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December 6, 2004

BY ELECTRONIC FILING

Marlene M. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Written Ex Parte Presentation, *In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers,* CC Docket 01-338 and WC Docket 04-313

Dear Ms. Dortch:

Fones4All Corporation ("Fones4All") through counsel, hereby submits this written ex parte presentation for filing in the above-referenced dockets to urge the Commission to preserve UNE-P availability to allow competitive carriers to serve single line residential customers who qualify for universal service subsidies. Under any formulation of the impairment test competitors are impaired in their ability to provide basic local telephone service to universal service eligible consumers, and accordingly, the Commission must ensure the continued availability of UNE-P for these disadvantaged consumers who otherwise might have no telephone service at all. State mandated subsidized retail rates constitute an insurmountable economic barrier to competitive carriers seeking to provide service to residential customers who qualify for universal service support because the baseline for reimbursement from both state and federal universal service funds is tied to the retail rate for ILEC basic local exchange service, even if these rates are below cost.[1] The fact that that competitive carriers' universal service rates are capped at the ILEC retail rate effectively precludes competitors that deploy their own facilities from serving universal service eligible end users.

Furthermore, continued UNE-P availability for the purpose of allowing competitive carriers to provide service to low income residential consumers is not only consistent with the critiques in the *USTA I*[2] and *USTA II*,[3] which require the Commission to consider narrow alternatives to address impairment, as well as to consider the costs and the benefits of unbundling, but it is also consistent with the statutory requirements of Section 254 of

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1 Importantly, however, TELRIC-compliant rates are not below cost. *See Verizon Communications Inc. v. FCC*, 122 S.Ct. 1646, 1649-1651. (2003).

2 *United States Telecom Association v. FCC*, 290 F.3d 415 (D.C. Cir. 2002) (*USTA I*).

3 *United States Telecom Association v. FCC*, 359 F.3d 554 (D.C. Cir. 2004). ("*USTA II*").

the Communications Act of 1934, as amended.[4] Preserving UNE-P availability to allow competitive carriers to serve the most overlooked and underserved consumers—low income single line residential end users who qualify for universal service—will meet any definition of impairment, and most importantly, will further the universal service goals of the Commission, as set forth in Section 254(b), which requires the Commission to base policies for the preservation and advancement of universal service upon the principles that consumers in all regions of the nation, including low-income consumers, should have access to telecommunications and information services that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged in urban areas, and recognizes that affordable rates for low income consumers is a national priority.[5] At a time when the Commission's telephone penetration statistics show the number of households in the United States with basic telephone service in decline for the first time ever, the Commission must ensure that every mechanism is in place to slow the decline, including the availability of UNE-P to serve low income universal service eligible end users.[6]

I. Background of Fones4All

Fones4All is a competitive local exchange carrier ("CLEC") based in Woodland Hills, California whose focus is to provide basic local telephone service to low income end users who qualify for universal service support. In mid-2003, following the California Public Utilities Commission's ("CPUC") adoption of UNE-P rates for SBC and Verizon that made it economically feasible to do so, Fones4All began marketing single line basic local residential telephone service to end-users in California who qualify for universal service subsidies. Fones4All has developed innovative, multi-faceted, grass-roots marketing efforts that mirror the methods recommended by the Joint Board and adopted by the Commission it its recent universal service order, including use of targeted advertising, mailings, and a presence in places where low-income eligible consumers are likely to frequent, including government aid agencies and public transportation outlets.[7] In fact, the success of Fones4All's outreach program led the state universal service marketing board in California to seek information regarding Fones4All's methods. Fones4All has been effective because it seeks out universal service eligible households where they live and work, and educates them about the availability of subsidized telephone

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[4] Pub. L. No. 104-104, 110 Stat. 56. The Telecommunications Act of 1996 (the 1996 Act) amended the Communications Act of 1934 ("the Act").

[5] 47 U.S.C. Sec. 254(b).

[6] *See Telephone Subscribership In The United States (Data through March 2004)*, Alexander Belinfante (released Aug. 2004), available at http://www.fcc.gov/wcb/iatd/stats.html. ("*Telephone Subscribership In The United States*"). A copy of the report is attached hereto for inclusion in these dockets.

[7] See *Report and Order and Further Notice of Proposed Rulemaking*, WC Docket 03-109, FCC 04-87 at para. 45-46 (Apr. 29, 2004) ("*April 2004 Universal Service Order*") attached hereto. "The first recommended guideline is that states and carriers should utilize outreach materials and methods designed to reach households that do not currently have telephone service. States or carriers may wish to send regular mailings to eligible households in the form of letters or brochures. Posters could be placed in locations where low-income individuals are likely to visit, such as shelters, soup kitchens, public assistance agencies, and on public transportation. Multi-media outreach approaches could be utilized such as newspaper advertisements, articles in consumer newsletters, press releases, radio commercials, and radio and television public service announcements."

service. In the 18 months since Fones4All first began its intensive marketing efforts, the company has provisioned single line residential UNE-P service to approximately 35,000 low income households, the vast majority of whom had never before received basic wireline telephone service.

In the absence of Fones4All's efforts, the 35,000 low income consumers currently served by Fones4All, in all likelihood, would have remained without the knowledge that subsidized POTS service was available to them and would have continued to struggle without one of the most basic of tools of modern life: a telephone to call an ambulance, a child's school, or a potential employer. Instead, these low income consumers would likely have no phone service at all unless they purchased overpriced pre-paid service from any number of unscrupulous pre-paid providers who prey upon low income, credit challenged consumers. The experience of Fones4All in the low-income marketplace, along with the disturbing trend of declining telephone penetration in the U.S., is proof of the critical need for the Commission to maintain UNE-P availability as a vital means of ensuring the availability of telephone service to low income households that qualify for universal service support under the Commission's Lifeline and LinkUp programs, as well as complementary state universal service programs. On-going availability of UNE-P to serve universal service eligible consumers is critical, particularly at a time when the FCC's statistics demonstrate a shocking decline in the number of households with basic telephone service.

II. Telephone Penetration Rates in the United States Are Falling

With all the discussion in this docket of the availability of intermodal alternatives to basic telephone service, the Commission may be losing sight of the fact that the Commission's most recent *Telephone Subscribership in the United States* report, issued in August 2004, shows that 6.5 million American households are still without POTS service, let alone VoIP, cable or wireless service, or any kind of advanced service for that matter.[8] **In fact, the FCC's report is the third consecutive report in which the percentage of households in the U.S. with telephone service has actually dropped.** The report shows that penetration rates for African American and Hispanic households are significantly lower than white households. The report stated that households headed by whites had a penetration rate of 94.9%, while those headed by African Americans had a rate of 90.1% and those headed by Hispanics had a rate of 90.5%.[9] Not surprisingly, subscription levels also vary by income level. As a general rule, the greater the household income, the greater chance that the household has telephone service. In light of these sobering statistics, the Commission should preserve UNE-P availability for competitive carriers that provide single-line residential telephone service to low income households who qualify for federal or state universal service support.

As the Commission noted in one of its most recent universal service orders, "we believe there is more that we can do to make telephone service affordable for more low-income households. Only one-third of households currently eligible for Lifeline/Link-Up assistance

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8 *Id.*

9 *See "FCC Releases New Telephone Subscribership Report,"* News Release (Aug. 13, 2004).

actually subscribe to this program."[10] Based on the Commission's own recognition and the fact that universal service penetration is down in three consecutive reporting periods, it is imperative that the Commission act on its words and do something to increase universal service subscribership. Specifically, the Commission can act on its concerns regarding universal service subscribership by preserving a narrowly tailored exemption that mandates UNE-P be required in the instance where a carrier's customer qualifies for universal service support.

II. There Is Significant Impairment in the Low-Income Residential Universal Service Eligible Market

A. Competitive Carriers Seeking To Provide Universal Service Are Impaired Because Reimbursement from State and Federal Universal Service Funds Is Tied to ILEC Retail Rates For Basic Exchange Service

The *USTA* courts have held that subsidized, below cost retail rates can create impairment in markets where state regulation holds rates below costs. This is particularly true for competitive carriers serving the universal service eligible market because reimbursement of CLECs from state and federal universal service funds is tied, by law, to ILEC retail basic exchange service, even if those rates are below cost. As a result, state-mandated below cost retail rates constitute an insurmountable economic barrier and source of impairment for competitive carriers providing service to residential customers who qualify for universal service.

Pursuant to state and federal law, carrier reimbursement rates for all carriers providing universal service are based upon ILEC cost factors. For instance, in California the CPUC ties the rate of competitive carrier reimbursement from the state universal service fund to the ILEC rate for basic local exchange service.[11] That is, competitive carriers in California calculate their universal service reimbursement by subtracting the amount the carrier collects from the universal service subscriber from the ILEC rate for basic local exchange service. As a result, a competitive carrier providing universal service consistent with its obligation to do so cannot be fully reimbursed by the universal service fund for the costs it incurs in providing the service in the same way that ILECs are. Rather, competitors providing the universal service are inextricably tied to the ILEC rate structure. Therefore, even if a carrier serving universal service eligible customers deployed its own switch-based network it could never recoup its costs.

In light of the *USTA II* decision and the apparent demise of UNE-P, Fones4All has sought out alternatives to ILEC provided switching from competitive providers of switching in order to continue providing universal service to its 35,000 customers. But because Fones4All's low income customer base is spread across economically depressed residential

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[10] *April 2004 Universal Service Order*, para. 1.

[11] See General Order 153, the administrative regulation governing administration of the California state universal service program, which provides at section 8.3.2: "Each utility, on a per ULTS customer basis, may collect from the ULTS Fund an amount of lost revenues equal to the difference between (a) ULTS rates and charges, and (b) the lesser of the following: (i) the utility's regular tariffed rates and charges, or (ii) **the regular tariffed rates and charges of the ULTS customer's incumbent local exchange carrier.**" (emphasis added). General Order 153 can be viewed in its entirety at: http://www.cpuc.ca.gov/PUBLISHED/GENERAL_ORDER/40482.htm.

metropolitan areas and in some rural pockets of California, Fones4All has been unable to find commercial arrangements from competitive providers of switching that would allow it to continue its operations. Over 95% of Fones4All customers are served by wire centers where no other facilities-based carrier other than the ILEC provides service. This is because the areas that Fones4All serves are in low income and tier 2 rural markets in California.

In addition to seeking competitive sources of switching, Fones4All has evaluated the cost of deploying its own network consisting of soft switches and leased DS0 loops and transport. For the same reasons as described above, the fact that universal service reimbursement to all carriers is tied to the ILEC retail rates, this model is not economically viable. That is, if Fones4All or any similarly situated CLEC were to deploy a switch-based network in poor or rural area, it would never be able to recoup the cost of providing service since there is no way that the CLEC will be able to achieve the economies of scale of the ILEC. This is the case because a CLEC that deploys the expensive switching equipment will need to duplicate the ILEC network and not be able to fill it in the same manner as the ILEC. Even if a CLEC could deploy infrastructure in discrete areas where it has some concentrations of customers, without the availability of UNE-P, the disparity becomes even more pronounced, and has the effect of frustrating one of the most important public policy goals of the Act: to ensure that all Americans have access to both basic telecommunications service,[12] as well as advanced services. There are simply no other competitive alternatives to UNE-P that allow a competitive carrier to serve the universal service market.

Carriers like Fones4All, who provide universal service to single line rural and low income consumers, are most definitely impaired without access to unbundled local switching. The Commission should recognize the impairment of such carriers in this proceeding in order to ensure that basic telecommunications services, to say nothing of advanced services, are available to "all the people" of the United States through state and federal universal service programs.[13] Th Commission can clearly connect consideration of the impairment presented by subsidized ILEC retail rates to the "purpose" of the Act, as demanded by the *USTA* courts.

The *USTA II* court explicitly acknowledged that below cost retail rates are a legitimate type of impairment that clearly exists in many, if not most, markets where state regulation holds rates below historic costs. The court stated that this type of impairment that can be considered by the Commission in conducting its impairment analysis for unbundled local

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[12] According to the Universal Administrative Company, administrator of the Lifeline and LinkUp programs, one of the FCC's primary missions is: "to ensure that telecommunications services are available to "all the people" of the United States. The Low Income support mechanism assists eligible low-income consumers to establish and maintain telephone service by discounting services provided by local telephone companies." See USAC web site (http://www.universalservice.org/li/overview/mission.asp) (visited Dec. 4, 2004).

[13] 47 U.S.C. Sec. 706(a) In General.--The Commission and each State commission with regulatory jurisdiction over telecommunications services shall encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans (including, in particular, elementary and secondary schools and classrooms) by utilizing, in a manner consistent with the public interest, convenience, and necessity, price cap regulation, regulatory forbearance, measures that promote competition in the local telecommunications market, or other regulating methods that remove barriers to infrastructure investment.

switching. In *USTA I* the court specifically observed that the Commission had correctly identified cross-subsidized, below cost retail rates as a source of impairment. In *USTA II*, citing its opinion in *USTA I*, the court noted that: "In the name of 'universal service,' state regulators have commonly employed cross-subsidies, tilting rate ceilings so that revenues from business and urban customers subsidize residential and rural ones."[14] The court acknowledged that such regulated below-cost retail rates could properly be considered by the Commission as a factor that may 'impair' CLECs, but told the Commission that it must tie inclusion of this criteria in the impairment test to "a policy that it can reasonably say advances the goals of the Act."[15]

The *USTA II* court did not fault the Commission for including below cost retail rates as a source of impairment, but rather faulted the Commission for failing to "connect this barrier to entry with either structural features that would make competitive supply wasteful or *with any other purposes of the Act*."[16] Promotion of universal service, and the availability of both basic and advanced telecommunications services to all American is clearly one of the primary purposes encompassed in the Act. Section 254 of the Communications Act of 1934, as amended,[17]codified the Commission's and the states' historical commitment to advancing the availability of telecommunications services for all Americans. Section 254(b) establishes principles upon which the Commission shall base policies for the preservation and advancement of universal service. As the Commission has often noted, "these principles state that consumers in all regions of the Nation, including low-income consumers, should have access to telecommunications and information services that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged in urban areas. These principles also recognize that ensuring rates are affordable is a national priority."[18] Clearly then, under the *USTA* cases, as well as the Commission's and the Act's long-standing universal service policy, the Commission must consider below cost retail rates as a source of impairment, so long as the Commission identifies how such rates create a barrier to achieving any of the principle purposes of the Communications Act, such as providing access to both basic and advanced services to all Americans.

One might surmise that it really does not matter if competitors are able to provide universal service to eligible end users. But whether one believes that to be the case depends on whether the Commission is serious about its obligation to ensure that all Americans have access to not only basic, but advanced telecommunications capabilities. As stated above, the last three telephone penetration rate studies released by the Commission show an increase in the number of people without basic telephone service in the United States. Companies like Fones4All pursue this customer base and educate them about universal service. The net result is that over the last 18 months Fones4All has connected 35,000 single line residential universal service eligible households that did not have phone service before.

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14 *USTA II* at 573, citing *USTA I*, 290 F.3d at 422.
15 *Id.*
16 *Id.*
17 47 U.S.C. Sec. 254.
18 *April 2004 Universal Service Order*, para. 3.

Companies like Fones4All are helping the Commission achieve one of the fundamental promises and priorities of the Communications Act: to provide affordable telecommunications service to all Americans. Without access to UNE-P to serve single line residential universal service eligible customers, Fones4All and every other carrier seeking to service the universal service eligible market, are impaired and will not be able to provide service. Ultimately, lower income Americans will suffer since they will not be actively pursued and educated about basic telephone service needed to function in our society. Fones4All is mindful of the court's concern in *USTA II* that "in competitive markets, an ILEC can't be used as a piñata."[19] But while the mainstream residential market may be competitive, where larger companies are actively marketing bundled packages of local, long distance, and data services, the universal service market is not a competitive one, as evidenced by the fact that in many states, only the ILEC provides service to that market.[20] In general, universal service customers do not have broadband access, and often use calling cards to make long distance calls, since there is usually a toll blocking restriction on the universal service line. At bottom, it is clear that below cost retail rates preclude competitors from providing service to universal service eligible customers.

B. Completely Eliminating UNE-P Across the Board Would Violate USTA

In *USTA I*, the court held that "the Commission cannot proceed by very broad national categories where there is evidence that markets vary decisively (by reference to its impairment criteria) at least not without exploring the possibility of more nuanced alternatives and reasonably rejecting them."[21] The *USTA II* court continues to insist that the Commission not "loftily abstract[ ] away from all specific markets," but must instead implement a 'more nuanced concept of impairment.'"[22] Rather, the "Commission is obligated to establish unbundling criteria that are at least aimed at tracking relevant market characteristics and capturing significant variation."[23] Clearly the universal service market stands in stark contrast to the mainstream residential market. As the record in this proceeding amply demonstrates, VoIP alternatives, which require a broadband connection costing anywhere from $32 to $92 per month, as well as expensive cable and wireless alternatives, are far beyond the reach of low income universal service customers.[24] Accordingly, the Commission should heed the lessons of *USTA I* and *II* before completely eliminating the availability of UNE-P altogether and consider the compelling need for UNE-P availability to serve universal service eligible customers, particularly at a time when the Commission's statistics show the number of households with basic telephone service falling. A more nuanced alternative to completely eliminating UNE-P for all residential

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19 *USTA II*, 573.

20 USAC's Lifeline Support web site (http://www.universalservice.org/li/consumers/lifeline_support.asp) which provides consumers with contact information for the phone companies in their area that provide Lifeline and Link Up demonstrates that except in rare instances where a wireless carrier has obtained ETC certification, only the ILEC is providing Lifeline and Link Up service in many states.

21 *USTA I*, 425-426.

22 *USTA II*, 569.

23 *Id.*, 563.

24 Not only are these technologies expensive, but they are generally not available over the ungroomed ILEC network that serves poor areas; cable modem are only available to those who subscribe to cable television.

customers would be to preserve UNE-P availability for competitive carriers that provide single-line residential telephone service to low income households who qualify for federal or state universal service support. There can be no doubt that competitors are impaired in attempting to provide service to these consumers, and failure to do so would run afoul of the *USTA* line of cases. Elimination of UNE-P would deprive low-income populations of critical phone service and would frustrate the goal of providing basic telephone service to all Americans. Accordingly, the Commission should preserve UNE-P availability to allow carriers to provide basic single-line residential telephone service to low income households who qualify for federal or state universal service support.

Furthermore, a limited exception for the availability of UNE-P, as the *USTA II* court noted, "is essential in light of our admonition in *USTA I* that the Commission must balance the costs and benefits of unbundling."[25] The Commission has recognized that providing telephone service to low income universal service eligible consumers provides a benefit. As the Commission staff noted in its Lifeline Staff Analyisis: "There is a benefit to increasing the number of Lifeline participants, and also a cost. The obvious benefit would be that some of those added Lifeline subscribers would newly receive telephone service. The cost at the federal level would be the additional federal dollars spent on the additional Lifeline enrollees."[26]

Clearly, *USTA II,* regardless of whatever impairment standard the Commission decides upon, requires the Commission to examine both the benefits and the costs of unbundling. Allowing a limited amount of unbundling of local switching combined with unbundled loops and transport in order to further the universal goals of Section 254 of the Act universal service is both compelled as a matter of public policy, and warranted in light of the *USTA II's* admonition that "a rule is irrational [ ]if a party has presented to the agency an alternative that has all the same advantages and fewer disadvantages and the agency has not articulated any reasonable explanation for rejecting the proposed alternative."[27]

Without UNE-P availability to serve the universal service eligible low-income consumers will be forced to either obtain service from the ILECs, who do not actively market universal service availability; obtain service from pre-paid providers that charge exorbitant prices, or forego basic service altogether. As Chairman Powell, and the entire Commission have recognized, universal service has "improved people's lives by making everything from jobs, to healthcare to emergency services available to program participants. And while overall telephone penetration in the United States remains extremely high, too many people, particularly on tribal lands and in rural areas, forgo this essential connection."[28] Maintenance of UNE-P availability will ensure that the goals of Section 254(b) of the Act are furthered. That is, preserving a narrowly tailored exemption that mandates UNE-P be required in the instance where a carrier's customer qualifies for universal service support will ensure that the national priority seeking to provide consumers in all regions of the nation with access to telecommunications and

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25 *USTA II* citing *USTA I*, 290 F.3d at 429

26 *See April 2004 Universal Service Order*, Appendix K.

27 *USTA II*, 571.

28 *See April 2004 Universal Service Order*, Statement of Chairman Michael K. Powell.

information services that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged in urban areas. Fones4All is electronically filing in the above-referenced dockets this letter, along with the attached materials.

Respectfully submitted,

Ross A. Buntrock
Counsel to Fones4All Corporation

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ATTACHMENTS

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.
See MCI v. FCC. 515 F 2d 385 (D.C. Circ 1974).

FOR IMMEDIATE RELEASE:
August 13, 2004

NEWS MEDIA CONTACT:
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FCC RELEASES NEW TELEPHONE SUBSCRIBERSHIP REPORT

Washington, D.C. – The Federal Communications Commission (FCC) today released its latest report on telephone subscribership levels in the United States. The report presents subscribership statistics based on the Current Population Survey (CPS) conducted by the Census Bureau in March 2004. The report also shows subscribership levels by state, income level, race, age, household size, and employment status.

Statistical Summary

In March 2004:

- The telephone subscribership penetration rate for all households in the U.S. was 94.2%.
- The telephone penetration rate was 80.1% for households with annual incomes below $5,000, while the rate for households with incomes over $75,000 was 98.2%.
- By state, the penetration rates ranged from a low of 88.8% in Arkansas to a high of 98.1% in Connecticut.
- Households headed by whites had a penetration rate of 94.9%, while those headed by blacks had a rate of 90.1% and those headed by Hispanics had a rate of 90.5%.
- By age, penetration rates ranged from 87.0% for households headed by a person under 25 to 96.6% for households headed by a person over 70.
- Households with one person had a penetration rate of 90.8%, compared to a rate of 95.8% for households with four or five persons.
- The penetration rate for unemployed adults was 91.2%, while the rate for employed adults was 95.5%.

This report is updated three times a year and is available in the FCC's Reference Information Center, Courtyard Level, 445 12th Street SW, Washington, DC 20554. Call Best Copy and Printing, Inc. at (202) 488-5300 to purchase a copy. This report can also be downloaded from the FCC-State Link Internet site at http://www.fcc.gov/wcb/iatd/stats.html.

-FCC-

Wireline Competition Bureau contact: Alexander Belinfante at (202) 418-0944; TTY (202) 418-0484.

News about the Federal Communications Commission can also be found on the Commission's web site www.fcc.gov.

TELEPHONE SUBSCRIBERSHIP IN THE UNITED STATES

(Data through March 2004)

ALEXANDER BELINFANTE

Industry Analysis and Technology Division
Wireline Competition Bureau
Federal Communications Commission

Released: August 2004

This report is available for reference in the FCC's Reference Information Center, Courtyard Level, 445 12th Street SW, Washington, DC. 20554. Call Best Copy and Printing, Inc. at (202) 488-5300 to purchase a copy. The report can also be downloaded from the FCC-State Link Internet site at <http://www.fcc.gov/wcb/iatd/stats.html>.

Telephone Subscribership in the United States
(Data through March 2004)

Executive Summary

This is the Federal Communications Commission's (FCC's) report on telephone subscribership in the United States, presenting subscribership statistics based on the Current Population Survey (CPS) conducted by the Census Bureau in March 2004.[1] Statistics from that survey estimated that 94.2% of all households in the United States had telephone service. The report also shows subscribership levels by state, income level, race, age, household size, and employment status.

Statistical Findings

In March 2004:

- The telephone subscribership penetration rate in the U.S. was 94.2%.
- The telephone penetration rate was 80.1% for households with annual incomes below $5,000, while the rate for households with incomes over $75,000 was 98.2%.
- By state, the penetration rates ranged from a low of 88.8% in Arkansas to a high of 98.1% in Connecticut.
- Households headed by whites had a penetration rate of 94.9%, while those headed by blacks had a rate of 90.1% and those headed by Hispanics had a rate of 90.5%.
- By age, penetration rates ranged from 87.0% for households headed by a person under 25 to 96.6% for households headed by a person over 70.
- Households with one person had a penetration rate of 90.8%, compared to a rate of 95.8% for households with four or five persons.
- The penetration rate for unemployed adults was 91.2%, while the rate for employed adults was 95.5%.

Background

The number and percentage of households that have telephone service represent the most fundamental measures of the extent of universal service. Continuing analysis of telephone penetration statistics allows us to examine the aggregate effects of Commission actions on households' decisions to maintain, acquire or drop telephone service. This report presents comprehensive data on telephone penetration statistics collected by the Bureau of the Census under contract with the FCC. Along with telephone penetration statistics for the United States and each of the states from November 1983 to March 2004, data are provided on penetration based on various demographic characteristics.

The most widely used measure of telephone subscribership is the percentage of households with telephone service, sometimes called a measure of telephone penetration. Prior to the 1980s, precise measurements of telephone subscribership received little attention. Traditionally, telephone penetration was measured by dividing the number of residential telephone lines by the number of households. Measures of penetration based on the number of residential lines, however, became subject to a large margin of error as more and more households added second telephone lines and more consumers acquired second homes. By 1980,

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1 The last published report was Industry Analysis and Technology Division, Wireline Competition Bureau, Federal Communications Commission, *Telephone Subscribership in the United States* (May 14, 2004).

the traditional measure of penetration (residential lines divided by the number of households) reached 96%, while the number of households reporting that they had telephones in the 1980 census was 92.9%.

Recognizing the need for more precise periodic measurements of subscribership, the Commission requested that the Census Bureau include questions on telephone availability as part of its CPS, which monitors demographic trends between the decennial censuses. This survey is a staggered panel survey in which the people residing at particular addresses are included in the survey for four consecutive months in one year and the same four months in the following year. Use of the CPS has several advantages: it is conducted every month by an independent and expert agency; the sample is large; and the questions are consistent. Thus, changes in the results can be compared over time with a reasonable degree of confidence.

Unfortunately, the results of the CPS cannot be directly compared with the penetration figures contained in the 1980, 1990, and 2000 decennial censuses. This is due to differences in sampling techniques and survey methodologies and because of differences in the context in which the questions were asked. For example, the 2000 decennial census reported 97.6% of all occupied housing units in the United States had telephone service available, whereas the CPS data showed a penetration rate of 94.6% of households for March 2000. This difference is statistically significant and appears to indicate that the CPS value may be on the low side and the decennial census value may be on the high side, with the most probable value lying somewhere in between.

The specific questions asked in the CPS are: "Is there a telephone in this house/apartment?" [2] And, if the answer to the first question is "no," this is followed up with, "Is there a telephone elsewhere on which people in this household can be called?" If the answer to the first question is "yes," the household is counted as having a telephone "in unit." If the answer to either the first or second question is "yes," the household is counted as having a telephone "available." The "in unit" data are reported in all of the tables and charts in this report. The "available" data are also reported in Tables 3 through 12 and Charts 1 and 8.

