and on proposed rule changes. Currently, the Council is comprised of 18 members, with seven representing the telecommunications industry and eleven representing consumer groups. By statute, the majority of the Council members must be representatives from consumer groups. The Council meets two times each year to discuss budget issues, program direction, and draft rule changes, convening subcommittees as needed.

Budget and Fund Balance: The Commission's USF appropriation is \$5.94 million annually. Historically the Commission's operating budget is less than the appropriated amount. The USF

⁶³ See footnote 47.

⁶⁴ See: <https://psc.wi.gov/Pages/ServiceType/Telecom/UniversalServiceFund.aspx>

Fund Balance Policy establishes a target range for the fund balance. The target range ensures that there are sufficient funds to satisfy the requirement to transfer \$2 million in funding to the Broadband Expansion Grant program⁶⁵ while also ensuring that assessments are limited to funding needs. If the fund balance is within the target range, the assessment is based on the operating budget amount. If the fund balance falls below the target range, the assessment is based on the appropriated amount. Consistent with the policy, the Commission assessed at the appropriated amount in FY 2021 and the operating budget amount in FY 2022.

Federal USF Programs

The discussion above is specific to Wisconsin's Universal Service programs funded solely through assessments on intrastate retail telecommunications revenues. The federal government also has a Universal Service program funded through national assessments on telecommunications revenues and administered by the Universal Service Administration Corporation (USAC). Some of the federal programs complement state USF programs (e.g., for low-income customers), while others address issues the state USF does not, such as high-cost support.

The following is a description of the federal universal service support programs:

Low Income Support: This support is commonly known as Lifeline. It provides discounts that make basic local telephone service affordable for low-income customers. Low-income support is administered by the state in a partnership with the federal government. Lifeline ensures that Americans have the opportunities and security that phone service brings, including being able to connect to jobs, family, and emergency services.

Rural Health Care: This support provides reduced rates to rural health care providers for telecommunications and internet services, so they pay no more than their urban counterparts for the same or similar telecommunications services.

Schools and Libraries: This support, referred to as E-rate support, provides affordable telecommunications and internet access services to connect schools and libraries to the internet. This support goes to service providers that provide discounts on eligible services to eligible schools, school districts, libraries, and consortia of these entities.

Connect America Fund (CAF): Formally known as High-Cost Support for rural areas, CAF expands broadband build out and access to high-speed internet to millions of consumers. Rural and urban consumers benefit as CAF drives economic growth, expands the online marketplace nationwide, and creates jobs and businesses opportunities across the country.

Additional information about these programs may be found on the FCC's website at <https://www.fcc.gov/general/universal-service>.

⁶⁵ Wis. Stats. § 196.218(3)(a)(2s)