Although the survey is conducted every month, not all questions are asked every month. The telephone questions are asked once every four months, in the month that a household is first included in the sample and in the month that the household re-enters the sample a year later. Since the sample is staggered, the reported information for any given month actually reflects

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2 The questions are intended to be neutral as to whether the household has wireline or wireless phones. For the November 2001 survey, households were also asked which type(s) of phones they had. While the response rate was not sufficient for a complete reporting of the results of this follow-up question, 1.2% of the households indicated that they had only wireless phones. 5.9% of the households failed to answer this question. The CPS no longer asks this follow-up question on a regular basis. However, a similar question was again asked in February 2004 for a special supplement given to a portion of the sample. In that month, 4.9% of those completing the supplement indicated that they had only wireless phones. 12.5% of the households failed to complete the supplement, and when imputed responses of those households are included, the estimate of households with only wireless goes up to 6.0%.

responses over the preceding four months. Aggregated summaries of the responses are reported to the Commission, based on the surveys conducted through March, July, and November of each year.

The CPS data are based on a nationwide sample of about 50 to 60 thousand households in the 50 states and the District of Columbia. (The CPS does not cover outlying areas that are not states, such as Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Northern Mariana Islands.) Because a sample is used, the estimates are subject to sampling error. For the nationwide totals, changes in telephone penetration between consecutive reports of less than 0.4% may be due to sampling error and cannot be regarded as statistically significant. As explained below, when comparing the same month in two consecutive years, changes of less than or equal to 0.3% are not statistically significant. When comparing annual averages, changes of less than or equal to 0.2% are not statistically significant. The annual averages are the average of the three surveys of the year in question. For individual states or other subgroups of the U.S. population, the amount of sampling variability is much greater, because the sample sizes are smaller. This will require larger changes to yield statistical significance at the same confidence level.

The data in this report are not seasonally adjusted. After adjusting for the trend over time, there is an average increase of less than 0.2% between November and March, followed by an average decrease of less than 0.1% between March and July and an average decrease of more than 0.1% between July and November. All of these changes are below the threshold of statistical significance.

Results and Statistical Analysis

Census Bureau figures for March 2004, the most recent data available, show that the percentage of households subscribing to telephone service is 94.2%. This figure is down 0.5% from November 2003. This decrease is statistically significant.

This report includes figures showing subscribership percentages by state, by the head of the household's age and race, by household size, by income, and, for adult individuals, by labor force status. The March 2004 data show that 95.0% of adult individuals in the civilian non-institutionalized population have a telephone in their household. This figure is down 0.5% from November 2003. This decrease is statistically significant.

This report contains twelve tables and eight charts presenting penetration statistics for various geographic and demographic characteristics. The charts and the first two tables present summaries of the information. Tables 3 through 7 present more detailed information. In these tables, only the annual averages are included for the years 1984 through 2000. March, July, and November data for those years are available in previous subscribership reports or Monitoring Reports in CC Docket Nos. 87-339 or 98-202. Tables 8 through 12 provide information necessary to determine the statistical significance of changes in the penetration rates over time.

Table 1 summarizes the telephone penetration for the United States, combining information on the number of households with the penetration rates.

Chart 1 graphically depicts the nationwide penetration rates for households over time.

Table 2 summarizes the telephone penetration rates by state, showing the rates for November 1983 and March 2004, the change between those two months, and an indication as to whether the change is statistically significant. The statistical significance of a change is determined not only by the magnitude of that change, but also by the sizes of the samples used to estimate the change.

Chart 2 depicts the states with March 2004 penetration rates (as shown in Table 2) more than 1% below the national average, within 1% of the national average, or more than 1% above the national average.

Chart 3 depicts changes in household penetration rates by state (as shown in Table 2) between the November 1983 and March 2004 rates. States with statistically significant increases or decreases are shown, along with other states with increases or decreases.

Chart 4 depicts the relationship between telephone penetration and household income, using March 2004 penetration rates for all households and for households headed by white, black, and Hispanic persons. It is based on data in Table 4.

Chart 5 depicts the relationship between telephone penetration and household size, using March 2004 penetration rates for all households and for households headed by white, black, and Hispanic persons. It is based on data in Table 5.

Chart 6 depicts the relationship between telephone penetration and the head of the household's age, using March 2004 penetration rates for all households and for households headed by white, black, and Hispanic persons. It is based on data in Table 6.

Chart 7 depicts the relationship between telephone penetration and labor force status for civilian non-institutionalized adults, using March 2004 penetration rates for all adults and for white, black, and Hispanic adults. It is based on data in Table 7.

Chart 8 graphically depicts the nationwide penetration rates for civilian non-institutionalized adults over time. It is also based on data in Table 7.

Table 3 shows the CPS responses for the United States and for each state beginning with November 1983. Because the CPS began collecting this data only in 1983, comparable values are not available prior to November 1983. For each of the surveys, the column headed "Unit" indicates the percentage of households for which there is a telephone in the housing unit. The column headed "Avail." indicates the percentage of households which have telephone service available for incoming calls, either in the housing unit or elsewhere (such as at work or at a neighbor's home).

Table 4 shows the nationwide penetration rates for households by income and the race of the head of the household. It shows a strong relationship between income and penetration. Caution should be used in comparing these figures over time, because these income levels are not adjusted for inflation. Thus, the same nominal income level at two points in time will reflect

different real incomes in terms of purchasing power.[3] Also, the income categories have changed over time due to the changing value of the dollar.

Table 5 shows the nationwide penetration rates for households by the size of the household and the race of the head of the household. It shows that penetration is higher for households of 2 to 5 people than it is for single-person households or those with 6 or more people.

Table 6 shows the nationwide penetration rates for households by the age and race of the head of the household. It shows that the penetration rate is lowest for young and non-white households.

Table 7 shows the nationwide penetration rates for all persons that are at least 15 years old in the civilian non-institutionalized population by their race and employment status. Since this table is for individual adults rather than households, the total penetration rates are different from those in the previous tables. It shows that penetration is lowest among the unemployed.

Tables 8 through 12 present the critical values at the 95% confidence level for testing the statistical significance of changes in penetration rates over time in the earlier tables. These critical values are relevant because changes less than or equal to the values shown are likely to be due to sampling error and thus cannot be regarded as demonstrating that a change in telephone penetration has occurred. In some cases, these critical values are very large because the sample sizes are very small for these subcategories, rendering the changes in estimated penetration rates unreliable. Because there is an overlap of half of the sample from year to year, but no overlap in the sample between surveys that are four months apart, annual changes are less subject to variations in sampling error. Consequently, the critical values should be multiplied by 0.8 when making a comparison for the same month in two consecutive years. When comparing the annual averages, the critical values should be multiplied by 0.5774, since these averages are based on three surveys and hence have a lower standard error. When comparing annual averages of two consecutive years, the critical values should be multiplied by .46, taking into account both of the above factors.

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3 Our publication *Telephone Penetration by Income by State* (last published February 26, 2004) makes adjustments for inflation, making comparisons over time more appropriate.

Table 1
Household Telephone Subscribership in the United States

Date	Households (millions)	Households with Telephones (millions)	Percentage with Telephones	Households without Telephones (millions)	Percentage without Telephones
November 1983	85.8	78.4	91.4%	7.4	8.6%
March 1984	86.0	78.9	91.8%	7.1	8.2%
July 1984	86.6	79.3	91.6%	7.3	8.4%
November 1984	87.4	79.9	91.4%	7.5	8.6%
March 1985	87.4	80.2	91.8%	7.2	8.2%
July 1985	88.2	81.0	91.8%	7.2	8.2%
November 1985	88.8	81.6	91.9%	7.2	8.1%
March 1986	89.0	82.1	92.2%	6.9	7.8%
July 1986	89.5	82.5	92.2%	7.0	7.8%
November 1986	89.9	83.1	92.4%	6.8	7.6%
March 1987	90.2	83.4	92.5%	6.8	7.5%
July 1987	90.7	83.7	92.3%	7.0	7.7%
November 1987	91.3	84.3	92.3%	7.0	7.7%
March 1988	91.8	85.3	92.9%	6.5	7.1%
July 1988	92.4	85.7	92.8%	6.7	7.2%
November 1988	92.6	85.7	92.5%	6.9	7.5%
March 1989	93.6	87.0	93.0%	6.6	7.0%
July 1989	93.8	87.5	93.3%	6.3	6.7%
November 1989	93.9	87.3	93.0%	6.6	7.0%
March 1990	94.2	87.9	93.3%	6.3	6.7%
July 1990	94.8	88.4	93.3%	6.4	6.7%
November 1990	94.7	88.4	93.3%	6.3	6.7%
March 1991	95.3	89.2	93.6%	6.1	6.4%
July 1991	95.5	89.1	93.3%	6.4	6.7%
November 1991	95.7	89.4	93.4%	6.3	6.6%
March 1992	96.6	90.7	93.9%	5.9	6.1%
July 1992	96.6	90.6	93.8%	6.0	6.2%
November 1992	97.0	91.0	93.8%	6.0	6.2%
March 1993	97.3	91.6	94.2%	5.7	5.8%
July 1993	97.9	92.2	94.2%	5.7	5.8%
November 1993	98.8	93.0	94.2%	5.8	5.8%
March 1994	98.1	92.1	93.9%	6.0	6.1%
July 1994	98.6	92.4	93.7%	6.2	6.3%
November 1994	99.8	93.7	93.8%	6.2	6.2%
March 1995	99.9	93.8	93.9%	6.1	6.1%
July 1995	100.0	94.0	94.0%	6.0	6.0%
November 1995	100.4	94.2	93.9%	6.2	6.1%
March 1996	100.6	94.4	93.8%	6.2	6.2%
July 1996	101.2	95.0	93.9%	6.1	6.1%
November 1996	101.3	95.1	93.9%	6.2	6.1%
March 1997	102.0	95.8	93.9%	6.2	6.1%
July 1997	102.3	96.1	93.9%	6.2	6.1%
November 1997	102.8	96.5	93.8%	6.3	6.2%
March 1998	103.4	97.4	94.1%	6.1	5.9%
July 1998	103.4	97.3	94.1%	6.1	5.9%
November 1998	104.1	98.0	94.2%	6.1	5.8%
March 1999	104.8	98.5	94.0%	6.3	6.0%
July 1999	105.1	99.2	94.4%	5.9	5.6%
November 1999	105.4	99.1	94.1%	6.3	5.9%
March 2000	105.3	99.6	94.6%	5.7	5.4%
July 2000	105.8	99.8	94.4%	5.9	5.6%
November 2000	106.5	100.2	94.1%	6.3	5.9%
March 2001	107.0	101.1	94.6%	5.8	5.4%
July 2001	106.9	101.7	95.1%	5.2	4.9%
November 2001	107.7	102.2	94.9%	5.5	5.1%
March 2002	108.3	103.4	95.5%	4.8	4.5%
July 2002	108.5	103.2	95.1%	5.3	4.9%
November 2002	109.0	104.0	95.3%	5.1	4.7%
March 2003	112.1	107.1	95.5%	5.0	4.5%
July 2003	112.1	106.8	95.2%	5.3	4.8%
November 2003	113.1	107.1	94.7%	6.0	5.3%
March 2004	112.9	106.4	94.2%	6.5	5.8%

Note: Details may not appear to add to totals due to rounding.

Chart 1

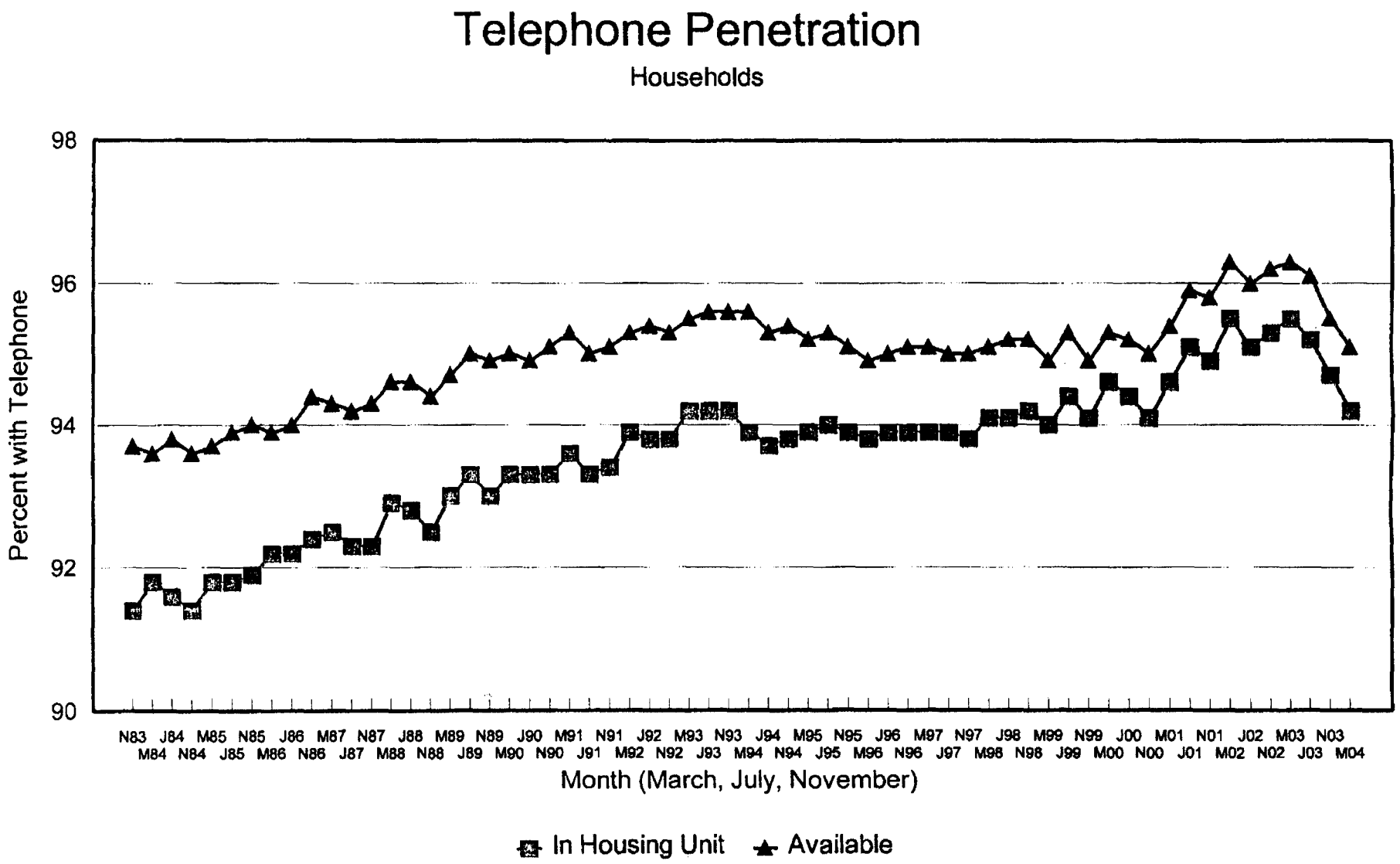
Telephone Penetration
Households
98
96
94
92
90
Percent with Telephone
N83 J84 M85 N85 J86 M87 N87 J88 M89 N89 J90 M91 N91 J92 M93 N93 J94 M95 N95 J96 M97 N97 J98 M99 N99 J00 M01 N01 J02 M03 N03
M84 N84 J85 M86 N86 J87 M88 N88 J89 M90 N90 J91 M92 N92 J93 M94 N94 J95 M96 N96 J97 M98 N98 J99 M00 N00 J01 M02 N02 J03 M04
Month (March, July, November)
In Housing Unit
Available

Table 2
Telephone Penetration by State
(Percentage of Households with Telephone Service)

State	November 1983	March 2004	Change
Alabama	87.9 %	91.7 %	3.8 %
Alaska	83.8	96.2	12.4 *
Arizona	88.8	93.4	4.7 *
Arkansas	88.2	88.8	0.6
California	91.7	95.9	4.2 *
Colorado	94.4	97.0	2.6 *
Connecticut	95.5	98.1	2.6 *
Delaware	95.0	96.1	1.1
District of Columbia	94.7	93.2	-1.5
Florida	85.5	93.7	8.2 *
Georgia	88.9	92.1	3.2
Hawaii	94.6	95.3	0.7
Idaho	89.5	96.8	7.3 *
Illinois	95.0	90.4	-4.6 †
Indiana	90.3	91.3	1.0
Iowa	95.4	95.2	-0.2
Kansas	94.9	94.0	-0.9
Kentucky	86.9	90.8	3.9 *
Louisiana	88.9	90.5	1.6
Maine	90.7	96.6	5.9 *
Maryland	96.3	94.3	-2.0
Massachusetts	94.3	96.8	2.5 *
Michigan	93.8	94.2	0.4
Minnesota	96.4	97.7	1.4
Mississippi	82.4	91.6	9.2 *
Missouri	92.1	93.9	1.8
Montana	92.8	93.6	0.8
Nebraska	94.0	94.8	0.8
Nevada	89.4	93.8	4.4 *
New Hampshire	95.0	95.0	0.0
New Jersey	94.1	96.1	2.0
New Mexico	85.3	91.6	6.3 *
New York	90.8	95.0	4.2 *
North Carolina	89.3	93.6	4.3 *
North Dakota	95.1	94.5	-0.6
Ohio	92.2	94.0	1.8
Oklahoma	91.5	93.8	2.3
Oregon	91.2	95.5	4.3 *
Pennsylvania	95.1	96.2	1.1
Rhode Island	93.3	95.5	2.2
South Carolina	81.8	94.2	12.4 *
South Dakota	92.7	92.9	0.2
Tennessee	87.6	93.6	6.0 *
Texas	89.0	92.5	3.5 *
Utah	90.3	97.0	6.7 *
Vermont	92.7	96.9	4.2 *
Virginia	93.1	94.5	1.4
Washington	92.5	95.1	2.6 *
West Virginia	88.1	94.7	6.6 *
Wisconsin	94.8	96.2	1.4
Wyoming	89.7	95.8	6.1 *
Total United States	91.4	94.2	2.8 *

* Increase is statistically significant at the 95% confidence level.
† Decrease is statistically significant at the 95% confidence level.
Differences may not appear to equal changes due to rounding.

Chart 2

March 2004 Telephone Penetration

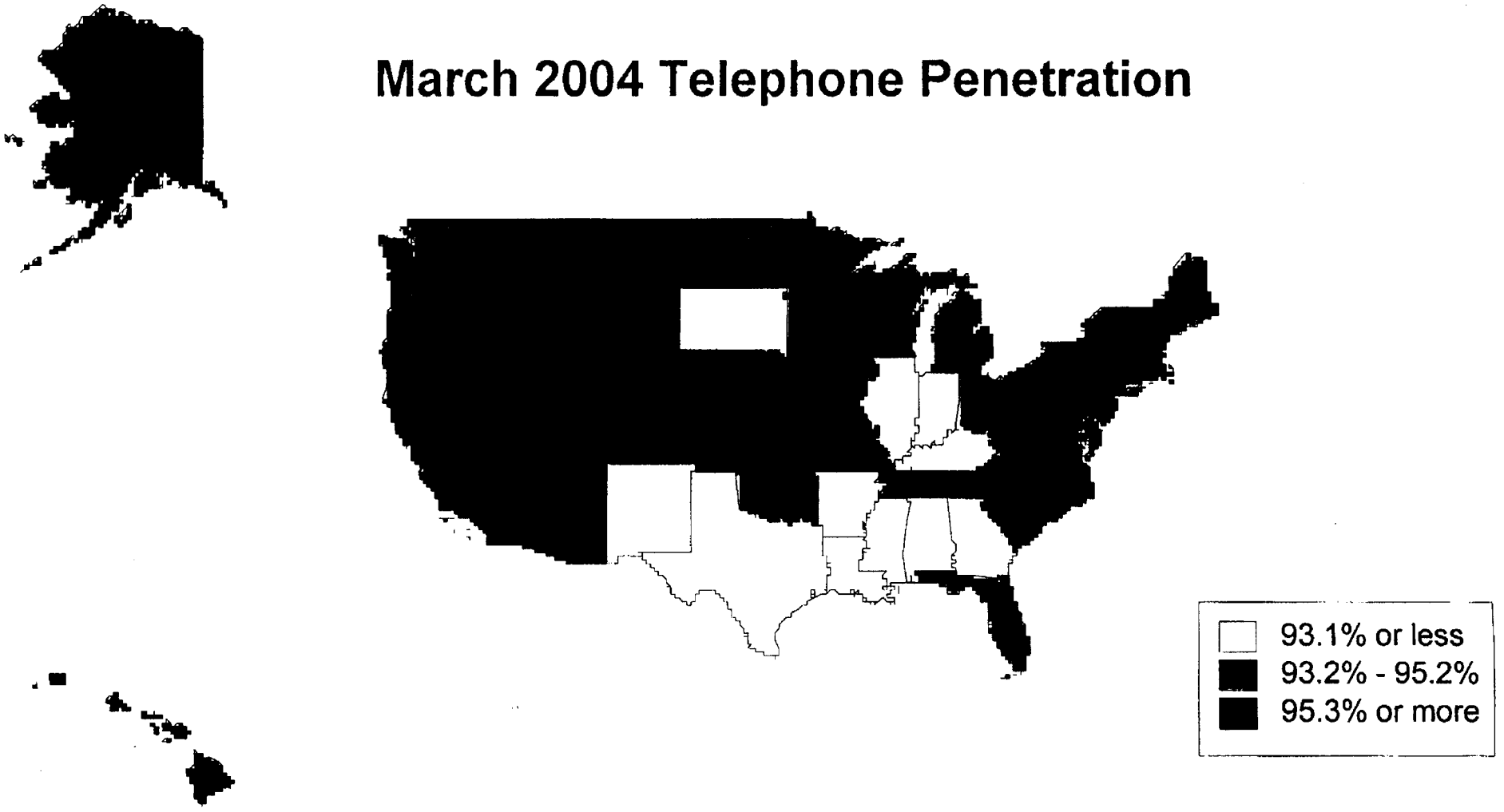

Chart 3

11/83 - 3/04 Penetration Changes

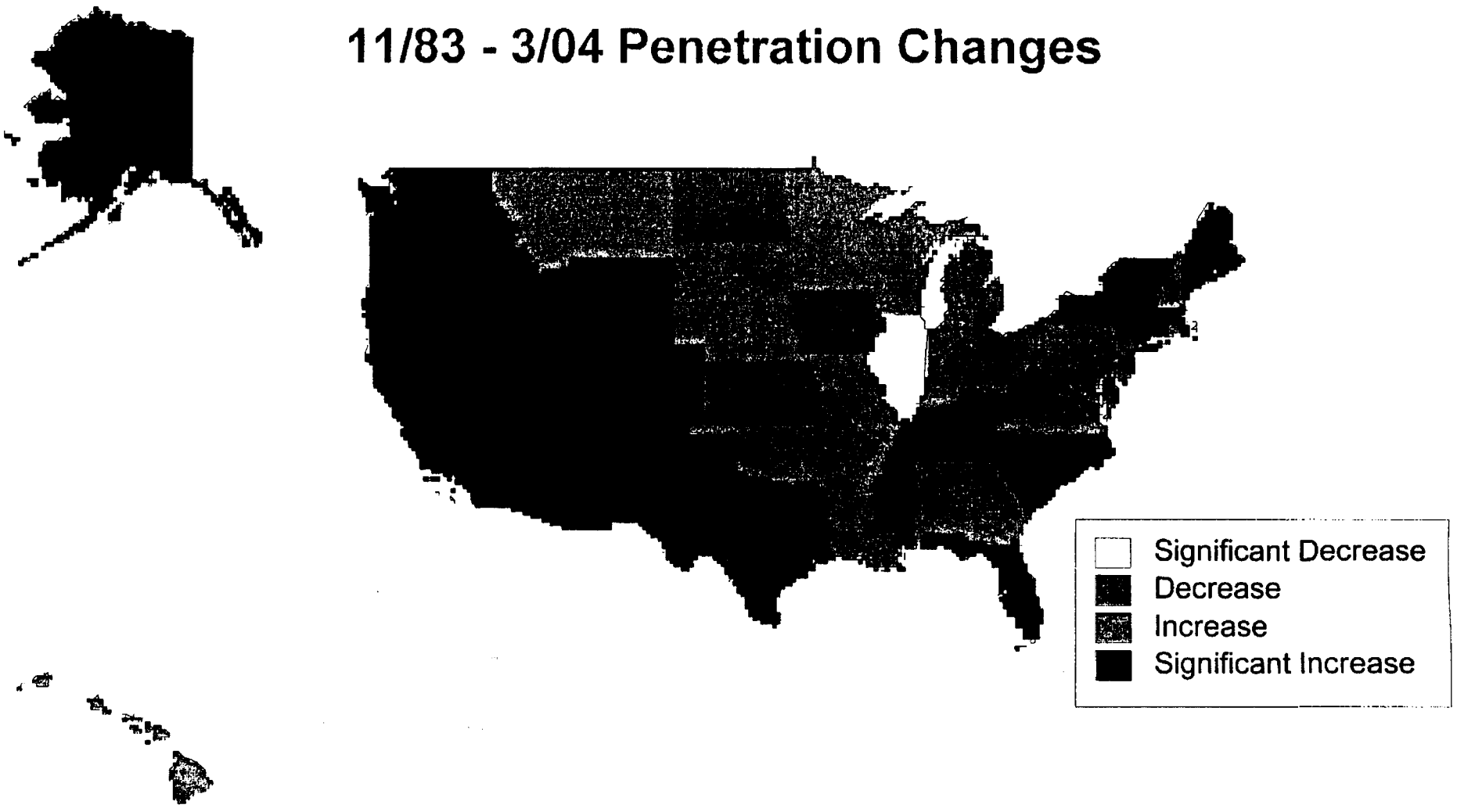

Chart 4

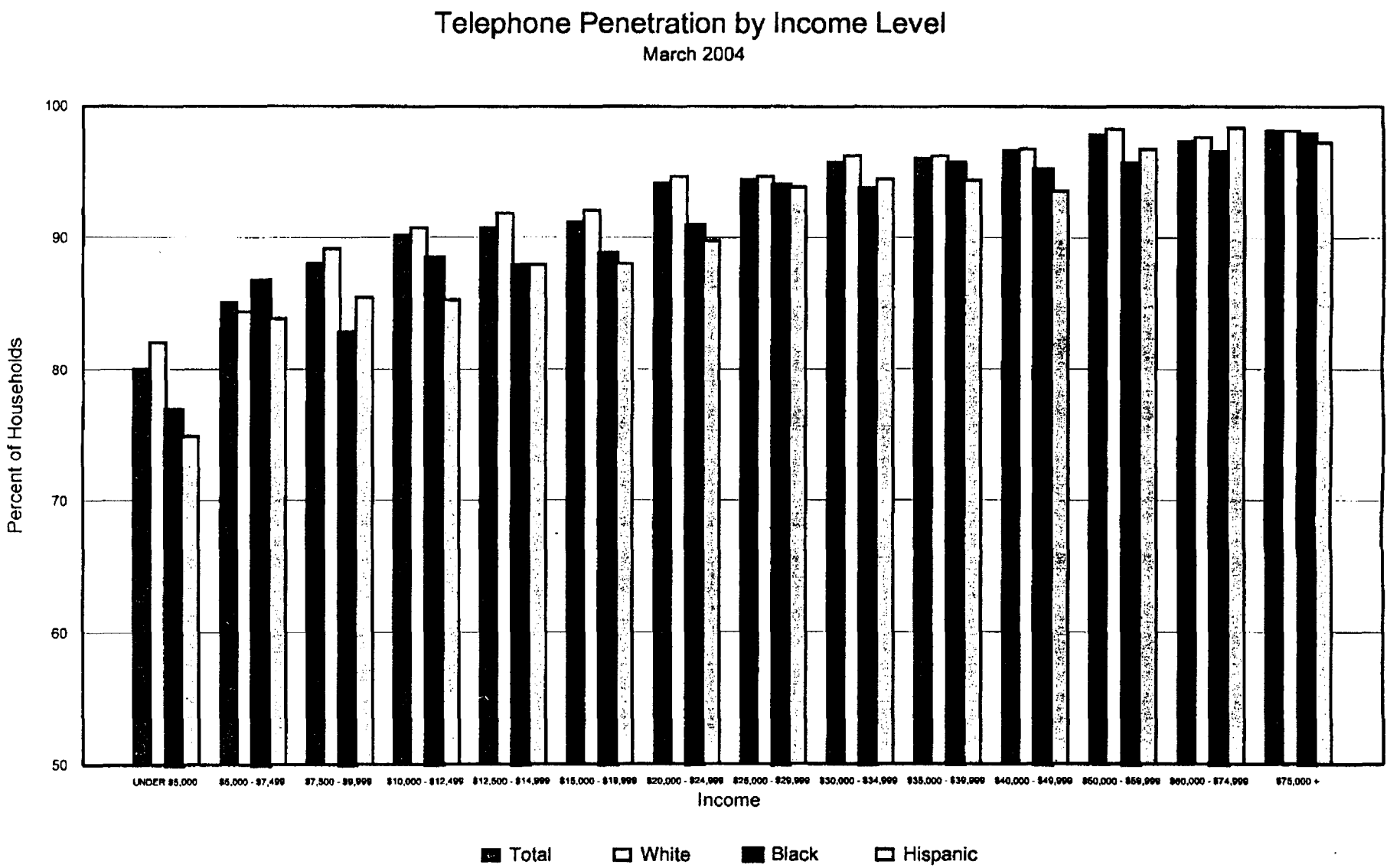
Telephone Penetration by Income Level
March 2004
100
90
80
70
60
50
Percent of Households
UNDER $5,000
$5,000 - $7,499
$7,500 - $9,999
$10,000 - $12,499
$12,500 - $14,999
$15,000 - $19,999
$20,000 - $24,999
$25,000 - $29,999
$30,000 - $34,999
$35,000 - $39,999
$40,000 - $49,999
$50,000 - $59,999
$60,000 - $74,999
$75,000 +
Income
Total
White
Black
Hispanic

Chart 5

Telephone Penetration by Household Size

March 2004

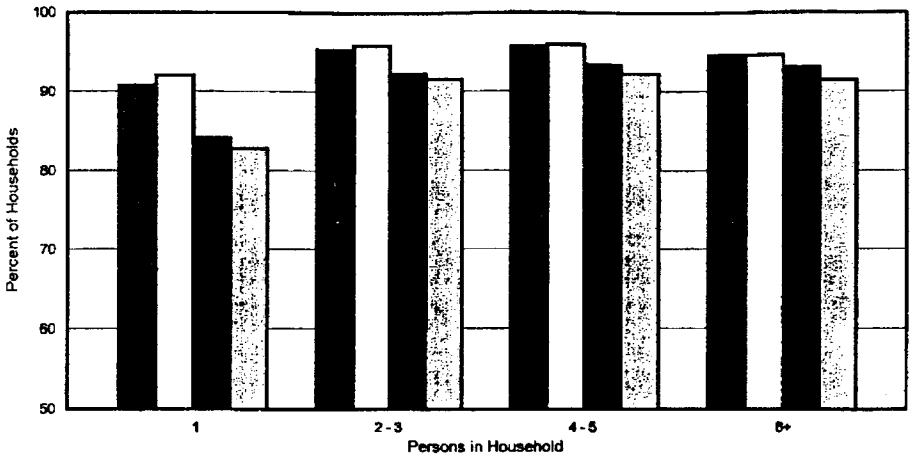

Chart 6

Telephone Penetration by Householder's Age

March 2004

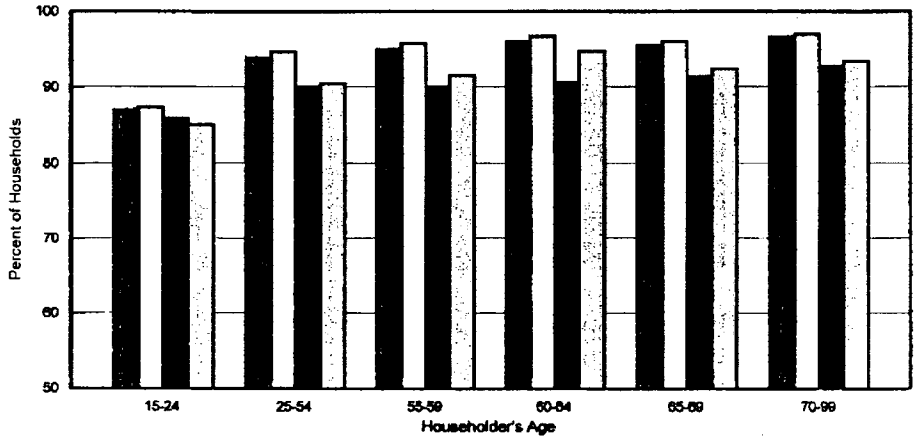

Chart 7

Telephone Penetration by Labor Force Status

March 2004

Chart 8

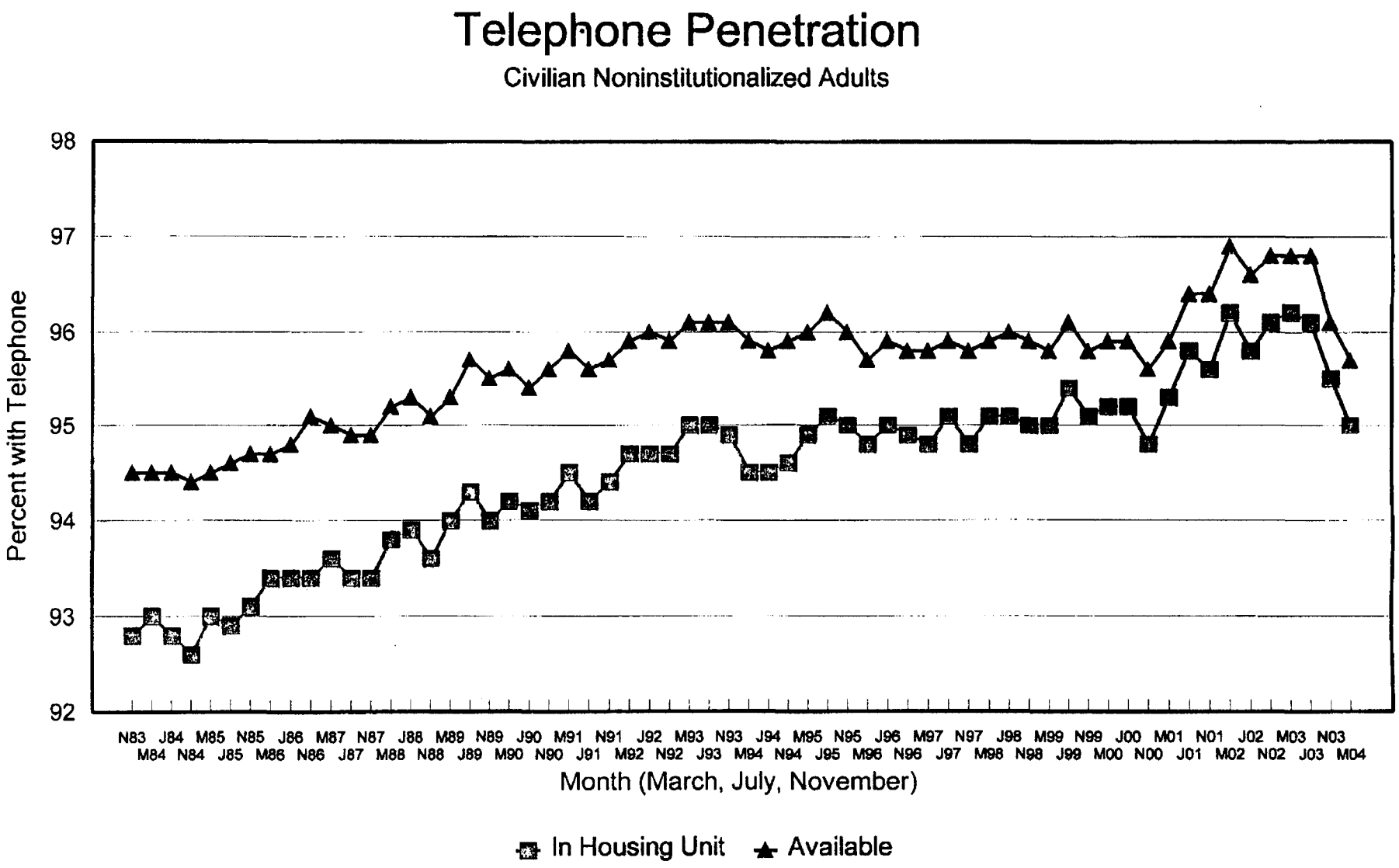
Telephone Penetration
Civilian Noninstitutionalized Adults
Percent with Telephone
98
97
96
95
94
93
92
N83 J84 M85 N85 J86 M87 N87 J88 M89 N89 J90 M91 N91 J92 M93 N93 J94 M95 N95 J96 M97 N97 J98 M99 N99 J00 M01 N01 J02 M03 N03
M84 N84 J85 M86 N86 J87 M88 N88 J89 M90 N90 J91 M92 N92 J93 M94 N94 J95 M96 N96 J97 M98 N98 J99 M00 N00 J01 M02 N02 J03 M04
Month (March, July, November)
In Housing Unit
Available

Table 3
Percentage of Households with a Telephone by State

	1983		1984		1985		1986	
	NOVEMBER		ANNUAL AVERAGE		ANNUAL AVERAGE		ANNUAL AVERAGE	
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
UNITED STATES	91.4	93.7	91.6	93.7	91.8	93.9	92.3	94.1
ALABAMA	87.9	90.2	88.4	90.5	89.1	91.0	88.7	90.4
ALASKA	83.8	88.8	86.5	89.0	87.1	89.5	86.4	88.9
ARIZONA	88.8	90.7	86.9	89.4	87.3	89.6	89.4	90.9
ARKANSAS	88.2	91.4	86.6	90.6	85.9	89.9	86.4	90.4
CALIFORNIA	91.7	93.5	92.5	93.8	92.9	94.1	93.0	94.0
COLORADO	94.4	96.5	93.2	95.4	94.3	96.2	94.1	96.0
CONNECTICUT	95.5	98.4	95.5	97.0	96.2	97.6	97.0	97.9
DELAWARE	95.0	96.6	94.3	95.7	94.8	96.2	94.7	96.3
DISTRICT OF COLUMBIA	94.7	95.6	94.9	96.3	93.6	95.2	92.2	94.0
FLORIDA	85.5	89.9	88.7	91.3	89.6	91.7	90.0	92.5
GEORGIA	88.9	92.1	86.2	89.1	87.6	89.7	88.4	91.0
HAWAII	94.6	96.4	93.5	94.9	93.0	95.0	92.2	94.4
IDAHO	89.5	92.2	90.7	91.7	91.8	93.1	91.5	93.1
ILLINOIS	95.0	95.9	94.2	95.8	93.7	95.3	93.6	95.2
INDIANA	90.3	93.5	91.6	93.6	92.3	94.7	92.2	94.3
IOWA	95.4	97.2	96.2	97.4	95.1	96.4	95.7	96.5
KANSAS	94.9	96.7	94.3	95.8	94.4	96.4	94.6	96.1
KENTUCKY	86.9	90.9	88.1	91.0	87.4	91.1	86.2	90.6
LOUISIANA	88.9	93.3	89.7	92.7	90.3	93.6	88.7	91.9
MAINE	90.7	93.1	93.4	95.3	94.0	95.6	93.4	95.4
MARYLAND	96.3	96.7	95.7	96.5	95.5	96.7	95.7	96.7
MASSACHUSETTS	94.3	95.9	95.9	96.9	95.2	96.3	96.4	97.1
MICHIGAN	93.8	94.9	92.8	94.5	92.9	94.2	93.4	94.5
MINNESOTA	96.4	97.5	95.8	97.1	96.4	97.4	96.2	97.2
MISSISSIPPI	82.4	89.1	82.4	87.5	80.9	87.6	80.1	87.3
MISSOURI	92.1	94.1	91.5	93.7	92.5	94.8	93.4	94.9
MONTANA	92.8	94.5	91.0	94.0	91.4	93.9	90.9	93.7
NEBRASKA	94.0	95.3	95.7	96.8	95.3	96.6	95.6	96.8
NEVADA	89.4	91.9	90.4	92.8	91.8	93.8	92.4	93.7
NEW HAMPSHIRE	95.0	96.9	94.3	95.8	93.2	94.6	94.0	95.0
NEW JERSEY	94.1	95.1	94.8	96.1	94.9	96.2	94.9	96.1
NEW MEXICO	85.3	90.9	82.0	87.0	84.1	88.2	85.1	89.1
NEW YORK	90.8	92.2	91.8	93.6	92.1	93.6	93.2	94.3
NORTH CAROLINA	89.3	92.9	88.3	91.9	89.4	92.4	90.2	92.5
NORTH DAKOTA	95.1	97.3	94.6	96.8	95.3	96.7	96.1	97.0
OHIO	92.2	93.9	92.4	94.4	92.2	94.5	93.1	94.4
OKLAHOMA	91.5	93.7	90.3	92.5	88.8	91.7	90.4	93.0
OREGON	91.2	93.5	90.6	92.3	90.3	92.1	92.7	94.3
PENNSYLVANIA	95.1	97.1	94.9	96.5	95.3	96.6	96.3	97.4
RHODE ISLAND	93.3	94.6	93.6	94.6	94.0	95.1	95.9	96.8
SOUTH CAROLINA	81.8	84.9	83.7	87.7	86.8	90.5	86.3	90.6
SOUTH DAKOTA	92.7	95.0	93.2	94.9	92.6	94.5	92.6	94.2
TENNESSEE	87.6	92.6	88.5	92.0	89.3	92.6	89.6	93.6
TEXAS	89.0	92.6	88.4	91.6	88.1	91.6	88.9	91.9
UTAH	90.3	92.2	92.5	94.2	93.9	95.1	93.0	93.9
VERMONT	92.7	94.3	92.3	94.0	92.9	94.1	93.8	95.6
VIRGINIA	93.1	94.7	93.1	95.1	91.7	93.8	92.1	94.1
WASHINGTON	92.5	93.7	93.0	94.4	94.7	96.2	94.6	96.3
WEST VIRGINIA	88.1	91.1	87.7	91.8	87.6	91.7	88.2	91.9
WISCONSIN	94.8	96.1	95.2	96.6	94.1	95.4	95.1	95.9
WYOMING	89.7	93.3	89.9	92.8	93.4	94.9	92.1	95.1

Table 3
Percentage of Households with a Telephone by State

	1987		1988		1989		1990	
	ANNUAL AVERAGE		ANNUAL AVERAGE		ANNUAL AVERAGE		ANNUAL AVERAGE	
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
UNITED STATES	92.4	94.2	92.7	94.5	93.1	94.9	93.3	95.0
ALABAMA	87.5	89.6	87.3	89.6	89.0	91.3	89.5	91.1
ALASKA	87.8	90.2	87.6	89.9	86.8	89.9	89.3	92.6
ARIZONA	88.6	90.7	90.6	92.3	91.6	93.2	93.0	95.1
ARKANSAS	86.3	90.7	86.1	90.2	87.5	91.0	88.7	91.9
CALIFORNIA	93.8	95.0	94.4	95.5	94.9	96.0	94.6	95.5
COLORADO	92.9	95.5	93.8	95.4	94.6	96.0	94.7	96.3
CONNECTICUT	97.0	98.0	96.3	98.9	98.1	98.5	97.1	97.7
DELAWARE	96.5	97.3	97.0	97.9	96.6	97.5	96.0	97.1
DISTRICT OF COLUMBIA	92.4	94.2	94.6	95.9	92.7	94.8	91.4	93.2
FLORIDA	91.7	93.8	92.7	94.5	92.9	94.5	93.0	94.9
GEORGIA	88.7	91.3	90.1	92.4	90.2	92.9	90.9	93.4
HAWAII	94.2	96.6	94.5	96.3	95.1	96.9	95.3	96.8
IDAHO	91.1	92.5	92.2	93.3	92.5	93.6	92.8	94.1
ILLINOIS	93.7	95.2	94.2	95.6	93.9	95.4	94.3	95.7
INDIANA	91.2	93.2	92.3	94.9	93.2	95.9	92.8	95.9
IOWA	95.1	96.3	95.4	96.9	96.3	97.5	96.1	96.9
KANSAS	95.2	96.6	94.4	95.7	94.4	95.8	95.4	96.5
KENTUCKY	86.5	90.6	87.5	90.9	88.9	92.7	89.1	93.3
LOUISIANA	87.5	90.8	87.3	91.1	88.6	91.3	89.4	92.0
MAINE	93.5	95.2	94.2	95.9	95.3	96.4	95.7	97.6
MARYLAND	95.4	96.6	95.9	97.2	95.0	96.6	95.4	96.7
MASSACHUSETTS	96.4	97.0	96.9	97.3	97.1	97.8	96.6	97.4
MICHIGAN	93.7	94.8	93.9	95.0	93.7	94.9	94.1	95.5
MINNESOTA	96.0	97.4	97.2	98.4	96.8	97.8	96.9	98.1
MISSISSIPPI	81.5	86.3	83.3	88.6	85.5	90.3	87.0	90.9
MISSOURI	93.0	95.3	93.5	95.6	91.0	93.4	92.0	95.3
MONTANA	90.9	93.9	91.7	94.2	91.7	94.3	92.0	94.2
NEBRASKA	94.6	96.1	95.4	96.1	95.2	96.3	96.2	97.1
NEVADA	92.4	93.7	92.4	93.4	92.7	93.3	92.6	93.6
NEW HAMPSHIRE	94.1	96.2	95.2	96.1	95.4	97.1	95.0	96.5
NEW JERSEY	95.0	96.3	94.4	95.9	94.8	96.1	94.7	95.9
NEW MEXICO	86.0	89.3	85.7	89.1	85.8	89.6	85.8	89.5
NEW YORK	92.7	94.2	92.4	94.0	92.3	94.0	91.1	92.8
NORTH CAROLINA	89.2	91.7	90.4	92.8	91.9	94.1	91.9	94.2
NORTH DAKOTA	96.8	97.4	96.8	97.5	97.0	98.0	97.0	97.9
OHIO	93.4	94.7	94.4	95.2	94.6	95.5	95.2	96.3
OKLAHOMA	88.7	91.8	88.9	91.6	88.2	91.2	89.5	92.7
OREGON	93.3	94.8	92.0	93.5	92.3	93.9	94.5	95.9
PENNSYLVANIA	96.4	97.3	96.2	97.1	97.0	97.5	96.9	97.6
RHODE ISLAND	95.2	96.3	95.4	96.5	95.4	96.3	95.6	96.5
SOUTH CAROLINA	87.7	90.6	88.5	91.4	87.8	90.8	90.2	93.2
SOUTH DAKOTA	92.8	95.0	92.9	95.4	93.3	95.0	93.4	95.3
TENNESSEE	89.2	92.6	90.3	93.5	91.9	95.1	91.6	94.1
TEXAS	89.5	92.2	88.5	91.3	88.8	91.6	89.4	92.0
UTAH	92.3	94.6	92.5	94.5	95.9	96.5	95.6	96.3
VERMONT	95.3	96.9	95.6	96.8	93.9	95.7	94.9	96.9
VIRGINIA	92.5	94.6	92.9	95.5	93.2	95.7	93.0	94.9
WASHINGTON	94.3	96.4	94.3	95.7	96.4	97.3	97.1	97.7
WEST VIRGINIA	87.8	91.5	87.3	91.4	86.8	90.3	87.6	91.7
WISCONSIN	96.4	97.1	97.0	98.0	97.3	98.4	96.9	97.7
WYOMING	92.3	94.1	93.0	94.4	93.6	95.5	94.1	95.9

Table 3
Percentage of Households with a Telephone by State

	1991		1992		1993		1994	
	ANNUAL AVERAGE		ANNUAL AVERAGE		ANNUAL AVERAGE		ANNUAL AVERAGE	
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
UNITED STATES	93.4	95.1	93.8	95.3	94.2	95.6	93.8	95.4
ALABAMA	91.4	93.3	90.8	93.2	91.9	94.3	91.3	94.3
ALASKA	90.8	93.5	91.7	94.4	89.9	93.8	91.8	94.6
ARIZONA	93.4	94.9	93.3	94.7	93.3	94.4	93.9	95.3
ARKANSAS	87.6	91.4	87.3	91.0	87.8	91.0	90.2	93.5
CALIFORNIA	95.0	95.9	95.6	96.5	95.8	96.7	94.8	95.7
COLORADO	95.4	97.0	95.5	96.3	96.1	96.5	96.7	97.7
CONNECTICUT	96.2	97.3	96.6	97.3	96.7	97.5	96.5	97.5
DELAWARE	96.4	97.5	96.5	97.8	96.5	96.8	95.5	97.1
DISTRICT OF COLUMBIA	90.9	92.6	88.7	90.5	90.2	91.7	90.0	91.2
FLORIDA	93.3	95.0	93.5	95.1	93.8	95.1	93.5	94.9
GEORGIA	89.9	91.7	90.2	91.9	93.2	94.2	91.1	93.2
HAWAII	95.1	96.4	95.3	96.8	94.4	96.3	94.3	96.1
IDAHO	92.0	93.6	93.0	94.7	94.4	95.7	94.7	96.2
ILLINOIS	93.8	95.6	93.8	95.5	93.6	95.3	93.6	95.2
INDIANA	92.2	94.6	91.9	93.2	93.7	95.1	93.6	94.8
IOWA	95.6	97.4	95.4	97.4	96.4	97.4	96.8	98.0
KANSAS	94.5	95.7	95.2	96.6	95.6	96.3	94.7	96.2
KENTUCKY	88.1	92.9	89.6	92.6	89.8	93.1	91.2	93.8
LOUISIANA	91.1	93.9	91.7	93.9	90.4	92.2	91.4	93.9
MAINE	94.4	96.6	93.2	95.3	96.0	98.1	96.0	97.8
MARYLAND	96.3	97.2	96.0	97.4	96.7	97.9	95.6	96.6
MASSACHUSETTS	96.4	97.4	96.8	97.5	96.9	97.9	96.5	97.1
MICHIGAN	94.1	95.5	94.4	95.5	95.6	96.5	95.0	96.6
MINNESOTA	97.1	97.9	96.7	98.1	96.1	97.3	95.6	97.2
MISSISSIPPI	86.0	90.9	86.3	90.4	87.2	90.6	88.6	92.5
MISSOURI	93.6	95.2	94.0	96.0	93.1	95.3	93.8	96.0
MONTANA	92.5	94.4	93.2	95.7	94.6	96.3	93.9	95.5
NEBRASKA	95.9	96.4	96.4	97.1	96.6	97.2	96.7	98.0
NEVADA	93.3	94.5	93.7	94.6	95.4	95.9	93.0	93.5
NEW HAMPSHIRE	96.2	97.5	95.4	96.4	96.0	96.9	96.4	97.3
NEW JERSEY	93.6	95.2	94.4	95.3	94.3	95.1	92.9	94.1
NEW MEXICO	87.1	89.9	88.4	90.9	90.2	93.3	88.3	91.2
NEW YORK	91.9	93.4	93.4	94.5	93.5	94.8	93.1	94.4
NORTH CAROLINA	91.8	94.2	92.5	94.5	92.7	94.6	92.6	95.2
NORTH DAKOTA	96.3	97.6	95.8	97.1	97.1	98.0	96.5	97.7
OHIO	94.5	95.8	94.6	95.6	94.9	96.0	94.8	96.0
OKLAHOMA	89.3	91.9	90.9	93.1	92.1	94.0	91.8	93.6
OREGON	94.7	95.4	93.9	94.7	94.8	95.7	96.1	97.0
PENNSYLVANIA	96.8	97.8	96.9	97.7	97.3	98.0	97.0	98.0
RHODE ISLAND	94.7	96.3	94.8	96.0	95.5	96.7	95.9	97.3
SOUTH CAROLINA	90.0	93.3	89.2	92.9	89.8	91.9	89.4	92.3
SOUTH DAKOTA	93.7	95.7	94.1	95.6	93.7	95.4	94.7	96.1
TENNESSEE	92.2	94.6	93.1	95.2	92.0	93.9	93.1	95.6
TEXAS	91.1	93.6	91.5	94.2	91.6	94.3	90.8	93.2
UTAH	96.2	97.0	95.9	96.5	96.0	96.8	95.7	97.1
VERMONT	94.4	96.5	94.2	95.6	94.6	95.9	94.6	96.3
VIRGINIA	92.6	94.7	94.8	96.4	94.3	95.9	94.8	96.7
WASHINGTON	96.8	97.3	96.0	96.9	96.8	98.0	96.0	97.2
WEST VIRGINIA	89.0	93.0	89.3	92.6	90.6	93.6	90.8	94.2
WISCONSIN	96.5	97.5	97.0	97.7	96.9	97.6	96.1	97.6
WYOMING	94.6	96.3	92.7	94.9	93.9	95.7	93.5	95.5

Table 3
Percentage of Households with a Telephone by State

	1995		1996		1997		1998	
	ANNUAL AVERAGE		ANNUAL AVERAGE		ANNUAL AVERAGE		ANNUAL AVERAGE	
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
UNITED STATES	93.9	95.2	93.9	95.0	93.9	95.0	94.1	95.2
ALABAMA	92.2	94.0	92.2	93.9	92.3	93.6	93.3	94.4
ALASKA	93.6	95.6	94.4	95.4	94.5	96.4	94.0	96.0
ARIZONA	93.8	95.1	93.1	94.1	91.6	93.2	91.9	93.0
ARKANSAS	89.4	92.5	86.9	89.7	89.8	91.8	88.0	89.8
CALIFORNIA	94.5	95.3	95.0	95.6	94.3	94.9	95.2	95.9
COLORADO	96.6	97.2	95.5	96.4	95.9	97.3	95.0	96.0
CONNECTICUT	96.9	98.0	97.5	98.2	94.2	94.8	95.5	96.2
DELAWARE	96.2	96.8	96.1	97.1	95.7	96.7	96.7	97.0
DISTRICT OF COLUMBIA	90.9	92.3	93.0	94.2	90.8	92.3	91.0	92.3
FLORIDA	93.9	94.8	93.1	94.2	92.8	94.0	92.6	93.5
GEORGIA	90.0	91.8	89.7	91.1	92.0	93.0	91.4	92.5
HAWAII	94.7	96.0	94.8	95.9	94.5	95.6	95.4	96.3
IDAHO	95.1	96.1	92.9	94.3	94.0	94.7	93.3	94.2
ILLINOIS	93.6	95.0	93.0	94.2	92.2	93.7	92.8	93.9
INDIANA	94.4	95.9	93.7	95.1	93.8	95.1	94.4	95.7
IOWA	96.4	97.6	96.6	96.9	96.7	97.5	96.7	97.5
KANSAS	93.9	95.0	93.9	95.2	94.0	95.2	94.3	95.3
KENTUCKY	92.1	94.2	92.3	93.3	93.2	94.3	93.3	95.1
LOUISIANA	92.6	95.3	91.1	93.3	91.0	93.5	92.3	93.3
MAINE	95.7	96.9	96.5	97.8	96.1	97.3	96.9	97.9
MARYLAND	96.4	96.8	96.7	97.2	95.7	96.3	96.5	97.0
MASSACHUSETTS	95.9	96.7	95.7	96.7	95.4	96.3	94.5	95.4
MICHIGAN	95.2	96.0	95.0	95.6	94.3	95.2	95.0	96.0
MINNESOTA	97.3	98.1	97.1	98.0	96.9	98.0	97.8	98.3
MISSISSIPPI	86.5	91.1	87.5	91.6	89.2	93.2	89.5	92.0
MISSOURI	94.4	95.7	95.3	96.7	95.0	96.2	94.6	95.9
MONTANA	94.2	95.3	94.3	95.5	93.7	94.8	94.1	95.0
NEBRASKA	97.1	97.8	96.0	96.9	97.1	97.8	96.2	97.0
NEVADA	92.6	93.6	93.5	94.1	94.1	94.4	92.3	93.3
NEW HAMPSHIRE	96.2	97.2	96.1	96.9	96.5	97.4	95.5	96.6
NEW JERSEY	92.3	93.2	93.6	94.8	94.9	96.0	94.5	95.3
NEW MEXICO	86.4	88.8	86.2	88.6	88.1	90.8	88.2	91.3
NEW YORK	92.9	93.9	93.4	94.3	94.2	95.1	94.8	95.7
NORTH CAROLINA	93.4	95.1	93.5	95.1	93.1	94.2	93.1	94.0
NORTH DAKOTA	97.2	97.9	96.3	96.7	95.8	97.0	96.8	97.5
OHIO	94.0	95.0	94.5	95.6	94.6	95.3	95.6	96.3
OKLAHOMA	91.5	92.9	91.3	92.6	91.4	93.1	90.6	91.7
OREGON	96.4	96.9	96.0	96.8	95.6	96.3	96.0	97.2
PENNSYLVANIA	96.8	97.5	96.9	97.5	97.1	97.6	96.8	97.4
RHODE ISLAND	96.0	97.4	95.7	96.3	94.5	95.6	95.6	96.5
SOUTH CAROLINA	90.5	92.3	91.3	93.6	92.5	93.8	92.9	94.1
SOUTH DAKOTA	94.3	95.9	93.3	94.5	93.9	95.0	90.6	91.7
TENNESSEE	93.0	95.5	94.0	96.2	94.5	96.4	94.6	96.3
TEXAS	91.3	93.3	91.0	92.6	91.3	93.0	92.2	93.7
UTAH	97.6	97.9	96.7	97.0	96.9	97.7	97.1	97.7
VERMONT	96.5	98.0	95.9	97.7	95.1	96.7	95.2	96.1
VIRGINIA	95.9	97.3	94.9	96.1	94.5	95.7	93.9	94.6
WASHINGTON	95.7	96.6	94.5	95.5	95.9	96.9	95.2	95.9
WEST VIRGINIA	92.7	94.9	92.9	95.0	93.2	94.9	93.8	95.5
WISCONSIN	97.3	97.7	97.0	97.7	96.3	97.2	95.9	96.8
WYOMING	94.1	95.5	95.0	95.7	93.4	95.0	93.7	94.6

Table 3
Percentage of Households with a Telephone by State

	1999		2000		2001			
	ANNUAL AVERAGE		ANNUAL AVERAGE		MARCH		JULY	
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
UNITED STATES	94.2	95.0	94.4	95.2	94.6	95.4	95.1	95.9
ALABAMA	91.5	93.0	91.9	93.3	91.9	93.5	93.0	93.9
ALASKA	94.6	96.5	94.3	96.9	96.4	97.3	94.7	95.8
ARIZONA	93.2	93.8	93.9	94.8	94.5	95.1	93.5	94.1
ARKANSAS	88.9	90.5	88.6	89.9	91.6	92.5	91.4	93.1
CALIFORNIA	95.7	96.2	95.8	96.4	96.1	96.4	97.0	97.5
COLORADO	96.7	97.2	96.3	96.7	96.2	96.9	97.4	97.9
CONNECTICUT	96.5	96.8	96.4	96.8	95.9	96.5	96.8	97.3
DELAWARE	95.7	96.9	96.3	97.1	97.5	98.4	94.4	95.0
DISTRICT OF COLUMBIA	92.4	93.5	93.2	94.1	95.5	96.1	93.8	95.0
FLORIDA	92.6	93.6	92.1	92.9	92.0	92.8	93.2	94.1
GEORGIA	92.1	93.2	91.1	92.5	92.2	93.3	93.2	94.2
HAWAII	96.3	97.1	94.7	95.3	94.3	95.5	96.9	97.5
IDAHO	93.8	94.6	93.9	94.8	93.5	94.5	94.1	95.2
ILLINOIS	91.8	93.0	91.5	92.3	92.0	93.0	93.7	94.4
INDIANA	93.8	95.2	94.5	95.3	93.7	94.9	95.0	95.7
IOWA	95.8	96.5	96.2	97.1	97.1	97.7	97.2	97.6
KANSAS	93.8	94.8	94.8	95.7	92.6	94.9	95.4	96.6
KENTUCKY	92.8	94.1	93.3	94.3	93.4	94.6	93.7	94.9
LOUISIANA	91.5	93.1	92.6	93.8	93.4	94.7	94.5	95.2
MAINE	97.2	97.9	97.9	98.3	97.9	98.8	97.7	98.3
MARYLAND	95.3	95.8	95.0	96.0	96.2	96.5	95.5	95.9
MASSACHUSETTS	95.4	96.0	94.6	95.5	96.1	96.2	95.7	96.4
MICHIGAN	94.2	94.9	95.0	95.6	94.9	95.9	94.7	95.5
MINNESOTA	96.9	97.3	97.4	97.8	97.0	97.3	97.7	98.2
MISSISSIPPI	88.0	91.2	89.2	92.0	87.8	91.0	88.1	91.4
MISSOURI	95.6	96.6	95.8	96.9	97.1	97.6	96.6	97.0
MONTANA	95.3	96.2	94.6	95.1	95.0	96.1	94.8	95.4
NEBRASKA	95.9	96.6	97.3	98.0	97.3	97.6	96.5	97.6
NEVADA	93.1	93.5	94.0	94.5	95.4	95.9	95.2	95.9
NEW HAMPSHIRE	97.0	97.6	97.7	98.3	98.2	98.7	97.8	98.1
NEW JERSEY	93.9	94.3	94.6	95.0	95.2	95.8	95.9	96.7
NEW MEXICO	89.8	91.4	91.2	92.7	91.3	93.5	93.6	94.3
NEW YORK	95.3	96.1	95.1	95.7	95.1	95.9	94.9	95.5
NORTH CAROLINA	93.9	94.8	93.9	95.0	93.3	94.4	93.9	94.5
NORTH DAKOTA	97.3	97.9	95.8	96.4	95.0	96.0	94.6	95.4
OHIO	94.7	95.6	94.8	95.8	95.4	95.8	96.7	97.3
OKLAHOMA	91.2	92.5	91.2	92.3	92.9	93.9	93.0	93.8
OREGON	95.2	96.1	94.8	95.6	94.6	95.6	96.2	96.8
PENNSYLVANIA	97.1	97.4	96.6	97.1	97.1	97.5	97.0	97.3
RHODE ISLAND	94.3	94.7	94.9	95.9	95.8	96.4	95.7	96.2
SOUTH CAROLINA	92.9	94.0	93.2	94.2	93.1	94.3	94.9	96.3
SOUTH DAKOTA	92.7	93.4	94.3	95.0	95.7	96.3	94.9	95.5
TENNESSEE	94.5	96.0	95.5	96.6	91.8	93.4	93.2	94.9
TEXAS	92.4	93.5	93.5	94.4	93.6	94.7	94.3	95.1
UTAH	95.6	96.5	95.9	96.5	96.2	96.2	96.5	96.9
VERMONT	95.3	96.7	95.6	96.2	97.1	98.0	97.2	97.6
VIRGINIA	93.2	94.1	95.4	96.0	94.3	94.7	95.8	96.3
WASHINGTON	95.9	96.4	94.9	96.0	95.9	96.8	96.9	97.7
WEST VIRGINIA	92.7	94.6	94.0	95.3	92.8	95.6	94.5	95.6
WISCONSIN	95.7	96.6	94.8	96.0	96.2	97.8	95.6	95.8
WYOMING	95.0	95.6	94.7	96.0	94.2	95.1	93.7	94.5

Table 3
Percentage of Households with a Telephone by State

	2001				2002			
	NOVEMBER		ANNUAL AVERAGE		MARCH		JULY	
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
UNITED STATES	94.9	95.8	94.9	95.7	95.5	96.3	95.1	96.0
ALABAMA	93.4	94.7	92.8	94.0	92.0	92.6	92.6	93.8
ALASKA	96.9	98.1	96.0	97.1	96.4	98.5	96.6	96.9
ARIZONA	95.4	96.1	94.5	95.1	95.9	96.9	93.1	94.7
ARKANSAS	90.9	93.2	91.3	92.9	93.4	94.4	90.4	92.5
CALIFORNIA	96.6	97.1	96.6	97.0	97.2	97.6	97.1	97.5
COLORADO	96.6	97.2	96.7	97.3	96.3	97.1	97.5	98.0
CONNECTICUT	95.5	96.7	96.1	96.8	97.6	98.0	97.5	98.0
DELAWARE	96.8	97.2	96.2	96.9	97.4	97.5	96.1	97.0
DISTRICT OF COLUMBIA	94.3	95.5	94.5	95.5	94.0	94.8	93.1	95.1
FLORIDA	94.5	95.0	93.2	94.0	94.6	95.6	93.6	94.7
GEORGIA	91.9	92.8	92.4	93.4	95.1	95.3	94.6	95.6
HAWAII	96.0	96.7	95.7	96.6	97.0	97.7	96.4	97.3
IDAHO	96.0	97.2	94.5	95.6	95.3	97.1	94.0	94.9
ILLINOIS	91.7	92.7	92.5	93.4	94.1	94.7	91.2	92.6
INDIANA	93.1	94.5	93.9	95.0	94.6	94.8	92.5	94.2
IOWA	97.0	98.0	97.1	97.8	97.1	98.3	96.5	97.2
KANSAS	94.6	96.3	94.2	95.9	95.7	96.6	95.6	96.8
KENTUCKY	93.5	94.1	93.5	94.5	95.7	96.7	94.6	95.6
LOUISIANA	92.8	94.0	93.6	94.6	91.5	93.1	92.7	93.8
MAINE	97.9	98.5	97.8	98.5	98.0	98.9	97.4	98.2
MARYLAND	96.4	96.6	96.0	96.3	96.6	96.9	96.1	96.6
MASSACHUSETTS	95.1	95.7	95.6	96.1	96.5	97.0	97.4	98.1
MICHIGAN	94.4	95.3	94.7	95.6	94.6	95.1	95.1	95.8
MINNESOTA	97.7	98.0	97.5	97.8	97.8	98.5	98.0	98.4
MISSISSIPPI	93.7	95.5	89.9	92.6	90.7	93.0	91.8	93.8
MISSOURI	94.6	95.8	96.1	96.8	95.9	96.4	95.8	96.7
MONTANA	95.2	95.7	95.0	95.7	96.2	97.2	94.9	95.8
NEBRASKA	96.0	96.9	96.6	97.4	96.2	97.1	95.3	96.5
NEVADA	94.8	95.7	95.1	95.8	96.4	97.3	94.9	95.3
NEW HAMPSHIRE	98.8	99.1	98.3	98.6	97.6	98.0	96.9	97.3
NEW JERSEY	96.2	96.7	95.8	96.4	95.6	96.5	94.9	96.0
NEW MEXICO	91.6	92.9	92.2	93.6	92.7	94.3	92.3	94.7
NEW YORK	95.2	96.2	95.1	95.9	95.6	96.1	95.7	96.2
NORTH CAROLINA	93.7	95.1	93.6	94.7	94.3	95.0	94.4	95.1
NORTH DAKOTA	93.5	94.4	94.4	95.3	96.4	96.4	93.3	93.6
OHIO	95.8	97.0	96.0	96.7	96.3	97.3	95.2	96.0
OKLAHOMA	93.7	95.1	93.2	94.3	92.8	94.5	93.1	94.8
OREGON	95.9	97.0	95.6	96.5	97.3	98.0	97.4	97.9
PENNSYLVANIA	97.0	97.7	97.0	97.5	97.7	97.8	98.2	98.6
RHODE ISLAND	97.4	97.5	96.3	96.7	96.1	96.3	96.6	96.9
SOUTH CAROLINA	95.5	96.3	94.5	95.6	93.4	94.2	95.9	96.3
SOUTH DAKOTA	94.6	95.7	95.1	95.8	95.1	95.5	95.3	95.8
TENNESSEE	94.5	95.9	93.2	94.7	93.6	94.9	93.1	94.2
TEXAS	93.6	94.9	93.8	94.9	94.7	96.1	93.3	94.9
UTAH	97.0	97.6	96.6	96.9	96.6	98.0	96.7	97.4
VERMONT	97.2	97.9	97.2	97.8	98.0	98.6	97.3	97.8
VIRGINIA	93.9	95.0	94.7	95.3	96.6	97.3	96.6	97.2
WASHINGTON	95.2	96.2	96.0	96.9	96.6	97.7	96.8	97.5
WEST VIRGINIA	93.1	94.7	93.5	95.3	94.5	95.7	94.3	95.5
WISCONSIN	95.5	96.7	95.8	96.8	96.2	97.0	95.3	96.3
WYOMING	93.4	94.9	93.8	94.8	93.4	94.4	95.2	95.8

Table 3
Percentage of Households with a Telephone by State

	2002				2003			
	NOVEMBER		ANNUAL AVERAGE		MARCH		JULY	
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
UNITED STATES	95.3	96.2	95.3	96.2	95.5	96.3	95.2	96.1
ALABAMA	92.0	93.1	92.2	93.2	90.5	91.8	92.3	94.0
ALASKA	96.3	98.2	96.4	97.9	96.8	98.3	96.6	97.8
ARIZONA	95.5	96.4	94.8	96.0	95.6	96.1	95.0	95.7
ARKANSAS	92.5	93.4	92.1	93.4	93.0	93.7	90.4	91.8
CALIFORNIA	96.8	97.2	97.0	97.4	97.2	97.6	97.6	97.9
COLORADO	97.8	98.0	97.2	97.7	97.0	97.5	97.3	98.1
CONNECTICUT	97.0	97.8	97.4	97.9	97.6	98.3	95.1	97.0
DELAWARE	96.8	97.4	96.8	97.3	96.9	97.4	96.3	97.2
DISTRICT OF COLUMBIA	95.0	96.8	94.0	95.6	95.1	96.3	95.3	96.6
FLORIDA	94.8	95.2	94.3	95.2	95.0	95.6	95.2	96.0
GEORGIA	92.4	93.6	94.0	94.8	95.2	95.6	94.7	95.9
HAWAII	96.9	98.1	96.8	97.7	98.0	98.5	97.5	98.3
IDAHO	95.6	96.4	95.0	96.1	94.8	96.2	95.8	96.5
ILLINOIS	93.0	93.9	92.8	93.7	92.4	93.0	91.3	92.5
INDIANA	93.2	94.5	93.4	94.5	93.8	94.6	92.8	93.9
IOWA	97.1	98.0	96.9	97.8	97.0	97.5	96.5	97.3
KANSAS	95.1	96.5	95.5	96.6	96.3	97.6	95.3	96.4
KENTUCKY	94.7	95.8	95.0	96.0	94.0	95.6	96.0	96.2
LOUISIANA	93.0	93.8	92.4	93.6	93.4	94.4	93.7	94.4
MAINE	98.3	98.9	97.9	98.7	98.0	98.8	97.3	97.9
MARYLAND	96.6	97.4	96.4	97.0	98.5	98.8	97.2	97.7
MASSACHUSETTS	96.7	97.3	96.9	97.5	97.1	97.9	97.9	98.5
MICHIGAN	93.2	93.9	94.3	94.9	95.2	96.0	94.2	95.7
MINNESOTA	97.4	98.1	97.7	98.3	96.6	97.5	97.7	97.8
MISSISSIPPI	91.7	93.2	91.4	93.3	91.3	93.0	92.5	94.6
MISSOURI	96.8	97.8	96.2	97.0	97.0	97.5	95.2	95.7
MONTANA	93.2	95.0	94.8	96.0	94.2	95.0	92.7	93.9
NEBRASKA	95.8	96.4	95.8	96.7	96.5	96.8	95.9	96.6
NEVADA	95.2	95.8	95.5	96.1	94.9	96.0	94.3	94.7
NEW HAMPSHIRE	97.2	97.7	97.2	97.7	97.5	97.6	98.0	98.3
NEW JERSEY	97.3	98.1	95.9	96.9	96.1	96.9	96.6	97.5
NEW MEXICO	90.3	92.8	91.8	93.9	93.0	94.5	90.4	93.4
NEW YORK	96.0	96.7	95.8	96.3	95.3	96.0	95.4	95.9
NORTH CAROLINA	94.3	95.5	94.3	95.2	94.4	95.2	92.9	94.3
NORTH DAKOTA	94.9	95.1	94.9	95.0	94.4	95.7	93.7	94.3
OHIO	96.3	97.5	95.9	96.9	96.6	97.4	96.4	96.9
OKLAHOMA	93.5	94.6	93.1	94.6	92.7	93.7	90.8	92.0
OREGON	96.8	97.1	97.2	97.7	96.7	96.9	96.9	97.5
PENNSYLVANIA	98.1	98.3	98.0	98.2	97.1	97.7	97.2	97.6
RHODE ISLAND	95.5	97.0	96.1	96.7	97.4	97.8	96.3	97.1
SOUTH CAROLINA	93.5	94.9	94.3	95.1	93.6	94.5	94.4	96.4
SOUTH DAKOTA	94.9	95.4	95.1	95.6	94.8	95.5	92.9	93.5
TENNESSEE	94.0	95.7	93.6	94.9	94.3	95.6	94.2	95.2
TEXAS	94.5	95.5	94.2	95.5	94.8	95.9	93.1	94.6
UTAH	96.7	97.3	96.7	97.6	97.7	97.7	96.9	98.2
VERMONT	97.6	98.0	97.6	98.1	96.4	97.6	97.7	98.2
VIRGINIA	95.3	96.0	96.2	96.8	95.9	96.7	96.0	96.9
WASHINGTON	95.9	96.4	96.4	97.2	97.0	97.6	96.8	97.9
WEST VIRGINIA	94.6	95.9	94.5	95.7	94.9	96.2	94.7	96.1
WISCONSIN	96.8	97.7	96.1	97.0	96.3	96.7	96.3	97.1
WYOMING	93.5	94.2	94.0	94.8	93.8	95.2	93.8	94.7

Table 3
Percentage of Households with a Telephone by State

	2003				2004	
	NOVEMBER		ANNUAL AVERAGE		MARCH	
	Unit	Avail	Unit	Avail	Unit	Avail
UNITED STATES	94.7	95.5	95.1	96.0	94.2	95.1
ALABAMA	92.4	93.1	91.7	93.0	91.7	93.4
ALASKA	97.1	98.4	96.8	98.2	96.2	97.5
ARIZONA	94.9	96.4	95.2	96.1	93.4	93.7
ARKANSAS	89.7	91.4	91.0	92.3	88.8	91.0
CALIFORNIA	96.5	97.0	97.1	97.5	95.9	96.5
COLORADO	96.2	96.7	96.8	97.4	97.0	97.3
CONNECTICUT	97.6	98.4	96.8	97.9	98.1	98.4
DELAWARE	96.6	97.1	96.6	97.2	96.1	97.3
DISTRICT OF COLUMBIA	95.5	96.0	95.3	96.3	93.2	93.4
FLORIDA	93.7	94.4	94.6	95.3	93.7	94.7
GEORGIA	91.3	91.8	93.7	94.4	92.1	92.7
HAWAII	96.5	97.7	97.3	98.2	95.3	96.6
IDAHO	92.8	95.1	94.5	95.9	96.8	97.1
ILLINOIS	91.5	92.3	91.7	92.6	90.4	91.1
INDIANA	93.8	95.1	93.5	94.5	91.3	92.5
IOWA	96.8	97.6	96.8	97.5	95.2	96.9
KANSAS	96.0	97.0	95.9	97.0	94.0	95.3
KENTUCKY	93.7	94.6	94.6	95.5	90.8	92.4
LOUISIANA	92.5	94.1	93.2	94.3	90.5	91.6
MAINE	98.0	98.3	97.8	98.3	96.6	98.1
MARYLAND	97.4	97.7	97.7	98.1	94.3	95.1
MASSACHUSETTS	97.8	98.3	97.6	98.2	96.8	97.1
MICHIGAN	93.5	94.8	94.3	95.5	94.2	95.5
MINNESOTA	96.3	97.3	96.9	97.5	97.7	97.8
MISSISSIPPI	91.3	92.9	91.7	93.5	91.6	92.9
MISSOURI	95.4	96.2	95.9	96.5	93.9	94.5
MONTANA	92.8	93.9	93.2	94.3	93.6	94.7
NEBRASKA	95.5	96.2	96.0	96.5	94.8	96.2
NEVADA	94.2	94.5	94.5	95.1	93.8	94.3
NEW HAMPSHIRE	97.4	97.8	97.6	97.9	95.0	95.6
NEW JERSEY	96.2	97.2	96.3	97.2	96.1	96.7
NEW MEXICO	91.6	93.2	91.7	93.7	91.6	93.7
NEW YORK	94.9	95.4	95.2	95.8	95.0	95.7
NORTH CAROLINA	95.1	96.1	94.1	95.2	93.6	94.3
NORTH DAKOTA	94.2	94.8	94.1	94.9	94.5	94.7
OHIO	95.8	96.3	96.3	96.9	94.0	95.5
OKLAHOMA	91.2	92.5	91.6	92.7	93.8	94.2
OREGON	96.0	96.5	96.5	97.0	95.5	96.0
PENNSYLVANIA	96.8	97.3	97.0	97.5	96.2	96.5
RHODE ISLAND	97.1	97.3	96.9	97.4	95.5	96.0
SOUTH CAROLINA	91.7	93.9	93.2	94.9	94.2	95.1
SOUTH DAKOTA	94.7	95.9	94.1	95.0	92.9	93.8
TENNESSEE	94.2	95.4	94.2	95.4	93.6	94.5
TEXAS	92.8	93.9	93.6	94.8	92.5	93.9
UTAH	96.6	97.5	97.1	97.8	97.0	97.2
VERMONT	97.0	97.8	97.0	97.9	96.9	97.5
VIRGINIA	94.5	95.2	95.5	96.3	94.5	95.0
WASHINGTON	95.9	96.7	96.6	97.4	95.1	95.8
WEST VIRGINIA	93.2	95.0	94.3	95.8	94.7	95.9
WISCONSIN	95.7	96.5	96.1	96.8	96.2	96.9
WYOMING	93.9	95.0	93.8	95.0	95.8	96.5

Table 4
Percentage of Households with a Telephone by Income

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
NOVEMBER 1983								
TOTAL	91.4	93.7	93.1	95.0	78.8	83.9	80.7	84.6
UNDER $5,000	71.7	78.4	75.7	81.9	62.7	70.4	58.3	64.6
$5,000 - $7,499	82.7	87.2	84.5	88.5	74.7	82.0	71.1	76.5
$7,500 - $9,999	88.2	90.9	89.6	92.2	80.5	83.9	72.6	77.9
$10,000 - $12,499	89.7	92.7	91.2	93.9	82.0	86.2	76.8	82.1
$12,500 - $14,999	92.1	94.6	93.4	95.2	82.5	90.7	89.8	91.7
$15,000 - $17,499	94.6	96.2	94.9	96.4	91.7	95.1	86.9	90.8
$17,500 - $19,999	95.7	97.4	96.1	97.7	91.4	95.0	88.4	91.5
$20,000 - $24,999	96.9	97.8	97.4	98.2	91.2	93.2	93.1	94.3
$25,000 - $29,999	98.0	98.9	98.2	99.0	96.1	97.2	98.3	99.0
$30,000 - $34,999	98.8	99.1	99.0	99.2	95.1	97.7	97.7	98.9
$35,000 - $39,999	99.0	99.5	99.1	99.5	98.4	98.4	92.1	98.2
$40,000 - $49,999	99.2	99.5	99.4	99.7	97.3	97.3	100.0	100.0
$50,000 - $74,999	99.4	99.7	99.5	99.7	98.5	100.0	99.6	100.0
$75,000 +	99.4	99.6	99.4	99.6	100.0	100.0	100.0	100.0
1984 ANNUAL AVERAGE								
TOTAL	91.6	93.7	93.2	94.9	79.8	84.5	80.9	84.3
UNDER $5,000	71.2	77.5	74.5	80.4	63.2	70.5	55.1	62.3
$5,000 - $7,499	83.3	86.9	85.5	88.7	74.8	80.2	69.8	73.6
$7,500 - $9,999	86.5	89.6	88.3	91.0	77.2	82.7	75.0	79.7
$10,000 - $12,499	89.7	92.6	91.1	93.6	81.1	86.3	79.7	84.6
$12,500 - $14,999	92.1	94.4	93.0	95.0	85.4	89.5	87.3	90.5
$15,000 - $17,499	93.7	95.7	94.2	96.0	88.5	92.2	88.4	90.0
$17,500 - $19,999	95.1	96.4	95.6	96.7	91.7	94.4	91.0	92.8
$20,000 - $24,999	96.8	97.8	97.1	98.0	93.3	95.8	92.5	94.5
$25,000 - $29,999	98.1	98.8	98.4	98.9	95.1	97.2	96.4	97.2
$30,000 - $34,999	98.7	99.1	98.8	99.3	96.8	97.2	98.8	99.1
$35,000 - $39,999	99.2	99.5	99.3	99.6	97.7	98.3	98.2	98.5
$40,000 - $49,999	99.3	99.6	99.4	99.7	96.6	96.9	98.9	99.3
$50,000 - $74,999	99.4	99.8	99.5	99.8	98.0	98.4	100.0	100.0
$75,000 +	98.9	99.6	98.9	99.6	96.5	100.0	98.0	100.0
1985 ANNUAL AVERAGE								
TOTAL	91.8	93.9	93.3	95.0	81.1	85.2	81.3	84.4
UNDER $5,000	71.9	78.1	75.3	81.3	63.9	70.6	61.6	67.0
$5,000 - $7,499	82.7	86.5	84.8	88.1	74.0	79.8	66.6	71.3
$7,500 - $9,999	86.8	90.0	88.1	90.9	80.3	85.0	75.0	79.4
$10,000 - $12,499	89.6	92.2	90.8	93.2	82.3	86.0	80.4	82.8
$12,500 - $14,999	91.0	93.7	92.2	94.5	82.7	87.8	82.8	85.8
$15,000 - $17,499	93.4	95.6	94.2	96.2	88.2	91.8	85.7	88.6
$17,500 - $19,999	94.7	96.2	95.1	96.6	91.5	93.4	90.4	92.8
$20,000 - $24,999	96.3	97.5	96.5	97.6	94.4	96.3	91.3	93.7
$25,000 - $29,999	97.6	98.5	97.8	98.6	95.8	97.3	93.0	95.9
$30,000 - $34,999	98.6	99.0	98.7	99.1	97.3	98.4	97.3	97.3
$35,000 - $39,999	98.8	99.2	98.9	99.4	96.9	97.8	98.2	99.4
$40,000 - $49,999	99.1	99.4	99.1	99.4	97.8	98.2	97.5	98.2
$50,000 - $74,999	99.3	99.7	99.4	99.7	97.9	98.8	99.5	99.5
$75,000 +	99.2	99.5	99.2	99.5	97.6	97.6	98.5	98.5

Table 4
Percentage of Households with a Telephone by Income

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
1986 ANNUAL AVERAGE								
TOTAL	92.3	94.1	93.7	95.2	81.6	85.9	81.4	84.1
UNDER $5,000	71.6	77.4	74.9	80.1	63.9	71.0	57.5	62.9
$5,000 - $7,499	83.1	86.5	85.2	88.2	74.3	79.6	68.1	72.1
$7,500 - $9,999	86.9	90.2	88.4	91.1	78.6	85.2	72.9	75.8
$10,000 - $12,499	89.6	92.1	90.7	93.0	82.6	86.4	80.3	82.6
$12,500 - $14,999	91.2	93.8	91.9	94.4	86.4	90.3	83.9	87.8
$15,000 - $17,499	93.1	95.1	94.3	95.7	85.3	91.6	86.3	88.9
$17,500 - $19,999	94.9	96.3	95.3	96.7	92.2	94.2	87.2	90.1
$20,000 - $24,999	96.5	97.5	96.9	97.9	92.8	94.6	93.0	94.1
$25,000 - $29,999	97.7	98.4	98.0	98.7	94.5	95.9	93.9	95.2
$30,000 - $34,999	98.4	98.9	98.6	99.0	96.7	97.5	97.5	98.4
$35,000 - $39,999	98.9	99.3	99.0	99.4	97.6	97.9	98.1	99.3
$40,000 - $49,999	99.1	99.4	99.1	99.4	98.2	98.2	98.5	98.8
$50,000 - $74,999	99.5	99.8	99.6	99.8	99.4	99.4	99.4	99.7
$75,000 +	99.4	99.6	99.4	99.6	98.0	99.5	97.5	100.0
1987 ANNUAL AVERAGE								
TOTAL	92.4	94.2	93.8	95.4	81.8	85.9	83.0	85.4
UNDER $5,000	71.5	77.4	75.0	80.3	63.7	71.0	60.7	65.7
$5,000 - $7,499	83.4	86.7	85.5	88.4	74.8	80.2	69.9	72.4
$7,500 - $9,999	86.7	89.6	88.1	90.6	79.3	84.0	75.8	78.9
$10,000 - $12,499	89.5	92.3	90.4	93.1	83.2	87.5	81.0	84.1
$12,500 - $14,999	90.8	93.2	91.9	94.1	83.8	87.7	85.2	86.9
$15,000 - $17,499	92.6	94.9	93.5	95.5	86.9	90.8	85.6	88.7
$17,500 - $19,999	94.4	96.0	95.1	96.4	89.0	92.7	89.3	90.6
$20,000 - $24,999	96.4	97.6	96.8	97.9	93.5	95.1	93.1	94.9
$25,000 - $29,999	97.5	98.4	98.0	98.7	93.4	95.3	96.4	97.1
$30,000 - $34,999	98.1	98.9	98.3	99.0	96.1	97.2	96.9	97.7
$35,000 - $39,999	98.8	99.2	98.9	99.3	96.5	98.6	97.4	97.7
$40,000 - $49,999	99.4	99.7	99.5	99.7	98.7	98.7	99.7	99.8
$50,000 - $74,999	99.5	99.8	99.5	99.8	99.1	99.4	98.7	99.6
$75,000 +	99.5	99.8	99.5	99.8	98.5	99.6	98.6	100.0
1988 ANNUAL AVERAGE								
TOTAL	92.7	94.5	94.1	95.6	83.0	86.8	82.1	85.1
UNDER $5,000	72.0	78.4	74.9	80.8	65.8	73.2	58.5	64.5
$5,000 - $7,499	83.3	87.1	85.1	88.4	76.9	82.3	66.4	71.7
$7,500 - $9,999	85.6	88.7	87.2	90.3	77.7	81.4	67.3	72.8
$10,000 - $12,499	88.8	91.5	90.1	92.4	81.7	86.5	77.5	80.9
$12,500 - $14,999	91.3	93.7	92.2	94.4	85.1	88.8	81.5	84.5
$15,000 - $19,999	93.6	95.3	94.3	95.9	88.5	91.1	88.6	90.6
$20,000 - $24,999	96.2	97.4	96.5	97.6	93.5	95.7	91.1	93.1
$25,000 - $29,999	97.6	98.4	97.9	98.5	94.4	96.7	95.0	96.4
$30,000 - $34,999	98.4	99.0	98.7	99.2	95.4	96.7	98.6	99.0
$35,000 - $39,999	98.8	99.2	98.9	99.3	97.8	98.4	97.2	97.7
$40,000 - $49,999	99.3	99.6	99.4	99.7	97.3	98.5	98.7	99.7
$50,000 - $74,999	99.5	99.8	99.6	99.8	99.2	99.3	99.4	99.8
$75,000 +	99.5	99.9	99.4	99.9	100.0	100.0	97.8	100.0

Table 4
Percentage of Households with a Telephone by Income

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
1989 ANNUAL AVERAGE								
TOTAL	93.1	94.9	94.5	95.9	83.2	87.1	83.0	86.0
UNDER $5,000	74.4	80.4	78.1	83.2	65.6	73.5	62.1	67.3
$5,000 - $7,499	83.7	87.4	85.7	89.1	77.4	82.0	68.8	73.8
$7,500 - $9,999	86.6	89.8	88.5	91.3	78.4	83.6	75.9	80.2
$10,000 - $12,499	88.4	91.3	90.0	92.6	79.3	84.9	73.2	76.8
$12,500 - $14,999	91.3	93.7	92.4	94.5	84.5	88.8	79.2	83.7
$15,000 - $19,999	93.2	95.0	94.2	95.8	85.9	89.2	86.3	88.8
$20,000 - $24,999	95.9	97.2	96.4	97.5	91.6	94.3	92.0	94.4
$25,000 - $29,999	97.5	98.4	97.9	98.6	94.0	96.0	93.3	96.3
$30,000 - $34,999	98.3	98.8	98.5	98.9	96.1	97.0	95.6	96.2
$35,000 - $39,999	98.7	99.3	98.9	99.4	96.7	98.0	95.8	97.5
$40,000 - $49,999	99.1	99.5	99.2	99.6	97.2	97.7	97.0	98.2
$50,000 - $59,999	99.5	99.7	99.5	99.8	98.7	99.0	98.7	99.2
$60,000 - $74,999	99.5	99.7	99.5	99.7	99.3	99.3	95.7	96.8
$75,000 +	99.5	99.8	99.5	99.8	99.5	99.5	99.7	99.7
1990 ANNUAL AVERAGE								
TOTAL	93.3	95.0	94.6	96.1	83.5	87.0	82.7	85.3
UNDER $5,000	75.4	81.0	79.1	84.2	66.1	72.8	61.1	66.1
$5,000 - $7,499	82.6	86.8	84.9	88.8	74.9	80.1	66.7	70.6
$7,500 - $9,999	86.9	89.9	89.0	91.6	77.3	82.4	74.8	77.8
$10,000 - $12,499	88.9	91.7	90.2	92.8	81.9	85.5	74.1	77.1
$12,500 - $14,999	91.7	93.9	92.7	94.7	85.9	88.7	82.0	84.3
$15,000 - $19,999	93.3	95.3	94.2	96.0	87.7	91.0	85.1	88.6
$20,000 - $24,999	95.6	97.0	96.1	97.4	91.9	93.7	89.4	91.3
$25,000 - $29,999	97.0	98.0	97.7	98.5	90.9	93.2	94.2	95.5
$30,000 - $34,999	97.9	98.6	98.4	98.9	93.3	95.4	96.0	97.0
$35,000 - $39,999	98.7	99.3	98.8	99.4	97.0	98.0	94.1	96.3
$40,000 - $49,999	99.1	99.4	99.2	99.5	98.5	98.8	97.8	97.8
$50,000 - $59,999	99.4	99.6	99.5	99.7	98.7	98.7	97.5	98.2
$60,000 - $74,999	99.5	99.7	99.6	99.8	98.3	98.8	98.8	99.1
$75,000 +	99.5	99.8	99.5	99.8	98.6	98.6	97.7	99.6
1991 ANNUAL AVERAGE								
TOTAL	93.4	95.1	94.8	96.2	83.5	87.2	84.1	86.7
UNDER $5,000	73.9	80.1	78.3	83.7	63.3	71.2	65.2	71.3
$5,000 - $7,499	82.9	86.8	85.2	88.8	75.0	80.3	69.6	74.7
$7,500 - $9,999	86.5	89.7	88.1	91.0	79.1	83.7	73.1	76.9
$10,000 - $12,499	88.9	91.6	90.0	92.5	82.4	86.2	76.0	79.2
$12,500 - $14,999	91.1	93.4	92.1	94.3	85.5	88.4	82.4	84.6
$15,000 - $19,999	93.4	95.2	94.3	95.9	87.1	90.7	87.0	89.8
$20,000 - $24,999	95.5	97.0	96.0	97.5	91.2	93.3	91.6	93.5
$25,000 - $29,999	96.8	97.9	97.3	98.2	93.6	96.0	90.9	92.4
$30,000 - $34,999	98.3	98.9	98.6	99.2	95.4	97.1	95.8	97.1
$35,000 - $39,999	98.7	99.1	98.8	99.3	97.0	97.7	96.2	97.3
$40,000 - $49,999	99.1	99.5	99.2	99.6	98.1	98.6	98.2	98.8
$50,000 - $59,999	99.5	99.7	99.5	99.7	98.6	99.0	97.9	98.6
$60,000 - $74,999	99.7	99.9	99.7	99.9	99.3	99.5	98.8	99.2
$75,000 +	99.7	99.9	99.7	99.9	99.6	100.0	98.5	99.6

Table 4
Percentage of Households with a Telephone by Income

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
1992 ANNUAL AVERAGE								
TOTAL	93.8	95.3	95.2	96.4	84.2	87.9	85.8	88.2
UNDER $5,000	72.0	78.1	75.5	81.1	64.1	71.3	65.0	70.7
$5,000 - $7,499	83.2	86.8	85.4	88.3	76.3	82.3	72.0	75.5
$7,500 - $9,999	87.5	90.2	89.2	91.4	79.9	84.9	76.2	79.9
$10,000 - $12,499	90.5	92.9	91.6	93.9	84.6	87.9	82.1	85.3
$12,500 - $14,999	91.5	93.7	92.7	94.7	85.1	88.4	85.7	88.8
$15,000 - $19,999	93.3	95.0	94.3	95.7	86.6	90.6	86.7	89.5
$20,000 - $24,999	95.9	97.1	96.5	97.5	91.2	93.7	93.2	94.5
$25,000 - $29,999	97.1	98.0	97.6	98.5	92.6	94.6	94.8	95.6
$30,000 - $34,999	98.2	98.9	98.4	99.0	96.3	97.4	96.1	97.1
$35,000 - $39,999	98.6	99.0	98.9	99.3	96.4	97.4	96.6	97.5
$40,000 - $49,999	99.2	99.5	99.4	99.6	97.6	98.5	98.2	98.7
$50,000 - $59,999	99.4	99.7	99.4	99.7	98.9	99.6	98.3	98.5
$60,000 - $74,999	99.5	99.8	99.5	99.8	99.3	99.6	98.9	99.7
$75,000 +	99.4	99.7	99.5	99.8	97.7	97.9	99.1	99.1
1993 ANNUAL AVERAGE								
TOTAL	94.2	95.6	95.5	96.6	85.2	88.3	86.7	88.8
UNDER $5,000	72.9	78.9	76.4	82.0	65.5	72.7	66.3	70.7
$5,000 - $7,499	84.0	87.2	85.7	88.8	78.7	82.4	75.7	78.6
$7,500 - $9,999	87.4	90.1	89.1	91.4	80.1	84.6	79.7	82.8
$10,000 - $12,499	90.6	92.7	91.9	93.8	82.9	86.7	85.7	88.3
$12,500 - $14,999	92.0	94.1	93.2	95.1	84.8	88.7	84.0	86.2
$15,000 - $19,999	93.6	95.2	94.5	96.0	88.0	90.4	85.3	88.3
$20,000 - $24,999	96.3	97.5	96.8	97.8	92.6	94.6	91.9	94.6
$25,000 - $29,999	97.7	98.5	98.1	98.8	94.5	96.1	95.5	96.9
$30,000 - $34,999	98.3	98.9	98.6	99.1	96.3	96.9	96.2	97.3
$35,000 - $39,999	98.6	99.0	98.8	99.2	96.3	97.1	95.7	96.3
$40,000 - $49,999	99.2	99.5	99.3	99.5	98.2	98.6	96.9	97.4
$50,000 - $59,999	99.5	99.7	99.5	99.7	99.0	99.3	98.4	99.1
$60,000 - $74,999	99.6	99.8	99.6	99.8	99.3	99.3	100.0	100.0
$75,000 +	99.5	99.8	99.5	99.8	99.4	100.0	100.0	100.0
1994 ANNUAL AVERAGE								
TOTAL	93.8	95.4	95.1	96.4	85.7	89.4	86.0	88.3
UNDER $5,000	76.1	82.1	79.8	84.6	68.7	77.4	66.3	71.8
$5,000 - $7,499	82.7	87.0	84.9	88.9	77.2	82.4	73.1	77.3
$7,500 - $9,999	87.3	90.5	89.1	92.1	81.4	84.9	81.1	83.8
$10,000 - $12,499	89.6	92.2	90.9	93.1	81.5	88.6	83.3	86.2
$12,500 - $14,999	91.5	94.0	92.9	95.0	85.5	89.2	84.6	87.8
$15,000 - $19,999	93.6	95.3	94.4	95.8	86.6	92.2	87.6	89.7
$20,000 - $24,999	95.2	96.7	95.8	97.2	90.3	93.5	91.4	93.5
$25,000 - $29,999	96.6	97.6	97.0	97.9	93.9	95.8	92.1	93.3
$30,000 - $34,999	97.3	98.2	97.7	98.5	93.8	95.7	91.7	93.9
$35,000 - $39,999	97.8	98.5	98.1	98.6	94.4	97.3	95.2	96.0
$40,000 - $49,999	98.6	99.1	98.8	99.3	97.2	97.8	96.4	96.6
$50,000 - $59,999	99.0	99.3	99.2	99.4	96.3	98.1	99.5	99.7
$60,000 - $74,999	99.4	99.5	99.4	99.5	99.5	99.7	98.3	98.5
$75,000 +	99.1	99.4	99.2	99.4	98.6	99.3	98.7	98.7

Table 4
Percentage of Households with a Telephone by Income

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
1995 ANNUAL AVERAGE								
TOTAL	93.9	95.2	95.2	96.2	86.2	89.2	85.9	87.8
UNDER $5,000	75.3	80.5	79.1	83.0	67.4	75.1	68.8	72.2
$5,000 - $7,499	82.8	86.3	84.8	87.7	77.9	83.0	72.6	75.5
$7,500 - $9,999	87.3	89.6	89.5	91.5	79.0	83.3	78.0	80.4
$10,000 - $12,499	89.8	92.1	91.2	93.2	83.5	87.6	84.2	86.4
$12,500 - $14,999	91.7	93.5	92.8	94.4	86.4	89.3	84.9	86.8
$15,000 - $19,999	93.1	95.0	94.1	95.6	88.5	92.4	84.9	87.6
$20,000 - $24,999	95.4	96.4	96.0	96.9	92.4	94.1	90.2	92.1
$25,000 - $29,999	96.6	97.6	97.0	97.9	93.7	95.6	92.2	94.3
$30,000 - $34,999	97.6	98.0	97.9	98.3	94.3	95.2	94.2	95.1
$35,000 - $39,999	98.3	98.7	98.5	98.8	96.9	97.5	97.3	98.4
$40,000 - $49,999	98.6	98.9	98.8	99.0	97.1	97.8	96.6	96.6
$50,000 - $59,999	98.8	99.1	99.0	99.3	97.7	98.2	95.7	97.0
$60,000 - $74,999	99.2	99.3	99.2	99.4	98.8	99.0	98.6	99.4
$75,000 +	99.0	99.2	99.0	99.2	99.1	99.5	99.0	99.0
1996 ANNUAL AVERAGE								
TOTAL	93.9	95.0	94.9	95.8	87.3	89.8	86.4	88.0
UNDER $5,000	75.6	80.3	78.0	81.7	70.1	76.9	68.0	71.4
$5,000 - $7,499	83.1	85.8	84.5	86.6	79.9	84.3	76.9	78.8
$7,500 - $9,999	87.2	89.8	88.6	90.7	81.9	86.7	79.7	82.3
$10,000 - $12,499	88.8	91.4	90.2	92.3	83.5	88.1	82.0	84.3
$12,500 - $14,999	91.7	93.5	92.8	94.4	86.1	89.5	85.1	87.0
$15,000 - $19,999	93.0	94.6	93.7	95.1	88.7	91.3	86.5	88.7
$20,000 - $24,999	94.5	95.6	95.1	96.0	91.3	92.6	86.5	88.6
$25,000 - $29,999	96.2	97.1	96.5	97.3	93.3	95.0	94.5	95.4
$30,000 - $34,999	97.5	98.1	97.7	98.3	96.4	97.4	95.7	96.3
$35,000 - $39,999	97.9	98.3	97.8	98.2	97.5	98.0	95.2	95.7
$40,000 - $49,999	98.5	98.9	98.7	99.0	96.7	97.0	96.1	97.5
$50,000 - $59,999	98.8	99.0	99.0	99.1	97.3	97.6	97.5	98.2
$60,000 - $74,999	98.8	99.1	99.0	99.3	97.3	97.3	97.9	99.4
$75,000 +	98.9	99.2	99.0	99.2	98.7	99.2	98.4	98.7
1997 ANNUAL AVERAGE								
TOTAL	93.9	95.0	95.0	95.9	86.9	89.5	86.7	88.6
UNDER $5,000	75.7	80.8	79.1	83.5	68.4	75.1	68.5	73.5
$5,000 - $7,499	82.8	85.9	84.5	87.1	78.1	82.4	74.6	77.0
$7,500 - $9,999	86.7	89.5	89.0	91.2	78.6	83.3	79.3	81.4
$10,000 - $12,499	89.9	91.9	90.9	92.7	85.3	88.1	82.4	86.0
$12,500 - $14,999	91.0	93.1	92.4	94.0	83.9	88.1	84.5	86.4
$15,000 - $19,999	93.1	94.6	94.1	95.3	88.8	91.8	86.7	88.4
$20,000 - $24,999	95.0	95.9	95.4	96.2	92.1	93.9	89.6	90.9
$25,000 - $29,999	95.8	96.8	96.2	97.1	92.6	94.7	91.8	93.7
$30,000 - $34,999	97.2	97.9	97.5	98.1	95.1	95.9	93.6	94.9
$35,000 - $39,999	97.4	97.9	97.9	98.1	94.8	96.2	94.9	96.4
$40,000 - $49,999	98.2	98.6	98.4	98.7	97.0	97.8	96.6	97.4
$50,000 - $59,999	98.4	98.8	98.5	98.9	96.9	97.3	97.7	98.6
$60,000 - $74,999	99.0	99.2	99.0	99.2	99.5	99.8	98.4	98.4
$75,000 +	99.0	99.2	99.1	99.3	98.5	98.8	98.1	98.3

Table 4
Percentage of Households with a Telephone by Income

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
1998 ANNUAL AVERAGE								
TOTAL	94.1	95.2	95.1	96.0	87.9	89.7	88.4	90.0
UNDER $5,000	77.2	81.3	80.1	83.8	70.3	75.2	72.0	75.3
$5,000 - $7,499	83.0	85.9	84.9	87.6	77.6	81.0	77.0	80.6
$7,500 - $9,999	87.4	89.3	88.8	90.6	83.3	85.0	79.7	81.6
$10,000 - $12,499	89.8	91.7	90.7	92.5	85.7	88.5	84.6	86.2
$12,500 - $14,999	91.0	92.8	92.0	93.7	85.8	88.2	85.3	86.4
$15,000 - $19,999	93.0	94.2	94.0	95.2	88.3	89.6	89.6	91.0
$20,000 - $24,999	93.9	95.2	94.6	95.8	90.2	92.2	88.4	90.2
$25,000 - $29,999	95.6	96.6	95.8	96.7	94.0	95.9	91.3	93.5
$30,000 - $34,999	97.1	97.8	97.5	98.2	94.3	95.6	95.3	96.7
$35,000 - $39,999	97.5	98.0	97.8	98.3	95.4	96.4	95.9	96.8
$40,000 - $49,999	98.1	98.5	98.3	98.7	96.2	96.7	96.9	97.4
$50,000 - $59,999	98.1	98.5	98.2	98.6	96.8	97.5	95.7	96.7
$60,000 - $74,999	98.6	98.8	98.8	99.0	96.9	97.4	97.5	97.5
$75,000 +	99.0	99.2	99.0	99.2	99.1	99.1	98.6	98.8
1999 ANNUAL AVERAGE								
TOTAL	94.2	95.0	95.2	95.9	87.7	89.6	89.9	90.9
UNDER $5,000	76.0	79.8	79.0	82.6	69.5	74.2	72.8	75.6
$5,000 - $7,499	82.9	85.3	84.6	87.0	78.3	81.2	79.8	83.3
$7,500 - $9,999	88.3	90.3	89.9	91.5	81.8	85.5	85.0	85.8
$10,000 - $12,499	88.9	90.5	90.4	91.8	82.1	84.9	85.2	86.5
$12,500 - $14,999	90.3	92.0	91.0	92.4	87.1	89.8	84.8	85.9
$15,000 - $19,999	92.5	94.0	93.5	94.7	87.0	90.2	88.3	89.5
$20,000 - $24,999	94.1	95.1	94.8	95.7	90.5	92.1	91.5	92.8
$25,000 - $29,999	95.3	96.2	95.9	96.6	91.8	93.5	95.2	95.7
$30,000 - $34,999	96.7	97.4	97.2	97.7	93.9	95.5	94.7	95.2
$35,000 - $39,999	97.3	97.8	97.8	98.2	94.3	95.1	96.1	96.6
$40,000 - $49,999	98.2	98.5	98.3	98.6	97.2	97.6	95.8	96.5
$50,000 - $59,999	98.2	98.5	98.3	98.7	97.2	97.4	98.1	98.5
$60,000 - $74,999	98.6	98.8	98.6	98.9	97.6	98.4	98.2	98.4
$75,000 +	98.8	99.0	98.9	99.1	97.8	98.2	97.7	98.2
2000 ANNUAL AVERAGE								
TOTAL	94.4	95.2	95.2	95.9	89.3	90.7	90.5	91.6
UNDER $5,000	80.0	83.1	83.1	86.2	73.0	76.3	79.0	82.0
$5,000 - $7,499	84.2	86.3	85.0	87.0	81.7	84.6	82.4	84.7
$7,500 - $9,999	87.0	89.3	88.4	90.3	82.2	85.7	85.8	87.0
$10,000 - $12,499	90.0	91.5	90.9	92.5	85.9	87.5	84.0	86.0
$12,500 - $14,999	91.5	92.9	92.7	94.0	86.5	87.9	88.0	89.9
$15,000 - $19,999	91.7	93.2	92.6	94.1	86.9	89.1	87.2	88.5
$20,000 - $24,999	93.7	94.7	94.3	95.2	90.5	92.2	90.8	91.3
$25,000 - $29,999	95.5	96.3	96.0	96.8	92.5	93.8	93.0	94.3
$30,000 - $34,999	96.4	97.0	96.6	97.2	95.4	96.1	93.7	94.3
$35,000 - $39,999	97.2	97.7	97.5	98.0	95.1	95.7	95.4	95.8
$40,000 - $49,999	97.7	98.2	97.9	98.4	96.0	96.4	96.7	97.8
$50,000 - $59,999	98.0	98.3	98.1	98.4	97.0	97.5	97.6	97.8
$60,000 - $74,999	98.4	98.7	98.5	98.8	97.0	97.5	95.9	96.5
$75,000 +	98.4	98.7	98.5	98.7	97.5	97.7	96.9	97.4

Table 4
Percentage of Households with a Telephone by Income

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
MARCH 2001								
TOTAL	94.6	95.4	95.3	96.1	89.5	91.0	91.7	92.5
UNDER $5,000	79.0	81.7	82.9	84.6	69.8	74.5	78.6	80.2
$5,000 - $7,499	83.7	86.2	85.1	87.3	80.4	84.0	84.9	85.4
$7,500 - $9,999	87.5	90.0	88.5	90.6	84.6	89.1	87.6	89.3
$10,000 - $12,499	91.1	92.6	92.2	93.8	86.2	87.7	88.5	89.7
$12,500 - $14,999	91.0	91.7	91.0	91.9	88.4	88.7	86.7	87.3
$15,000 - $19,999	92.7	94.2	93.2	94.4	89.8	92.7	89.8	90.8
$20,000 - $24,999	94.3	95.4	95.1	96.1	89.1	91.5	91.7	93.1
$25,000 - $29,999	95.9	97.0	96.1	97.1	94.2	95.5	91.6	92.2
$30,000 - $34,999	96.8	97.3	97.0	97.4	95.8	96.6	96.2	96.2
$35,000 - $39,999	97.5	97.7	97.5	97.7	96.9	97.2	97.6	98.3
$40,000 - $49,999	97.6	98.2	98.0	98.5	95.9	96.3	96.4	96.4
$50,000 - $59,999	98.0	98.3	98.1	98.5	96.8	97.2	98.1	98.7
$60,000 - $74,999	98.2	98.5	98.4	98.6	97.8	98.6	97.3	98.4
$75,000 +	98.5	98.9	98.6	99.0	98.2	98.2	97.7	98.3
JULY 2001								
TOTAL	95.1	95.9	95.8	96.5	90.3	91.8	91.3	92.5
UNDER $5,000	81.7	85.1	85.6	87.7	73.3	79.8	81.0	84.9
$5,000 - $7,499	83.7	86.0	85.9	87.7	78.4	82.2	83.1	85.5
$7,500 - $9,999	90.7	92.3	92.1	93.5	86.1	87.9	86.7	90.5
$10,000 - $12,499	90.5	92.4	91.2	92.9	87.6	90.8	85.0	86.9
$12,500 - $14,999	91.5	92.9	93.0	94.0	82.5	86.3	89.0	89.0
$15,000 - $19,999	93.5	94.5	94.1	95.3	91.0	91.9	88.5	89.5
$20,000 - $24,999	94.3	95.6	94.7	96.0	91.6	93.3	89.8	93.0
$25,000 - $29,999	96.4	97.1	96.8	97.5	94.0	95.3	93.6	94.5
$30,000 - $34,999	96.8	97.3	96.8	97.2	97.0	97.7	94.3	94.6
$35,000 - $39,999	97.6	97.9	97.6	97.9	97.4	97.5	94.2	94.7
$40,000 - $49,999	98.0	98.4	97.9	98.4	97.4	97.8	96.8	97.0
$50,000 - $59,999	98.4	98.9	98.4	98.9	98.1	98.2	95.5	97.3
$60,000 - $74,999	98.9	99.1	99.0	99.2	98.4	98.5	97.1	97.1
$75,000 +	98.9	99.1	98.9	99.1	97.7	98.3	99.0	99.0
NOVEMBER 2001								
TOTAL	94.9	95.8	95.6	96.5	90.3	91.5	90.8	92.2
UNDER $5,000	79.1	83.0	80.8	84.7	75.1	79.7	76.8	81.9
$5,000 - $7,499	84.5	86.8	85.1	87.5	83.0	85.3	85.1	86.1
$7,500 - $9,999	88.1	89.6	89.4	90.7	83.0	84.8	85.3	85.9
$10,000 - $12,499	89.1	91.0	89.9	91.7	84.3	86.7	84.0	85.9
$12,500 - $14,999	91.7	93.1	92.6	94.0	88.7	89.8	89.6	90.2
$15,000 - $19,999	92.5	94.4	93.2	95.0	89.3	91.3	88.2	91.6
$20,000 - $24,999	94.2	95.2	95.0	95.9	90.7	91.6	92.3	93.1
$25,000 - $29,999	95.7	96.6	95.6	96.5	96.5	97.2	92.7	93.9
$30,000 - $34,999	96.6	97.3	97.2	97.9	93.0	93.8	94.2	94.7
$35,000 - $39,999	96.6	97.8	96.9	98.0	94.0	95.6	96.1	97.0
$40,000 - $49,999	97.9	98.3	97.9	98.4	97.7	97.7	94.9	94.9
$50,000 - $59,999	98.8	99.1	98.9	99.3	97.0	97.0	98.3	99.3
$60,000 - $74,999	98.7	99.2	98.8	99.3	97.5	97.8	95.0	97.1
$75,000 +	98.9	99.2	98.9	99.2	98.9	99.2	98.0	98.8

Table 4
Percentage of Households with a Telephone by Income

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
2001 ANNUAL AVERAGE								
TOTAL	94.9	95.7	95.6	96.4	90.0	91.4	91.3	92.4
UNDER $5,000	79.9	83.3	83.1	85.7	72.7	78.0	78.8	82.3
$5,000 - $7,499	84.0	86.3	85.4	87.5	80.6	83.8	84.4	85.7
$7,500 - $9,999	88.8	90.6	90.0	91.6	84.6	87.3	86.5	88.6
$10,000 - $12,499	90.2	92.0	91.1	92.8	86.0	88.4	85.8	87.5
$12,500 - $14,999	91.4	92.6	92.2	93.3	86.5	88.3	88.4	88.8
$15,000 - $19,999	92.9	94.4	93.5	94.9	90.0	92.0	88.8	90.6
$20,000 - $24,999	94.3	95.4	94.9	96.0	90.5	92.1	91.3	93.1
$25,000 - $29,999	96.0	96.9	96.2	97.0	94.9	96.0	92.6	93.5
$30,000 - $34,999	96.7	97.3	97.0	97.5	95.3	96.0	94.9	95.2
$35,000 - $39,999	97.2	97.8	97.3	97.9	96.1	96.8	96.0	96.7
$40,000 - $49,999	97.8	98.3	97.9	98.4	97.0	97.3	96.0	96.1
$50,000 - $59,999	98.4	98.8	98.5	98.9	97.3	97.5	97.3	98.4
$60,000 - $74,999	98.6	98.9	98.7	99.0	97.9	98.3	96.5	97.5
$75,000 +	98.8	99.1	98.8	99.1	98.3	98.6	98.2	98.7
MARCH 2002								
TOTAL	95.5	96.3	96.3	97.0	90.8	92.1	91.8	92.9
UNDER $5,000	81.0	83.9	84.2	86.6	73.7	77.7	79.9	82.1
$5,000 - $7,499	84.0	86.8	85.6	88.5	78.8	81.7	84.1	86.0
$7,500 - $9,999	90.9	92.3	92.2	93.3	88.2	89.4	90.0	91.1
$10,000 - $12,499	90.2	91.5	91.6	92.6	84.4	86.1	89.6	91.1
$12,500 - $14,999	92.9	94.0	93.8	95.1	89.6	90.1	87.1	89.0
$15,000 - $19,999	93.1	94.6	93.3	94.5	91.8	94.6	86.9	88.7
$20,000 - $24,999	94.8	95.6	95.5	96.3	92.1	92.7	93.9	94.8
$25,000 - $29,999	95.5	96.8	96.3	97.4	91.2	93.0	93.1	95.0
$30,000 - $34,999	97.1	97.5	97.2	97.7	96.5	96.5	93.4	94.2
$35,000 - $39,999	97.9	98.4	98.0	98.5	97.2	97.8	97.0	97.7
$40,000 - $49,999	98.2	98.6	98.4	98.8	96.6	97.2	97.4	97.5
$50,000 - $59,999	99.0	99.6	99.0	99.5	99.6	99.6	98.2	99.3
$60,000 - $74,999	99.4	99.6	99.6	99.7	98.8	98.8	98.8	99.3
$75,000 +	99.3	99.5	99.3	99.6	98.8	98.8	99.5	99.5
JULY 2002								
TOTAL	95.1	96.0	96.0	96.7	89.9	91.6	90.7	92.0
UNDER $5,000	78.9	82.2	80.5	83.8	74.5	78.7	75.4	79.3
$5,000 - $7,499	82.6	86.0	86.2	88.9	73.3	78.3	84.1	84.5
$7,500 - $9,999	89.7	91.6	90.2	92.1	87.0	89.2	86.5	89.1
$10,000 - $12,499	90.4	92.3	91.7	93.2	85.2	89.0	88.1	90.7
$12,500 - $14,999	92.5	93.4	93.2	94.0	89.5	90.8	87.9	89.7
$15,000 - $19,999	92.9	94.1	93.7	94.7	90.9	92.6	86.7	87.8
$20,000 - $24,999	93.6	95.0	94.6	96.0	88.6	90.5	89.7	91.8
$25,000 - $29,999	95.4	96.3	95.6	96.5	94.2	94.9	92.6	94.3
$30,000 - $34,999	96.3	97.3	97.1	97.9	92.2	93.7	94.5	96.1
$35,000 - $39,999	98.1	98.5	98.2	98.6	97.9	98.0	97.2	97.2
$40,000 - $49,999	97.8	98.3	98.0	98.4	96.6	97.3	94.9	96.1
$50,000 - $59,999	98.5	98.9	98.7	99.0	98.4	98.4	97.0	97.0
$60,000 - $74,999	98.9	99.2	98.9	99.3	98.1	99.0	96.7	97.6
$75,000 +	99.3	99.6	99.4	99.6	98.2	98.5	99.2	99.4

Table 4
Percentage of Households with a Telephone by Income

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
NOVEMBER 2002								
TOTAL	95.3	96.2	96.2	96.9	89.7	91.2	92.7	93.7
UNDER $5,000	79.8	83.1	82.8	85.3	73.1	77.8	78.2	80.8
$5,000 - $7,499	83.2	85.6	85.8	88.4	77.0	79.1	85.2	86.6
$7,500 - $9,999	88.6	90.8	91.0	92.7	80.8	84.6	88.8	91.6
$10,000 - $12,499	91.1	93.0	92.4	94.0	86.4	88.6	86.6	87.4
$12,500 - $14,999	92.8	94.2	93.2	94.6	90.5	92.0	90.8	91.9
$15,000 - $19,999	93.6	94.8	94.3	95.3	90.5	93.2	89.4	90.7
$20,000 - $24,999	94.4	95.6	95.2	96.2	91.2	93.2	93.4	94.4
$25,000 - $29,999	95.8	96.7	96.0	97.0	94.5	95.2	94.5	96.5
$30,000 - $34,999	97.3	97.8	97.8	98.2	95.5	96.3	97.6	97.6
$35,000 - $39,999	97.7	98.3	97.9	98.6	96.2	96.7	98.1	98.9
$40,000 - $49,999	98.5	98.9	98.7	99.1	96.5	96.8	97.7	98.8
$50,000 - $59,999	98.6	99.0	98.9	99.2	96.1	96.7	98.6	98.6
$60,000 - $74,999	98.9	99.3	99.0	99.4	98.1	98.6	99.4	99.9
$75,000 +	99.3	99.5	99.3	99.5	98.7	98.7	98.8	98.8
2002 ANNUAL AVERAGE								
TOTAL	95.3	96.2	96.2	96.9	90.1	91.6	91.7	92.9
UNDER $5,000	79.9	83.1	82.5	85.2	73.8	78.1	77.8	80.7
$5,000 - $7,499	83.3	86.1	85.9	88.6	76.4	79.7	84.5	85.7
$7,500 - $9,999	89.7	91.6	91.1	92.7	85.3	87.7	88.4	90.6
$10,000 - $12,499	90.6	92.3	91.9	93.3	85.3	87.9	88.1	89.7
$12,500 - $14,999	92.7	93.9	93.4	94.6	89.9	91.0	88.6	90.2
$15,000 - $19,999	93.2	94.5	93.8	94.8	91.1	93.5	87.7	89.1
$20,000 - $24,999	94.3	95.4	95.1	96.2	90.6	92.1	92.3	93.7
$25,000 - $29,999	95.6	96.6	96.0	97.0	93.3	94.4	93.4	95.3
$30,000 - $34,999	96.9	97.5	97.4	97.9	94.7	95.5	95.2	96.0
$35,000 - $39,999	97.9	98.4	98.0	98.6	97.1	97.5	97.4	97.9
$40,000 - $49,999	98.2	98.6	98.4	98.8	96.6	97.1	96.7	97.5
$50,000 - $59,999	98.7	99.2	98.9	99.2	98.0	98.2	97.9	98.3
$60,000 - $74,999	99.1	99.4	99.2	99.5	98.3	98.8	98.3	98.9
$75,000 +	99.3	99.5	99.3	99.6	98.6	98.7	99.2	99.2
MARCH 2003								
TOTAL	95.5	96.3	96.2	96.9	91.0	92.1	92.3	93.2
UNDER $5,000	80.5	84.6	83.0	87.3	76.0	80.3	79.5	83.9
$5,000 - $7,499	86.5	88.2	86.6	88.6	83.6	85.0	81.0	82.1
$7,500 - $9,999	89.7	91.2	90.9	92.3	85.5	86.9	88.2	90.5
$10,000 - $12,499	91.6	92.6	92.2	93.2	87.8	89.4	87.9	89.3
$12,500 - $14,999	92.0	93.0	92.5	93.7	88.9	89.7	89.4	90.3
$15,000 - $19,999	93.6	94.8	94.7	95.6	88.9	90.8	90.6	91.4
$20,000 - $24,999	94.0	94.9	94.7	95.5	90.1	91.2	92.1	93.2
$25,000 - $29,999	95.8	96.5	96.2	96.8	94.2	94.8	93.3	93.5
$30,000 - $34,999	96.7	97.4	96.9	97.7	94.2	94.6	95.4	96.3
$35,000 - $39,999	98.0	98.5	98.3	98.8	96.0	96.3	98.6	98.6
$40,000 - $49,999	98.0	98.5	97.9	98.4	98.4	99.2	95.9	96.4
$50,000 - $59,999	98.6	99.1	98.8	99.2	97.4	98.2	97.5	98.3
$60,000 - $74,999	98.8	99.2	98.8	99.3	98.1	98.1	97.3	97.9
$75,000 +	99.3	99.6	99.4	99.6	99.3	99.6	98.8	99.1

Table 4
Percentage of Households with a Telephone by Income

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
JULY 2003								
TOTAL	95.2	96.1	96.0	96.8	90.5	91.8	91.4	92.7
UNDER $5,000	80.4	84.3	83.3	86.7	73.5	78.6	74.3	76.9
$5,000 - $7,499	85.8	87.6	86.4	87.8	83.2	85.9	81.7	83.6
$7,500 - $9,999	89.9	92.0	90.8	92.5	87.1	90.6	87.9	89.4
$10,000 - $12,499	89.5	91.6	90.5	92.7	84.3	86.9	89.0	89.8
$12,500 - $14,999	91.8	93.0	92.8	93.7	85.9	88.1	89.5	91.5
$15,000 - $19,999	93.1	95.0	93.8	95.7	89.8	91.0	88.1	91.3
$20,000 - $24,999	94.2	95.2	94.9	95.8	90.2	91.1	90.5	93.1
$25,000 - $29,999	96.0	97.0	96.2	97.2	95.6	96.6	94.0	94.8
$30,000 - $34,999	96.7	97.6	97.0	98.0	93.9	94.4	95.0	95.6
$35,000 - $39,999	97.7	98.4	97.7	98.4	97.5	98.0	97.5	98.4
$40,000 - $49,999	97.9	98.4	98.2	98.7	95.8	96.6	96.6	97.5
$50,000 - $59,999	98.5	99.0	98.5	99.0	98.9	98.9	96.6	97.8
$60,000 - $74,999	98.9	99.2	99.1	99.3	97.9	98.3	100.0	100.0
$75,000 +	99.3	99.5	99.3	99.6	98.4	98.7	98.9	99.3
NOVEMBER 2003								
TOTAL	94.7	95.5	95.5	96.2	89.7	90.9	90.5	91.5
UNDER $5,000	79.4	82.6	80.5	83.7	74.8	78.1	71.2	76.0
$5,000 - $7,499	83.6	85.8	84.7	86.3	81.0	84.0	77.8	80.7
$7,500 - $9,999	89.1	91.1	89.8	91.0	85.9	90.2	84.1	84.1
$10,000 - $12,499	89.8	91.4	90.4	92.1	87.6	88.8	82.0	83.8
$12,500 - $14,999	91.4	93.0	92.2	93.9	87.4	88.8	85.5	87.0
$15,000 - $19,999	91.9	93.0	92.7	93.6	87.7	89.2	89.8	90.7
$20,000 - $24,999	94.0	94.7	94.1	94.9	92.5	93.4	92.9	93.9
$25,000 - $29,999	95.1	96.2	95.4	96.3	93.5	94.8	93.1	93.6
$30,000 - $34,999	96.1	96.7	96.3	97.0	93.7	94.1	94.5	94.8
$35,000 - $39,999	97.4	98.2	97.5	98.3	98.1	98.3	95.2	95.9
$40,000 - $49,999	97.8	98.4	98.1	98.7	95.7	96.4	96.2	97.3
$50,000 - $59,999	98.3	98.8	98.4	99.0	97.1	97.4	96.2	97.7
$60,000 - $74,999	98.5	98.9	98.6	99.0	97.8	98.2	97.6	98.7
$75,000 +	98.4	98.9	98.6	99.2	95.2	95.2	100.0	100.0
2003 ANNUAL AVERAGE								
TOTAL	95.1	96.0	95.9	96.6	90.4	91.6	91.4	92.5
UNDER $5,000	80.1	83.8	82.3	85.9	74.8	79.0	75.0	78.9
$5,000 - $7,499	85.3	87.2	85.9	87.6	82.6	85.0	80.2	82.1
$7,500 - $9,999	89.6	91.4	90.5	91.9	86.2	89.2	86.7	88.0
$10,000 - $12,499	90.3	91.9	91.0	92.7	86.6	88.4	86.3	87.6
$12,500 - $14,999	91.7	93.0	92.5	93.8	87.4	88.9	88.1	89.6
$15,000 - $19,999	92.9	94.3	93.7	95.0	88.8	90.3	89.5	91.1
$20,000 - $24,999	94.1	94.9	94.6	95.4	90.9	91.9	91.8	93.4
$25,000 - $29,999	95.6	96.6	95.9	96.8	94.4	95.4	93.5	94.0
$30,000 - $34,999	96.5	97.2	96.7	97.6	93.9	94.4	95.0	95.6
$35,000 - $39,999	97.7	98.4	97.8	98.5	97.2	97.5	97.1	97.6
$40,000 - $49,999	97.9	98.4	98.1	98.6	96.6	97.4	96.2	97.1
$50,000 - $59,999	98.5	99.0	98.6	99.1	97.8	98.2	96.8	97.9
$60,000 - $74,999	98.7	99.1	98.8	99.2	97.9	98.2	98.3	98.9
$75,000 +	99.0	99.3	99.1	99.5	97.6	97.8	99.2	99.5

Table 4
Percentage of Households with a Telephone by Income

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
MARCH 2004								
TOTAL	94.2	95.1	94.9	95.7	90.1	91.1	90.5	91.6
UNDER $5,000	80.1	83.4	82.1	85.1	76.9	79.8	74.9	76.7
$5,000 - $7,499	85.1	86.8	84.4	85.9	86.7	88.8	83.9	85.1
$7,500 - $9,999	88.1	89.4	89.2	90.5	82.8	84.2	85.5	87.7
$10,000 - $12,499	90.2	91.7	90.8	91.8	88.5	91.3	85.3	85.9
$12,500 - $14,999	90.8	92.8	91.9	93.8	87.9	89.8	88.0	90.1
$15,000 - $19,999	91.2	92.6	92.1	93.4	88.8	90.4	88.1	89.7
$20,000 - $24,999	94.2	95.1	94.7	95.5	90.9	91.7	89.8	90.5
$25,000 - $29,999	94.5	95.6	94.7	95.8	94.0	94.5	93.9	95.1
$30,000 - $34,999	95.8	96.6	96.3	97.0	93.7	94.6	94.5	95.5
$35,000 - $39,999	96.1	96.9	96.3	97.2	95.7	95.7	94.4	96.5
$40,000 - $49,999	96.7	97.4	96.8	97.6	95.2	95.2	93.6	95.2
$50,000 - $59,999	97.9	98.2	98.3	98.6	95.7	95.7	96.8	97.8
$60,000 - $74,999	97.4	97.8	97.7	98.1	96.5	96.5	98.4	98.4
$75,000 +	98.2	98.7	98.2	98.8	97.9	97.9	97.3	98.5

Table 5
Percentage of Households with a Telephone by Household Size

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
NOVEMBER 1983								
TOTAL	91.4	93.7	93.1	95.0	78.8	83.9	80.7	84.6
1 PERSON	87.5	91.3	90.2	93.7	71.2	77.1	73.8	82.0
2 - 3	93.3	95.0	94.5	95.9	82.5	87.8	80.7	84.3
4 - 5	92.4	94.2	93.6	95.0	83.1	87.3	83.4	86.2
6 +	86.6	88.9	90.5	92.2	74.5	78.5	81.0	84.0
1984 ANNUAL AVERAGE								
TOTAL	91.6	93.7	93.2	94.9	79.8	84.5	80.9	84.3
1 PERSON	88.3	91.8	90.3	93.4	74.9	80.7	72.9	79.4
2 - 3	93.2	94.9	94.5	95.9	82.3	86.8	82.0	85.2
4 - 5	92.5	94.0	93.9	95.1	81.8	85.7	83.9	86.2
6 +	86.9	88.8	89.8	91.1	76.3	80.1	79.2	81.8
1985 ANNUAL AVERAGE								
TOTAL	91.8	93.9	93.3	95.0	81.1	85.2	81.3	84.4
1 PERSON	87.6	91.2	89.9	93.1	73.6	79.8	71.9	78.5
2 - 3	93.5	95.0	94.5	95.8	84.9	87.9	83.6	86.0
4 - 5	94.2	95.3	95.2	96.1	87.6	90.4	85.6	87.0
6 +	90.3	91.8	92.8	93.6	81.3	84.9	85.6	86.1
1986 ANNUAL AVERAGE								
TOTAL	92.3	94.1	93.7	95.2	81.6	85.9	81.4	84.1
1 PERSON	88.1	91.4	90.4	93.2	75.4	81.0	73.9	79.3
2 - 3	94.0	95.3	95.0	96.1	85.3	88.9	83.1	85.4
4 - 5	94.4	95.3	95.4	96.1	87.9	90.4	85.5	86.7
6 +	90.1	91.5	92.9	93.5	77.8	82.8	83.3	84.1
1987 ANNUAL AVERAGE								
TOTAL	92.4	94.2	93.8	95.4	81.8	85.9	83.0	85.4
1 PERSON	89.5	92.7	91.3	94.1	77.8	83.1	79.5	83.5
2 - 3	93.9	95.3	95.1	96.3	83.9	87.3	83.8	86.3
4 - 5	93.0	94.5	94.3	95.4	83.6	87.4	84.4	86.4
6 +	87.4	89.1	89.8	91.0	77.4	81.5	80.6	81.6
1988 ANNUAL AVERAGE								
TOTAL	92.7	94.5	94.1	95.6	83.0	86.8	82.1	85.1
1 PERSON	88.4	91.7	90.6	93.5	76.4	82.0	74.4	79.5
2 - 3	94.5	95.7	95.4	96.4	86.8	89.7	84.2	86.9
4 - 5	94.9	95.8	95.8	96.5	89.0	90.7	84.4	85.6
6 +	92.8	94.3	93.7	94.9	87.2	90.6	86.1	88.0
1989 ANNUAL AVERAGE								
TOTAL	93.1	94.9	94.5	95.9	83.2	87.1	83.0	86.0
1 PERSON	90.0	93.0	91.9	94.6	79.1	83.8	75.5	81.3
2 - 3	94.5	95.8	95.6	96.7	85.8	89.3	84.3	87.3
4 - 5	94.5	95.5	95.7	96.4	85.7	88.8	86.9	88.5
6 +	90.5	92.0	92.7	93.8	82.4	85.8	84.9	86.5

Table 5
Percentage of Households with a Telephone by Household Size

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
1990 ANNUAL AVERAGE								
TOTAL	93.3	95.0	94.6	96.1	83.5	87.0	82.7	85.3
1 PERSON	90.9	93.7	92.5	95.1	80.2	84.8	76.2	80.5
2 - 3	94.7	96.0	95.8	96.9	86.0	89.0	84.2	86.7
4 - 5	93.6	95.0	95.0	96.1	84.0	87.1	84.6	86.8
6 +	87.8	89.6	90.2	91.5	78.5	81.8	80.6	81.8
1991 ANNUAL AVERAGE								
TOTAL	93.4	95.1	94.8	96.2	83.5	87.2	84.1	87.7
1 PERSON	91.1	93.9	92.8	95.3	79.8	84.9	77.7	83.3
2 - 3	94.9	96.2	96.0	97.1	85.8	88.9	86.2	88.4
4 - 5	93.7	95.0	95.1	96.1	84.3	87.4	85.1	87.5
6 +	88.8	90.4	90.5	91.8	81.0	83.9	82.0	83.3
1992 ANNUAL AVERAGE								
TOTAL	93.8	95.3	95.2	96.4	84.2	87.9	85.8	88.2
1 PERSON	91.8	94.1	93.4	95.4	81.4	86.1	81.3	85.4
2 - 3	95.1	96.3	96.2	97.2	86.1	89.2	86.3	88.9
4 - 5	93.9	95.2	95.3	96.2	84.4	88.0	87.4	89.2
6 +	89.9	91.4	91.7	92.7	82.8	85.4	85.7	86.6
1993 ANNUAL AVERAGE								
TOTAL	94.2	95.6	95.5	96.6	85.2	88.3	86.7	88.8
1 PERSON	92.3	94.6	93.9	95.8	82.5	86.8	81.9	86.4
2 - 3	95.3	96.4	96.3	97.2	87.1	89.6	87.3	89.1
4 - 5	94.5	95.6	95.9	96.7	85.7	88.3	88.4	90.2
6 +	89.9	91.5	92.0	93.0	81.2	84.9	85.7	87.1
1994 ANNUAL AVERAGE								
TOTAL	93.8	95.4	95.1	96.4	85.7	89.4	86.0	88.3
1 PERSON	91.8	94.2	93.4	95.4	82.2	86.7	82.1	85.9
2 - 3	95.0	96.2	96.0	97.0	87.9	91.1	86.6	88.9
4 - 5	94.2	95.6	95.5	96.6	86.6	89.9	88.1	89.5
6 +	89.4	91.7	91.3	93.1	82.3	86.9	83.4	85.9
1995 ANNUAL AVERAGE								
TOTAL	93.9	95.2	95.2	96.2	86.2	89.2	85.9	87.8
1 PERSON	91.6	93.4	93.2	94.6	82.1	85.9	80.6	82.7
2 - 3	95.2	96.1	96.2	96.9	88.2	90.7	86.4	88.2
4 - 5	94.5	95.6	95.6	96.5	87.9	90.5	88.0	89.8
6 +	90.4	92.3	92.0	93.6	84.4	87.8	85.2	87.1
1996 ANNUAL AVERAGE								
TOTAL	93.9	95.0	94.9	95.8	87.3	89.8	86.4	88.0
1 PERSON	91.5	93.1	92.7	94.2	83.8	86.5	80.5	83.4
2 - 3	95.2	96.1	96.1	96.7	88.9	91.5	87.5	88.9
4 - 5	94.5	95.5	95.3	96.1	88.9	91.3	87.8	89.5
6 +	89.8	91.1	91.1	92.1	84.6	87.5	85.4	86.5

Table 5
Percentage of Households with a Telephone by Household Size

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
1997 ANNUAL AVERAGE								
TOTAL	93.9	95.0	95.0	95.9	86.9	89.5	86.7	88.6
1 PERSON	91.4	93.1	92.8	94.3	83.3	86.3	80.1	83.7
2 - 3	95.0	96.0	95.9	96.6	89.2	91.4	87.6	89.4
4 - 5	94.8	95.8	95.9	96.6	87.9	90.5	89.1	90.3
6 +	90.3	91.7	91.9	92.9	83.0	86.2	85.7	87.6
1998 ANNUAL AVERAGE								
TOTAL	94.1	95.2	95.1	96.0	87.9	89.7	88.4	90.0
1 PERSON	91.4	92.9	92.9	94.3	82.8	85.2	81.9	84.5
2 - 3	95.4	96.2	96.1	96.8	90.5	92.1	89.5	91.0
4 - 5	94.9	95.7	95.7	96.4	89.5	90.9	89.9	91.3
6 +	91.8	92.9	92.7	93.6	87.9	89.9	88.4	89.4
1999 ANNUAL AVERAGE								
TOTAL	94.2	95.0	95.2	95.9	87.7	89.6	89.9	90.9
1 PERSON	90.9	92.4	92.6	93.8	82.1	84.9	82.7	84.4
2 - 3	95.4	96.1	96.1	96.7	90.3	91.8	90.1	91.3
4 - 5	95.6	96.2	96.4	96.9	90.6	92.0	92.5	93.4
6 +	92.2	93.4	93.4	94.4	85.9	88.5	90.3	90.8
2000 ANNUAL AVERAGE								
TOTAL	94.4	95.2	95.2	95.9	89.3	90.7	90.5	91.6
1 PERSON	91.5	92.8	92.8	94.0	84.4	86.5	84.0	86.2
2 - 3	95.4	96.1	96.0	96.6	91.0	92.1	90.5	91.6
4 - 5	95.6	96.2	96.2	96.7	91.7	92.9	92.6	93.4
6 +	93.4	94.4	93.8	94.7	91.5	92.7	92.1	93.0
MARCH 2001								
TOTAL	94.6	95.4	95.3	96.1	89.5	91.0	91.7	92.5
1 PERSON	91.6	93.0	92.7	94.0	85.5	87.2	87.2	88.9
2 - 3	95.5	96.1	96.2	96.7	90.4	92.1	92.6	93.2
4 - 5	96.2	96.7	96.7	97.2	93.0	94.0	92.8	93.4
6 +	94.0	94.6	94.7	95.3	90.4	90.9	91.0	91.6
JULY 2001								
TOTAL	95.1	95.9	95.8	96.5	90.3	91.8	91.3	92.5
1 PERSON	92.5	93.8	93.7	94.9	85.6	87.8	84.4	86.7
2 - 3	96.0	96.5	96.5	96.9	92.7	93.7	90.2	91.5
4 - 5	96.4	97.1	97.1	97.7	91.2	92.7	95.1	96.0
6 +	94.3	95.1	94.7	95.2	92.6	95.0	92.9	93.3
NOVEMBER 2001								
TOTAL	94.9	95.8	95.6	96.5	90.3	91.5	90.8	92.2
1 PERSON	92.0	93.5	93.0	94.4	86.3	88.3	83.0	85.6
2 - 3	95.9	96.6	96.5	97.1	92.0	93.1	90.9	92.0
4 - 5	96.2	97.0	96.7	97.6	92.4	92.9	93.4	94.7
6 +	94.4	95.2	95.0	95.8	90.9	92.0	92.6	93.3

Table 5
Percentage of Households with a Telephone by Household Size

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
2001 ANNUAL AVERAGE								
TOTAL	94.9	95.7	95.6	96.4	90.0	91.4	91.3	92.4
1 PERSON	92.0	93.4	93.1	94.4	85.8	87.8	84.9	87.1
2 - 3	95.8	96.4	96.4	96.9	91.7	93.0	91.2	92.2
4 - 5	96.3	96.9	96.8	97.5	92.2	93.2	93.8	94.7
6 +	94.2	95.0	94.8	95.4	91.3	92.6	92.2	92.7
MARCH 2002								
TOTAL	95.5	96.3	96.3	97.0	90.8	92.1	91.8	92.9
1 PERSON	93.0	94.2	94.3	95.3	86.3	88.2	87.2	88.5
2 - 3	96.4	97.1	97.1	97.6	92.5	93.3	91.7	92.8
4 - 5	96.7	97.3	97.1	97.7	93.3	94.4	93.6	94.6
6 +	95.3	96.1	95.6	96.2	93.8	95.0	93.1	93.9
JULY 2002								
TOTAL	95.1	96.0	96.0	96.7	89.9	91.6	90.7	92.0
1 PERSON	92.5	93.8	93.7	95.0	85.7	87.6	84.9	86.3
2 - 3	96.1	96.7	96.8	97.3	91.4	93.0	90.6	92.1
4 - 5	96.4	97.2	97.0	97.6	92.9	94.6	93.3	94.2
6 +	94.3	95.3	94.7	95.6	90.2	92.3	91.3	93.1
NOVEMBER 2002								
TOTAL	95.3	96.2	96.2	96.9	89.7	91.2	92.7	93.7
1 PERSON	92.7	93.9	94.0	95.2	85.2	86.7	87.9	89.7
2 - 3	96.2	96.9	96.9	97.5	91.4	93.1	92.3	93.2
4 - 5	96.7	97.3	97.3	97.8	92.2	93.2	94.6	95.6
6 +	95.2	95.8	96.0	96.4	92.3	92.9	94.8	95.4
2002 ANNUAL AVERAGE								
TOTAL	95.3	96.2	96.2	96.9	90.1	91.6	91.7	92.9
1 PERSON	92.7	94.0	94.0	95.2	85.7	87.5	86.7	88.2
2 - 3	96.2	96.9	96.9	97.5	91.8	93.1	91.5	92.7
4 - 5	96.6	97.3	97.1	97.7	92.8	94.1	93.8	94.8
6 +	94.9	95.7	95.4	96.1	92.1	93.4	93.1	94.1
MARCH 2003								
TOTAL	95.5	96.3	96.2	96.9	91.0	92.1	92.3	93.2
1 PERSON	92.6	93.8	93.7	94.9	86.4	87.7	84.5	87.0
2 - 3	96.6	97.2	97.2	97.7	92.7	93.7	93.1	93.7
4 - 5	97.0	97.4	97.4	97.8	93.9	94.6	95.0	95.3
6 +	94.2	95.2	94.5	95.4	92.5	94.1	91.8	93.7
JULY 2003								
TOTAL	95.2	96.1	96.0	96.8	90.5	91.8	91.4	92.7
1 PERSON	92.1	93.4	93.3	94.6	85.1	86.7	84.1	86.1
2 - 3	96.3	97.1	96.9	97.6	92.4	93.6	91.5	93.2
4 - 5	96.9	97.5	97.3	97.9	94.0	95.1	94.1	95.0
6 +	95.3	95.7	95.8	96.0	92.1	93.6	93.7	93.7

Table 5
Percentage of Households with a Telephone by Household Size

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
NOVEMBER 2003								
TOTAL	94.7	95.5	95.5	96.2	89.7	90.9	90.5	91.5
1 PERSON	91.7	93.1	93.0	94.3	84.4	85.9	82.3	84.4
2 - 3	95.7	96.4	96.4	96.9	91.6	92.7	91.3	92.3
4 - 5	96.2	96.8	96.6	97.1	93.4	94.4	92.8	93.4
6 +	93.7	94.4	94.6	95.3	89.8	90.8	92.0	92.8
2003 ANNUAL AVERAGE								
TOTAL	95.1	96.0	95.9	96.6	90.4	91.6	91.4	92.5
1 PERSON	92.1	93.4	93.3	94.6	85.3	86.8	83.6	85.8
2 - 3	96.2	96.9	96.8	97.4	92.2	93.3	92.0	93.1
4 - 5	96.7	97.2	97.1	97.6	93.8	94.7	94.0	94.6
6 +	94.4	95.1	95.0	95.6	91.5	92.8	92.5	93.4
MARCH 2004								
TOTAL	94.2	95.1	94.9	95.7	90.1	91.1	90.5	91.6
1 PERSON	90.8	92.1	92.1	93.4	84.2	85.6	82.8	85.0
2 - 3	95.4	96.1	95.9	96.6	92.4	92.9	91.6	92.9
4 - 5	95.8	96.2	96.0	96.4	93.5	94.5	92.4	93.1
6+	94.7	95.3	94.7	95.2	93.2	94.8	91.5	92.5

Table 6
Percentage of Households with a Telephone by Householder's Age

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
NOVEMBER 1983								
TOTAL HOUSEHOLDS	91.4	93.7	93.1	95.0	78.8	83.9	80.7	84.6
16-24 YRS OLD	76.6	84.1	80.2	86.2	49.9	68.2	64.9	71.9
25-54 YRS OLD	91.5	93.7	93.4	95.2	78.7	83.3	81.8	85.6
55-59 YRS OLD	95.0	96.1	96.1	97.0	86.3	88.5	89.3	89.3
60-64 YRS OLD	95.5	96.4	96.4	97.2	89.5	90.7	87.3	90.2
65-69 YRS OLD	95.5	96.2	96.5	97.0	87.2	89.0	90.7	90.7
70-99 YRS OLD	95.4	96.5	96.0	97.0	90.1	92.3	85.5	89.1
1984 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	91.6	93.7	93.2	94.9	79.8	84.5	80.9	84.3
16-24 YRS OLD	77.0	83.6	79.6	85.4	58.2	70.8	60.9	69.2
25-54 YRS OLD	91.7	93.7	93.4	95.1	79.6	84.1	83.1	85.7
55-59 YRS OLD	94.9	96.1	96.1	97.1	86.6	89.2	87.1	90.1
60-64 YRS OLD	94.9	96.0	96.0	97.0	86.6	88.8	87.1	89.1
65-69 YRS OLD	96.2	96.8	97.1	97.6	87.9	89.9	90.2	91.5
70-99 YRS OLD	95.3	96.5	96.0	97.1	88.2	90.9	84.4	87.6
1985 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	91.8	93.9	93.3	95.0	81.1	85.2	81.3	84.4
16-24 YRS OLD	77.9	83.8	80.3	85.8	60.0	69.4	64.8	70.8
25-54 YRS OLD	91.9	93.9	93.5	95.2	80.7	85.0	82.5	85.2
55-59 YRS OLD	94.9	96.0	95.8	96.8	87.8	90.0	87.4	89.2
60-64 YRS OLD	94.9	95.9	95.8	96.5	88.4	90.2	89.7	91.3
65-69 YRS OLD	95.9	96.8	96.8	97.5	88.2	90.9	89.1	91.7
70-99 YRS OLD	95.5	96.6	96.2	97.3	89.1	90.7	87.6	90.9
1986 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	92.3	94.1	93.7	95.2	81.6	85.9	81.4	84.1
16-24 YRS OLD	79.0	84.4	81.5	85.9	59.8	72.2	63.4	67.4
25-54 YRS OLD	92.2	94.0	93.8	95.3	81.1	85.2	82.9	85.5
55-59 YRS OLD	95.2	96.3	96.1	97.0	88.0	91.3	87.6	90.4
60-64 YRS OLD	95.4	96.2	96.2	97.0	88.9	90.4	89.1	90.3
65-69 YRS OLD	95.8	96.7	96.7	97.4	88.4	90.6	90.4	91.9
70-99 YRS OLD	96.0	97.0	96.5	97.4	91.3	92.9	87.5	89.8
1987 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	92.4	94.2	93.8	95.4	81.8	85.9	83.0	85.4
16-24 YRS OLD	78.9	84.4	81.4	86.1	61.8	72.3	65.2	70.8
25-54 YRS OLD	92.3	94.2	93.9	95.4	81.4	85.5	84.4	86.5
55-59 YRS OLD	95.2	96.2	96.4	97.2	87.0	89.6	89.1	90.7
60-64 YRS OLD	95.7	96.4	96.6	97.3	88.0	90.2	90.9	92.0
65-69 YRS OLD	95.9	96.7	97.0	97.5	87.1	89.3	88.8	88.8
70-99 YRS OLD	96.0	97.0	96.5	97.5	91.9	93.0	91.6	93.1
1988 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	92.7	94.5	94.1	95.6	83.0	86.8	82.1	85.1
16-24 YRS OLD	80.2	85.1	82.3	86.8	65.6	73.5	64.0	70.9
25-54 YRS OLD	92.6	94.4	94.1	95.6	82.2	86.3	83.5	86.1
55-59 YRS OLD	95.1	96.4	96.1	97.2	88.3	91.0	88.5	89.9
60-64 YRS OLD	95.3	96.2	96.3	97.0	87.6	89.9	87.3	90.0
65-69 YRS OLD	96.4	97.1	97.2	97.7	89.6	92.0	89.6	91.2
70-99 YRS OLD	96.2	97.5	96.7	97.9	92.3	93.9	92.2	94.3

Table 6
Percentage of Households with a Telephone by Householder's Age

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
1989 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	93.1	94.9	94.5	95.9	83.2	87.1	83.0	86.0
16-24 YRS OLD	80.5	85.9	82.9	87.7	65.3	75.2	64.8	72.3
25-54 YRS OLD	92.7	94.6	94.3	95.8	82.2	86.4	83.6	86.5
55-59 YRS OLD	95.4	96.5	96.4	97.4	88.7	90.7	90.1	91.2
60-64 YRS OLD	95.7	96.7	96.6	97.3	89.2	91.6	89.8	90.0
65-69 YRS OLD	96.3	97.0	97.1	97.7	90.3	91.9	88.8	91.0
70-99 YRS OLD	96.4	97.4	97.1	97.9	91.1	92.6	89.8	92.0
1990 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	93.3	95.0	94.6	96.1	83.5	87.0	82.7	85.3
16-24 YRS OLD	81.2	86.5	83.6	88.2	66.4	75.3	67.8	73.5
25-54 YRS OLD	92.6	94.5	94.1	95.7	82.4	86.1	82.0	84.6
55-59 YRS OLD	95.4	96.4	96.5	97.4	87.3	89.6	89.9	90.7
60-64 YRS OLD	96.2	96.9	97.1	97.6	89.7	91.6	90.6	91.1
65-69 YRS OLD	96.3	97.1	97.0	97.8	90.7	91.7	90.7	92.5
70-99 YRS OLD	96.9	97.8	97.4	98.3	91.9	93.3	93.2	94.1
1991 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	93.4	95.1	94.8	96.2	83.5	87.2	84.1	86.7
16-24 YRS OLD	81.0	86.1	83.4	88.0	65.7	74.5	68.5	73.9
25-54 YRS OLD	92.7	94.6	94.3	95.8	82.3	86.3	84.1	86.7
55-59 YRS OLD	95.5	96.7	96.5	97.5	88.0	90.9	89.8	90.5
60-64 YRS OLD	95.9	96.9	96.9	97.6	88.5	90.8	88.3	90.4
65-69 YRS OLD	96.7	97.5	97.5	98.2	89.8	91.8	92.9	94.0
70-99 YRS OLD	97.3	98.1	97.8	98.6	92.8	93.5	92.1	94.0
1992 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	93.8	95.3	95.2	96.4	84.2	87.9	85.8	88.2
15-24 YRS OLD	82.0	87.4	85.0	89.6	64.2	74.1	72.8	80.4
25-54 YRS OLD	93.1	94.8	94.6	95.9	82.9	87.0	85.5	87.7
55-59 YRS OLD	96.0	96.8	97.0	97.5	89.6	91.9	91.5	92.3
60-64 YRS OLD	96.3	97.1	97.0	97.7	91.2	92.6	89.3	91.2
65-69 YRS OLD	96.6	97.3	97.5	98.0	89.8	92.0	92.0	92.4
70-99 YRS OLD	97.5	98.0	98.0	98.5	93.1	94.0	94.2	95.0
1993 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	94.2	95.6	95.5	96.6	85.2	88.3	86.7	88.8
15-24 YRS OLD	83.3	87.3	85.7	89.2	70.1	77.3	71.8	76.3
25-54 YRS OLD	93.5	95.1	95.0	96.3	83.5	87.0	86.4	88.7
55-59 YRS OLD	95.9	96.8	96.7	97.5	90.0	92.2	91.3	92.1
60-64 YRS OLD	97.0	97.6	97.7	98.3	91.9	93.3	92.5	93.7
65-69 YRS OLD	97.0	97.6	97.5	98.1	92.8	93.5	92.9	93.9
70-99 YRS OLD	97.6	98.2	98.0	98.6	93.2	94.1	94.7	95.4
1994 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	93.8	95.4	95.1	96.4	85.7	89.4	86.0	88.3
15-24 YRS OLD	84.3	89.2	86.1	90.4	74.0	83.0	71.8	77.1
25-54 YRS OLD	93.3	95.0	94.7	96.0	84.8	88.7	86.1	88.4
55-59 YRS OLD	95.6	96.6	96.3	97.2	90.7	92.9	89.4	91.1
60-64 YRS OLD	96.3	97.2	97.1	97.9	90.1	91.9	91.8	92.4
65-69 YRS OLD	96.7	97.3	97.3	97.8	91.8	93.2	93.3	93.5
70-99 YRS OLD	96.7	97.6	97.2	98.1	91.7	93.1	92.3	93.7

Table 6
Percentage of Households with a Telephone by Householder's Age

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
1995 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	93.9	95.2	95.2	96.2	86.2	89.2	85.9	87.8
15-24 YRS OLD	84.6	88.5	87.0	90.2	73.2	80.6	74.8	78.0
25-54 YRS OLD	93.6	94.9	95.0	96.0	85.4	88.5	86.1	88.0
55-59 YRS OLD	95.7	96.4	96.2	96.8	92.5	93.9	88.6	90.0
60-64 YRS OLD	95.8	96.5	96.3	96.9	91.7	93.4	90.0	90.9
65-69 YRS OLD	96.4	96.8	96.9	97.4	92.2	93.1	91.2	92.6
70-99 YRS OLD	96.4	97.1	97.0	97.5	91.4	92.8	90.4	92.1
1996 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	93.9	95.0	94.9	95.8	87.3	89.8	86.4	88.0
15-24 YRS OLD	84.9	88.4	86.8	89.6	74.5	81.2	72.9	76.4
25-54 YRS OLD	93.5	94.8	94.6	95.6	86.6	89.4	87.1	88.8
55-59 YRS OLD	95.7	96.3	96.3	96.8	91.0	92.5	90.3	90.7
60-64 YRS OLD	95.7	96.2	96.3	96.8	92.0	93.0	88.2	88.8
65-69 YRS OLD	95.8	96.3	96.4	96.8	92.5	93.3	89.5	90.4
70-99 YRS OLD	96.5	97.0	96.8	97.3	93.5	94.3	90.9	92.3
1997 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	93.9	95.0	95.0	95.9	86.9	89.5	86.7	88.6
15-24 YRS OLD	84.9	88.8	86.7	90.1	74.9	81.6	75.0	79.4
25-54 YRS OLD	93.6	94.8	94.7	95.7	86.3	89.0	87.1	88.9
55-59 YRS OLD	95.4	96.1	96.4	96.9	89.2	90.8	90.1	92.2
60-64 YRS OLD	96.0	96.5	96.6	97.0	92.1	92.7	90.6	91.2
65-69 YRS OLD	96.2	96.7	96.7	97.1	92.6	93.8	90.9	92.4
70-99 YRS OLD	96.2	96.7	96.6	97.1	93.0	93.7	90.3	91.3
1998 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	94.1	95.2	95.1	96.0	87.9	89.7	88.4	90.0
15-24 YRS OLD	87.0	89.8	88.4	91.0	79.9	83.8	80.0	83.5
25-54 YRS OLD	93.8	94.9	94.8	95.8	87.2	89.2	88.5	89.9
55-59 YRS OLD	95.6	96.2	96.2	96.8	91.5	92.5	91.4	92.8
60-64 YRS OLD	95.8	96.3	96.5	97.0	91.8	92.8	91.2	92.6
65-69 YRS OLD	95.7	96.3	96.5	97.0	90.2	90.7	95.1	95.8
70-99 YRS OLD	96.3	96.8	96.7	97.1	93.1	93.8	91.0	91.9
1999 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	94.2	95.0	95.2	95.9	87.7	89.6	89.9	90.9
15-24 YRS OLD	86.4	88.9	88.2	90.2	77.5	82.3	81.0	83.1
25-54 YRS OLD	94.0	94.9	95.1	95.9	87.5	89.5	90.2	91.3
55-59 YRS OLD	95.7	96.3	96.4	96.9	90.5	91.5	93.1	94.3
60-64 YRS OLD	95.7	96.2	96.4	96.8	90.9	92.0	92.2	92.8
65-69 YRS OLD	95.9	96.3	96.6	97.0	90.0	91.1	94.1	94.8
70-99 YRS OLD	95.8	96.3	96.2	96.7	92.2	92.8	92.4	93.1
2000 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	94.4	95.2	95.2	95.9	89.3	90.7	90.5	91.6
15-24 YRS OLD	87.8	90.1	89.0	91.3	81.2	84.1	81.9	84.4
25-54 YRS OLD	94.2	95.1	95.1	95.9	89.2	90.7	91.1	92.1
55-59 YRS OLD	95.8	96.3	96.2	96.7	91.8	92.5	91.1	92.0
60-64 YRS OLD	95.8	96.2	96.5	96.7	91.2	92.0	92.3	93.2
65-69 YRS OLD	95.8	96.1	96.3	96.5	92.8	93.2	94.5	94.7
70-99 YRS OLD	95.7	96.1	96.1	96.5	91.6	92.4	92.1	92.7

Table 6
Percentage of Households with a Telephone by Householder's Age

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
MARCH 2001								
TOTAL HOUSEHOLDS	94.6	95.4	95.3	96.1	89.5	91.0	91.7	92.5
15-24 YRS OLD	88.6	90.9	89.3	91.4	84.7	88.0	84.1	85.6
25-54 YRS OLD	94.4	95.2	95.3	96.0	88.9	90.5	92.0	92.7
55-59 YRS OLD	96.4	96.9	96.7	97.2	93.5	94.3	96.6	98.1
60-64 YRS OLD	95.9	96.4	96.6	96.9	91.1	92.8	96.4	96.4
65-69 YRS OLD	96.1	96.5	96.6	96.9	92.8	93.4	93.3	94.0
70-99 YRS OLD	95.7	96.2	96.2	96.7	92.4	93.2	91.6	91.7
JULY 2001								
TOTAL HOUSEHOLDS	95.1	95.9	95.8	96.5	90.3	91.8	91.3	92.5
15-24 YRS OLD	90.1	91.8	90.2	91.8	89.4	91.5	86.1	87.9
25-54 YRS OLD	94.8	95.7	95.7	96.4	89.1	90.9	91.5	92.8
55-59 YRS OLD	96.4	96.9	96.9	97.4	92.5	93.4	93.3	94.4
60-64 YRS OLD	96.7	96.9	97.0	97.1	95.0	95.7	94.0	94.8
65-69 YRS OLD	97.1	97.5	97.7	98.0	94.1	94.9	96.1	96.1
70-99 YRS OLD	96.5	96.9	96.9	97.3	92.8	93.4	90.3	91.0
NOVEMBER 2001								
TOTAL HOUSEHOLDS	94.9	95.8	95.6	96.5	90.3	91.5	90.8	92.2
15-24 YRS OLD	87.8	90.2	88.7	91.2	82.8	84.8	80.2	83.2
25-54 YRS OLD	94.8	95.8	95.5	96.5	90.3	91.5	91.8	93.1
55-59 YRS OLD	96.3	96.8	96.7	97.1	93.4	95.2	89.9	90.4
60-64 YRS OLD	96.0	96.5	96.5	96.9	92.9	93.7	92.8	93.7
65-69 YRS OLD	95.9	96.4	96.9	97.3	89.0	89.8	92.9	92.9
70-99 YRS OLD	96.7	97.2	97.0	97.6	94.3	94.6	93.8	95.2
2001 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	94.9	95.7	95.6	96.4	90.0	91.4	91.3	92.4
15-24 YRS OLD	88.8	91.0	89.4	91.5	85.6	88.1	83.5	85.6
25-54 YRS OLD	94.7	95.6	95.5	96.3	89.4	91.0	91.8	92.9
55-59 YRS OLD	96.4	96.9	96.8	97.2	93.1	94.3	93.3	94.3
60-64 YRS OLD	96.2	96.6	96.7	97.0	93.0	94.1	94.4	95.0
65-69 YRS OLD	96.4	96.8	97.1	97.4	92.0	92.7	94.1	94.3
70-99 YRS OLD	96.3	96.8	96.7	97.2	93.2	93.7	91.9	92.6
MARCH 2002								
TOTAL HOUSEHOLDS	95.5	96.3	96.3	97.0	90.8	92.1	91.8	92.9
15-24 YRS OLD	89.8	92.0	91.4	93.7	82.3	84.7	88.8	91.1
25-54 YRS OLD	95.2	96.0	96.0	96.7	90.3	91.6	91.7	92.8
55-59 YRS OLD	97.0	97.7	97.4	98.1	94.5	95.4	94.4	95.5
60-64 YRS OLD	96.8	97.2	97.1	97.6	95.0	95.3	92.3	93.0
65-69 YRS OLD	97.8	97.9	97.9	98.0	96.6	96.8	91.6	91.6
70-99 YRS OLD	97.1	97.5	97.6	97.9	94.3	95.2	95.0	95.6
JULY 2002								
TOTAL HOUSEHOLDS	95.1	96.0	96.0	96.7	89.9	91.6	90.7	92.0
15-24 YRS OLD	87.2	89.8	88.0	90.4	83.1	87.0	80.0	82.5
25-54 YRS OLD	94.8	95.8	95.8	96.6	89.6	91.4	91.6	92.9
55-59 YRS OLD	96.6	97.0	97.3	97.6	90.8	91.6	91.2	92.2
60-64 YRS OLD	96.8	97.4	97.2	97.7	94.5	95.8	89.2	90.2
65-69 YRS OLD	97.5	97.9	98.1	98.3	93.9	94.7	96.9	96.9
70-99 YRS OLD	97.0	97.4	97.5	97.8	92.9	93.8	93.5	93.8

Table 6
Percentage of Households with a Telephone by Householder's Age

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
NOVEMBER 2002								
TOTAL HOUSEHOLDS	95.3	96.2	96.2	96.9	89.7	91.2	92.7	93.7
15-24 YRS OLD	88.4	91.1	89.0	91.5	84.8	88.5	83.9	86.5
25-54 YRS OLD	95.1	95.9	96.0	96.7	89.0	90.4	92.8	93.9
55-59 YRS OLD	96.8	97.4	97.5	98.0	91.2	92.6	96.0	96.0
60-64 YRS OLD	97.0	97.5	97.4	97.9	94.8	95.2	97.4	97.4
65-69 YRS OLD	97.2	97.5	98.0	98.1	92.3	94.3	96.7	96.7
70-99 YRS OLD	97.4	97.8	97.9	98.3	93.8	94.1	96.2	96.6
2002 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	95.3	96.2	96.2	96.9	90.1	91.6	91.7	92.9
15-24 YRS OLD	88.5	91.0	89.5	91.9	83.4	86.7	84.2	86.7
25-54 YRS OLD	95.0	95.9	95.9	96.7	89.6	91.1	92.0	93.2
55-59 YRS OLD	96.8	97.4	97.4	97.9	92.2	93.2	93.9	94.6
60-64 YRS OLD	96.9	97.4	97.2	97.7	94.8	95.4	93.0	93.5
65-69 YRS OLD	97.5	97.8	98.0	98.1	94.3	95.3	95.1	95.1
70-99 YRS OLD	97.2	97.6	97.7	98.0	93.7	94.4	94.9	95.3
MARCH 2003								
TOTAL HOUSEHOLDS	95.5	96.3	96.2	96.9	91.0	92.1	92.3	93.2
15-24 YRS OLD	90.4	92.4	91.4	93.2	87.6	90.1	88.1	89.8
25-54 YRS OLD	95.1	95.9	95.9	96.6	90.2	91.4	92.6	93.5
55-59 YRS OLD	96.9	97.4	97.3	97.7	93.6	94.6	93.3	93.7
60-64 YRS OLD	97.3	97.6	97.9	98.2	92.7	93.1	93.7	94.1
65-69 YRS OLD	97.0	97.4	97.7	98.0	92.3	92.3	94.2	94.2
70-99 YRS OLD	97.2	97.6	97.5	97.8	95.0	95.2	92.0	93.8
JULY 2003								
TOTAL HOUSEHOLDS	95.2	96.1	96.0	96.8	90.5	91.8	91.4	92.7
15-24 YRS OLD	86.9	89.8	87.6	90.0	83.0	87.2	83.7	86.6
25-54 YRS OLD	95.1	96.0	95.8	96.7	90.4	91.5	91.8	93.1
55-59 YRS OLD	96.7	97.2	97.1	97.6	94.4	94.9	92.5	94.5
60-64 YRS OLD	96.6	97.3	97.4	98.0	90.3	92.0	96.5	96.7
65-69 YRS OLD	97.4	97.7	97.8	98.0	95.9	95.9	93.8	93.8
70-99 YRS OLD	97.1	97.5	97.7	98.0	91.7	93.0	92.9	93.3
NOVEMBER 2003								
TOTAL HOUSEHOLDS	94.7	95.5	95.5	96.2	89.7	90.9	90.5	91.5
15-24 YRS OLD	86.5	89.0	87.7	89.9	80.1	83.6	83.2	85.4
25-54 YRS OLD	94.3	95.2	95.0	95.9	89.5	90.7	91.1	91.9
55-59 YRS OLD	96.9	97.4	97.5	98.0	93.3	93.3	92.1	93.3
60-64 YRS OLD	96.5	97.0	97.2	97.6	93.3	93.9	93.5	94.0
65-69 YRS OLD	96.7	97.0	97.4	97.6	91.4	91.7	94.8	95.9
70-99 YRS OLD	97.0	97.4	97.4	97.8	93.5	94.0	90.7	91.8
2003 ANNUAL AVERAGE								
TOTAL HOUSEHOLDS	95.1	96.0	95.9	96.6	90.4	91.6	91.4	92.5
15-24 YRS OLD	87.9	90.4	88.9	91.0	83.6	87.0	85.0	87.3
25-54 YRS OLD	94.8	95.7	95.6	96.4	90.0	91.2	91.8	92.8
55-59 YRS OLD	96.8	97.3	97.3	97.8	93.8	94.3	92.6	93.8
60-64 YRS OLD	96.8	97.3	97.5	97.9	92.1	93.0	94.6	94.9
65-69 YRS OLD	97.0	97.4	97.6	97.9	93.2	93.3	94.3	94.6
70-99 YRS OLD	97.1	97.5	97.5	97.9	93.4	94.1	91.9	93.0

Table 6
Percentage of Households with a Telephone by Householder's Age

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
MARCH 2004								
TOTAL HOUSEHOLDS	94.2	95.1	94.9	95.7	90.1	91.1	90.5	91.6
15-24 YRS OLD	87.0	89.6	87.4	89.5	85.9	88.1	85.1	87.2
25-54 YRS OLD	93.9	94.8	94.6	95.5	90.1	91.1	90.5	91.7
55-59 YRS OLD	95.0	95.5	95.7	96.1	90.1	90.5	91.5	92.0
60-64 YRS OLD	96.0	96.4	96.7	97.0	90.6	90.9	94.7	95.7
65-69 YRS OLD	95.5	96.2	96.0	96.7	91.4	91.7	92.4	93.4
70-99 YRS OLD	96.6	97.0	96.9	97.3	92.8	93.9	93.4	93.9

Table 7
Percentage of Adults with a Telephone by Labor Force Status

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
NOVEMBER 1983								
TOTAL CNP	92.8	94.5	94.1	95.6	82.7	86.6	83.4	86.5
EMPLOYED	94.1	95.9	95.0	96.6	85.7	89.8	86.3	89.6
UNEMPLOYED	82.5	86.5	84.8	88.1	74.6	81.2	76.6	79.9
NOT IN LABOR FORCE	92.1	93.4	93.8	94.9	80.8	83.7	80.4	83.0
1984 ANNUAL AVERAGE								
TOTAL CNP	92.8	94.5	94.1	95.5	82.9	86.7	83.0	85.6
EMPLOYED	94.0	95.7	95.0	96.4	85.9	89.8	85.7	88.3
UNEMPLOYED	81.7	85.3	84.0	87.0	74.7	80.2	74.0	77.4
NOT IN LABOR FORCE	92.1	93.5	93.8	95.0	80.7	83.9	80.3	82.8
1985 ANNUAL AVERAGE								
TOTAL CNP	93.0	94.6	94.2	95.6	84.1	87.4	83.5	85.8
EMPLOYED	94.2	95.8	95.0	96.5	87.3	90.4	85.1	87.5
UNEMPLOYED	82.3	85.8	84.2	87.3	76.3	81.1	73.8	76.9
NOT IN LABOR FORCE	92.2	93.6	93.8	94.9	81.5	84.5	82.6	84.6
1986 ANNUAL AVERAGE								
TOTAL CNP	93.4	94.8	94.6	95.8	84.6	88.1	83.3	85.4
EMPLOYED	94.7	96.1	95.5	96.6	87.7	91.1	85.3	87.4
UNEMPLOYED	82.3	86.0	84.5	87.6	74.8	80.7	75.3	78.2
NOT IN LABOR FORCE	92.6	93.9	94.1	95.1	82.3	85.4	81.4	83.4
1987 ANNUAL AVERAGE								
TOTAL CNP	93.5	94.9	94.7	95.9	84.7	88.1	84.5	86.4
EMPLOYED	94.6	96.1	95.4	96.7	87.9	91.0	86.3	88.3
UNEMPLOYED	82.7	86.1	85.3	88.2	74.0	79.3	77.0	79.6
NOT IN LABOR FORCE	92.7	93.9	94.2	95.2	82.2	85.5	82.5	84.1
1988 ANNUAL AVERAGE								
TOTAL CNP	93.8	95.2	94.9	96.1	85.6	88.7	83.6	86.1
EMPLOYED	94.9	96.2	95.6	96.8	88.5	91.5	85.4	87.7
UNEMPLOYED	83.3	86.8	85.9	88.9	75.4	80.5	76.7	80.3
NOT IN LABOR FORCE	92.8	94.2	94.3	95.5	83.1	86.0	81.5	84.0
1989 ANNUAL AVERAGE								
TOTAL CNP	94.1	95.5	95.3	96.4	85.8	89.0	84.7	87.0
EMPLOYED	95.2	96.5	96.0	97.1	88.8	91.7	86.6	89.0
UNEMPLOYED	83.9	87.1	86.2	88.8	77.0	82.5	75.1	78.6
NOT IN LABOR FORCE	93.1	94.4	94.7	95.7	82.8	85.9	82.6	84.6
1990 ANNUAL AVERAGE								
TOTAL CNP	94.2	95.5	95.3	96.5	86.1	88.8	84.5	86.6
EMPLOYED	95.3	96.6	96.0	97.2	89.4	91.8	86.3	88.4
UNEMPLOYED	85.0	88.0	87.9	90.4	75.3	80.0	77.0	80.4
NOT IN LABOR FORCE	93.0	94.3	94.6	95.6	83.2	85.8	82.4	84.1

Table 7
Percentage of Adults with a Telephone by Labor Force Status

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
1991 ANNUAL AVERAGE								
TOTAL CNP	94.3	95.7	95.5	96.6	86.3	89.1	85.5	87.7
EMPLOYED	95.6	96.8	96.3	97.3	89.8	92.4	87.5	89.6
UNEMPLOYED	86.4	89.5	88.3	91.0	78.9	84.1	78.2	81.6
NOT IN LABOR FORCE	93.1	94.4	94.7	95.8	82.6	85.3	83.5	85.4
1992 ANNUAL AVERAGE								
TOTAL CNP	94.7	95.9	95.8	96.8	86.9	89.8	87.8	89.7
EMPLOYED	95.8	97.0	96.5	97.5	90.1	92.8	89.5	91.6
UNEMPLOYED	88.1	90.3	90.0	91.8	81.2	85.0	83.4	85.8
NOT IN LABOR FORCE	93.6	94.8	95.2	96.1	83.6	86.5	85.8	87.4
1993 ANNUAL AVERAGE								
TOTAL CNP	95.0	96.1	96.0	97.0	87.5	90.0	88.2	89.9
EMPLOYED	96.1	97.1	96.8	97.6	90.6	92.8	89.7	91.5
UNEMPLOYED	88.6	90.6	90.7	92.3	80.9	84.7	85.0	87.1
NOT IN LABOR FORCE	93.8	94.9	95.3	96.2	84.5	87.0	86.1	87.6
1994 ANNUAL AVERAGE								
TOTAL CNP	94.5	95.9	95.6	96.7	87.9	91.0	87.3	89.2
EMPLOYED	95.6	96.8	96.3	97.3	90.4	93.2	88.5	90.4
UNEMPLOYED	87.8	90.8	89.8	92.2	81.1	86.7	84.1	86.5
NOT IN LABOR FORCE	93.4	94.8	94.8	95.9	85.4	88.5	85.7	87.6
1995 ANNUAL AVERAGE								
TOTAL CNP	95.0	96.1	95.9	96.8	89.1	91.4	88.0	89.6
EMPLOYED	95.8	96.7	96.5	97.2	91.2	93.2	88.9	90.4
UNEMPLOYED	88.8	91.7	90.8	93.1	82.3	87.4	84.4	87.2
NOT IN LABOR FORCE	93.4	94.4	94.8	95.7	84.9	87.3	86.0	87.7
1996 ANNUAL AVERAGE								
TOTAL CNP	94.9	95.8	95.6	96.4	89.7	91.8	88.4	89.7
EMPLOYED	95.6	96.4	96.2	96.9	91.4	93.0	89.6	90.8
UNEMPLOYED	88.8	91.1	90.1	91.9	85.0	89.5	84.6	86.5
NOT IN LABOR FORCE	93.4	94.4	94.5	95.3	86.4	88.8	85.6	87.0
1997 ANNUAL AVERAGE								
TOTAL CNP	94.9	95.8	95.7	96.5	89.3	91.5	88.6	90.2
EMPLOYED	95.6	96.5	96.2	96.9	91.1	92.9	89.5	91.1
UNEMPLOYED	87.8	90.4	89.7	91.4	81.5	87.1	82.4	84.3
NOT IN LABOR FORCE	93.5	94.4	94.8	95.5	86.4	88.4	86.9	88.4
1998 ANNUAL AVERAGE								
TOTAL CNP	95.1	95.9	95.7	96.5	90.4	91.9	89.9	91.3
EMPLOYED	95.6	96.4	96.1	96.8	91.9	93.3	90.4	91.8
UNEMPLOYED	89.3	91.4	91.5	93.2	82.9	85.6	85.4	88.6
NOT IN LABOR FORCE	93.9	94.7	94.9	95.6	87.8	89.1	89.0	90.2

Table 7
Percentage of Adults with a Telephone by Labor Force Status

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
1999 ANNUAL AVERAGE								
TOTAL CNP	95.2	95.9	95.9	96.5	90.3	91.8	91.2	92.1
EMPLOYED	95.8	96.4	96.3	96.9	91.8	93.2	91.5	92.4
UNEMPLOYED	89.6	91.2	91.6	93.0	83.2	85.4	89.1	90.2
NOT IN LABOR FORCE	94.1	94.7	95.1	95.7	87.7	89.1	90.7	91.6
2000 ANNUAL AVERAGE								
TOTAL CNP	95.1	95.8	95.7	96.3	91.0	92.1	91.7	92.6
EMPLOYED	95.7	96.4	96.1	96.8	92.6	93.6	91.9	92.8
UNEMPLOYED	90.5	92.2	92.2	93.5	85.6	88.3	89.3	90.8
NOT IN LABOR FORCE	94.3	94.9	95.1	95.6	89.1	90.0	91.6	92.4
MARCH 2001								
TOTAL CNP	95.3	95.9	95.9	96.5	90.8	92.0	92.3	92.9
EMPLOYED	95.9	96.5	96.3	96.9	92.4	93.4	92.4	92.9
UNEMPLOYED	91.9	93.3	93.7	94.5	86.0	89.3	92.3	92.6
NOT IN LABOR FORCE	94.5	95.1	95.4	95.9	88.7	89.9	92.3	92.8
JULY 2001								
TOTAL CNP	95.8	96.4	96.4	96.9	91.9	93.1	92.7	93.6
EMPLOYED	96.3	96.9	96.7	97.2	93.4	94.5	92.6	93.5
UNEMPLOYED	92.3	93.6	93.0	94.2	89.4	91.4	93.1	93.9
NOT IN LABOR FORCE	95.2	95.8	96.0	96.5	89.4	90.8	92.9	93.8
NOVEMBER 2001								
TOTAL CNP	95.6	96.4	96.2	96.9	92.0	92.9	92.1	93.3
EMPLOYED	96.2	97.0	96.6	97.4	93.4	94.1	92.4	93.6
UNEMPLOYED	92.0	93.4	92.7	94.0	90.2	91.9	89.9	91.0
NOT IN LABOR FORCE	94.9	95.7	95.6	96.4	90.0	91.1	91.7	93.0
2001 ANNUAL AVERAGE								
TOTAL CNP	95.6	96.2	96.2	96.8	91.6	92.7	92.4	93.3
EMPLOYED	96.1	96.8	96.5	97.2	93.1	94.0	92.5	93.3
UNEMPLOYED	92.1	93.4	93.1	94.2	88.5	90.9	91.8	92.5
NOT IN LABOR FORCE	94.9	95.5	95.7	96.3	89.4	90.6	92.3	93.2
MARCH 2002								
TOTAL CNP	96.2	96.9	96.7	97.3	92.8	93.7	92.9	93.8
EMPLOYED	96.8	97.4	97.2	97.7	94.4	95.3	93.3	94.1
UNEMPLOYED	92.2	93.3	92.8	93.8	89.4	90.7	89.7	91.2
NOT IN LABOR FORCE	95.6	96.3	96.4	97.0	90.8	91.8	92.6	93.6
JULY 2002								
TOTAL CNP	95.8	96.6	96.5	97.1	91.5	92.9	92.0	93.0
EMPLOYED	96.4	97.1	96.9	97.5	93.2	94.4	92.2	93.2
UNEMPLOYED	92.3	94.0	92.6	94.2	90.9	93.2	89.9	91.3
NOT IN LABOR FORCE	95.2	95.8	96.2	96.7	88.6	90.2	91.9	92.8

Table 7
Percentage of Adults with a Telephone by Labor Force Status

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	Unit	Avail	Unit	Avail	Unit	Avail	Unit	Avail
NOVEMBER 2002								
TOTAL CNP	96.1	96.8	96.8	97.4	91.7	92.9	93.9	94.6
EMPLOYED	96.8	97.4	97.2	97.8	93.7	94.7	94.2	95.0
UNEMPLOYED	91.7	93.1	93.7	94.8	84.7	87.7	89.8	90.6
NOT IN LABOR FORCE	95.4	96.1	96.4	96.9	89.7	90.9	93.9	94.5
2002 ANNUAL AVERAGE								
TOTAL CNP	96.0	96.8	96.7	97.3	92.0	93.2	92.9	93.8
EMPLOYED	96.7	97.3	97.1	97.7	93.8	94.8	93.2	94.1
UNEMPLOYED	92.1	93.5	93.0	94.3	88.3	90.5	89.8	91.0
NOT IN LABOR FORCE	95.4	96.1	96.3	96.9	89.7	91.0	92.8	93.6
MARCH 2003								
TOTAL CNP	96.2	96.8	96.7	97.3	92.5	93.4	93.2	94.0
EMPLOYED	96.7	97.3	97.1	97.7	94.1	94.9	93.7	94.3
UNEMPLOYED	92.5	93.9	93.3	94.6	89.0	90.6	89.4	91.5
NOT IN LABOR FORCE	95.7	96.3	96.5	97.0	90.7	91.7	93.1	93.8
JULY 2003								
TOTAL CNP	96.1	96.8	96.6	97.3	92.4	93.5	92.9	94.0
EMPLOYED	96.6	97.3	96.9	97.6	94.2	95.2	93.4	94.6
UNEMPLOYED	93.4	94.5	94.5	95.5	88.6	90.2	90.6	92.4
NOT IN LABOR FORCE	95.4	96.0	96.2	96.8	90.4	91.5	92.2	93.2
NOVEMBER 2003								
TOTAL CNP	95.5	96.1	96.1	96.7	91.4	92.4	91.8	92.6
EMPLOYED	95.9	96.6	96.4	97.1	92.4	93.3	92.7	93.4
UNEMPLOYED	92.2	93.5	92.9	93.9	88.7	91.0	88.3	89.0
NOT IN LABOR FORCE	95.0	95.5	95.8	96.2	90.2	91.1	90.7	91.6
2003 ANNUAL AVERAGE								
TOTAL CNP	95.9	96.6	96.5	97.1	92.1	93.1	92.6	93.5
EMPLOYED	96.4	97.1	96.8	97.5	93.6	94.5	93.3	94.1
UNEMPLOYED	92.7	94.0	93.6	94.7	88.8	90.6	89.4	91.0
NOT IN LABOR FORCE	95.4	95.9	96.2	96.7	90.4	91.4	92.0	92.9
MARCH 2004								
TOTAL CNP	95.0	95.7	95.4	96.1	92.0	92.8	91.7	92.7
EMPLOYED	95.5	96.3	95.8	96.5	93.5	94.1	92.0	93.0
UNEMPLOYED	91.2	92.7	92.0	93.5	87.9	89.4	89.4	90.7
NOT IN LABOR FORCE	94.5	95.1	95.1	95.6	90.5	91.3	91.7	92.4

Table 8
Critical Values for Determining Significant Differences by State

	In Unit	Available
UNITED STATES	0.4%	0.3%
ALABAMA	4.2%	4.0%
ALASKA	3.4%	2.7%
ARIZONA	2.7%	2.5%
ARKANSAS	3.6%	3.5%
CALIFORNIA	1.1%	1.0%
COLORADO	2.1%	1.9%
CONNECTICUT	2.6%	2.6%
DELAWARE	2.8%	2.4%
DISTRICT OF COLUMBIA	4.7%	4.2%
FLORIDA	1.7%	1.7%
GEORGIA	3.3%	3.1%
HAWAII	3.1%	2.6%
IDAHO	2.6%	2.5%
ILLINOIS	2.4%	2.0%
INDIANA	3.1%	2.9%
IOWA	2.8%	2.6%
KANSAS	3.0%	2.8%
KENTUCKY	3.5%	3.2%
LOUISIANA	3.5%	3.1%
MAINE	2.0%	1.7%
MARYLAND	3.0%	2.8%
MASSACHUSETTS	2.1%	2.0%
MICHIGAN	1.7%	1.6%
MINNESOTA	2.3%	2.2%
MISSISSIPPI	4.0%	3.3%
MISSOURI	3.2%	2.9%
MONTANA	2.5%	2.3%
NEBRASKA	2.2%	2.0%
NEVADA	3.6%	3.6%
NEW HAMPSHIRE	2.7%	2.4%
NEW JERSEY	2.3%	2.3%
NEW MEXICO	3.6%	3.5%
NEW YORK	1.4%	1.2%
NORTH CAROLINA	2.0%	1.8%
NORTH DAKOTA	1.9%	1.7%
OHIO	1.9%	1.7%
OKLAHOMA	3.5%	3.2%
OREGON	3.1%	2.7%
PENNSYLVANIA	1.4%	1.3%
RHODE ISLAND	3.3%	3.3%
SOUTH CAROLINA	3.6%	3.4%
SOUTH DAKOTA	4.0%	3.8%
TENNESSEE	2.9%	2.6%
TEXAS	1.8%	1.6%
UTAH	2.7%	2.5%
VERMONT	3.5%	3.0%
VIRGINIA	3.5%	3.3%
WASHINGTON	2.3%	2.1%
WEST VIRGINIA	3.3%	2.8%
WISCONSIN	2.7%	2.5%
WYOMING	2.7%	2.5%

Table 9
Critical Values for Determining Significant Differences by Income

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	In Unit	Available	In Unit	Available	In Unit	Available	In Unit	Available
TOTAL	0.4%	0.3%	0.4%	0.3%	1.6%	1.5%	1.7%	1.6%
UNDER $5,000	4.0%	3.7%	4.4%	4.1%	7.9%	7.4%	10.1%	9.8%
$5,000 - $7,499	3.0%	2.9%	3.3%	3.1%	7.4%	7.3%	9.1%	8.5%
$7,500 - $9,999	2.4%	2.2%	2.6%	2.5%	7.4%	6.4%	8.4%	8.4%
$10,000 - $12,499	2.1%	2.0%	2.3%	2.2%	7.4%	6.7%	7.0%	6.7%
$12,500 - $14,999	2.1%	1.9%	2.2%	2.0%	6.8%	6.3%	7.4%	7.3%
$15,000 - $19,999	1.5%	1.3%	1.4%	1.2%	5.8%	5.0%	5.3%	4.9%
$20,000 - $24,999	1.2%	1.1%	1.2%	1.1%	3.7%	3.4%	5.0%	4.8%
$25,000 - $29,999	1.1%	1.0%	1.1%	1.0%	4.7%	4.3%	3.9%	3.7%
$30,000 - $34,999	1.0%	0.9%	1.0%	0.9%	5.2%	4.6%	4.6%	4.1%
$35,000 - $39,999	0.9%	0.9%	0.9%	0.9%	4.8%	4.6%	3.7%	3.6%
$40,000 - $49,999	0.7%	0.6%	0.7%	0.6%	3.0%	2.8%	4.2%	3.7%
$50,000 - $59,999	0.6%	0.6%	0.6%	0.6%	3.2%	3.2%	3.0%	2.7%
$60,000 - $74,999	0.6%	0.5%	0.6%	0.5%	4.0%	3.8%	2.1%	2.0%
$75,000 +	0.4%	0.4%	0.4%	0.4%	2.6%	2.4%	3.0%	2.8%

Table 10
Critical Values for Determining Significant Differences by Household Size

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	In Unit	Available	In Unit	Available	In Unit	Available	In Unit	Available
TOTAL	0.4%	0.3%	0.4%	0.3%	1.6%	1.5%	1.7%	1.6%
1 PERSON	0.9%	0.8%	0.9%	0.8%	3.5%	3.2%	5.4%	5.1%
2 - 3	0.5%	0.4%	0.4%	0.4%	2.0%	1.9%	2.3%	2.2%
4 - 5	0.6%	0.6%	0.6%	0.5%	2.9%	2.7%	2.3%	2.1%
6 +	1.9%	1.8%	2.0%	1.9%	6.6%	6.2%	4.6%	4.5%

Table 11
Critical Values for Determining Significant Differences by Householder's Age

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	In Unit	Available	In Unit	Available	In Unit	Available	In Unit	Available
TOTAL	0.4%	0.3%	0.4%	0.3%	1.6%	1.5%	1.7%	1.6%
15-24 YRS OLD	2.3%	2.1%	2.4%	2.2%	7.6%	6.8%	6.1%	5.9%
25-54 YRS OLD	0.5%	0.4%	0.4%	0.4%	2.0%	1.8%	1.9%	1.8%
55-59 YRS OLD	1.1%	1.0%	1.0%	1.0%	4.9%	4.5%	5.8%	5.3%
60-64 YRS OLD	1.1%	1.0%	1.1%	1.1%	4.9%	4.6%	6.3%	6.2%
65-69 YRS OLD	1.2%	1.1%	1.1%	1.1%	5.5%	5.1%	7.2%	7.2%
70-99 YRS OLD	0.7%	0.7%	0.7%	0.7%	3.6%	3.3%	5.8%	5.4%

Table 12
Critical Values for Determining Significant Differences by Labor Force Status

	RACE						HISPANIC ORIGIN	
	TOTAL		WHITE		BLACK			
	In Unit	Available	In Unit	Available	In Unit	Available	In Unit	Available
TOTAL CNP	0.3%	0.3%	0.3%	0.3%	1.4%	1.4%	1.4%	1.3%
EMPLOYED	0.3%	0.3%	0.3%	0.3%	1.5%	1.4%	1.6%	1.5%
UNEMPLOYED	2.1%	1.9%	2.1%	1.9%	5.7%	5.1%	5.8%	5.3%
NOT IN LABOR FORCE	0.5%	0.5%	0.5%	0.5%	2.3%	2.1%	2.0%	1.9%

Customer Response

Publication: Telephone Subscribership in the United States (Data through March 2004)

You can help us provide the best possible information to the public by completing this form and returning it to the Industry Analysis and Technology Division of the FCC's Wireline Competition Bureau.

1. Please check the category that best describes you:
   - ____ press
   - ____ current telecommunications carrier
   - ____ potential telecommunications carrier
   - ____ business customer evaluating vendors/service options
   - ____ consultant, law firm, lobbyist
   - ____ other business customer
   - ____ academic/student
   - ____ residential customer
   - ____ FCC employee
   - ____ other federal government employee
   - ____ state or local government employee
   - ____ Other (please specify)

2. Please rate the report:

	Excellent	Good	Satisfactory	Poor	No opinion
Data accuracy	( )	( )	( )	( )	( )
Data presentation	( )	( )	( )	( )	( )
Timeliness of data	( )	( )	( )	( )	( )
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Text clarity	( )	( )	( )	( )	( )
Completeness of text	( )	( )	( )	( )	( )

3. Overall, how do you rate this report?

Excellent	Good	Satisfactory	Poor	No opinion
( )	( )	( )	( )	( )

4. How can this report be improved?

5. May we contact you to discuss possible improvements?

   Name:
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To discuss this report contact Alex Belinfante at 202-418-0944		
Fax this response to	or	Mail this response to
202-418-0520		FCC/WCB/IATD Washington, DC 20554

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
	)	
Lifeline and Link-Up	)	WC Docket No. 03-109
	)	
	)	
	)	
	)	
	)	

REPORT AND ORDER AND FURTHER NOTICE OF PROPOSED RULEMAKING

Adopted: April 2, 2004 **Released:** April 29, 2004

Comment Date: 60 days after publication in the Federal Register
Reply Comment Date: 105 days after publication in the Federal Register

By the Commission: Chairman Powell and Commissioners Abernathy, Copps, Martin, and Adelstein issuing separate statements.

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SEPARATE STATEMENT OF CHAIRMAN MICHAEL K. POWELL

SEPARATE STATEMENT OF COMMISSIONER KATHLEEN Q. ABERNATHY

SEPARATE STATEMENT OF COMMISSIONER MICHAEL J. COPPS

SEPARATE STATEMENT OF COMMISSIONER KEVIN J. MARTIN

SEPARATE STATEMENT OF COMMISSIONER JONATHAN S. ADELSTEIN

I. INTRODUCTION

1. In this *Report and Order and Further Notice of Proposed Rulemaking*, we modify our rules to improve the effectiveness of the low-income support mechanism, which ensures that quality telecommunications services are available to low-income consumers at just, reasonable, and affordable rates. Since its inception, Lifeline/Link-Up has provided support for telephone service to millions of low-income consumers.[1] Nationally, the telephone penetration rate is 94.7%, in large part due to the success of the Lifeline/Link-Up program and our other universal service programs.[2] Nevertheless, we believe there is more that we can do to make telephone service affordable for more low-income households. Only one-third of households currently eligible for Lifeline/Link-Up assistance actually subscribe to this program.[3] We agree with the Federal-State Joint Board on Universal Service (Joint Board) that the current Lifeline/Link-Up program could be modified to serve the goals of universal service better.[4]

2. Consistent with the Joint Board's recommendation, we expand the federal default eligibility criteria to include an income-based criterion and additional means-tested programs. We adopt federal certification and verification procedures, and require states, under certain circumstances, to establish certification and verification procedures to minimize potential abuse of these programs. To target low-income consumers more effectively, we adopt outreach guidelines for the Lifeline/Link-Up program. We issue a voluntary survey to gather data and information from states regarding the administration of Lifeline/Link-Up programs. Finally, in the *Further Notice of Proposed Rulemaking*, we seek comment on whether the inclusion of a broader income-based criterion in the federal default eligibility criteria would further increase Lifeline/Link-Up subscription rates. The actions we take today will result in a more inclusive and robust Lifeline/Link-Up program, consistent with the statutory goals of maintaining affordability and access of low-income consumers to supported services, while ensuring that support is used for its intended purpose.[5]

II. BACKGROUND

3. Section 254 of the Communications Act of 1934, as amended (the Act),[6] codified the Commission's and the states' historical commitment to advancing the availability of

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[1] *See* Wireline Competition Bureau, Federal Communications Commission, *Trends in Telephone Service Report*, Tables 20.2, 20.4 (August 2003) (*2003 Trends Report*) (estimating that 6.6 million people paid reduced rates under the Lifeline program in 2002 and 13.7 million people paid reduced charges under Link-Up since 1991).

[2] *See* Wireline Competition Bureau, Federal Communications Commission, *Telephone Subscribership in theUnited States Report*, Table 1 (rel. May 14, 2004) (*Telephone Subscribership Report*) (data through Nov. 2003).

[3] *See* Commission Staff Analysis set forth in Appendix K at Table 1.B. These projections were based on March 2000 and March 2002 Current Population Survey of Household data (CPSH data), and adjusted for growth.

[4] 47 U.S.C. § 254(b); *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Recommended Decision, 18 FCC Rcd 6589, 6591, para. 1 (2003) (*Recommended Decision*).

[5] 47 U.S.C. § 254(b).

[6] Pub. L. No. 104-104, 110 Stat. 56. The Telecommunications Act of 1996 (the 1996 Act) amended the Communications Act of 1934 (the Act).

telecommunications services for all Americans.[7] Section 254(b) establishes principles upon which the Commission shall base policies for the preservation and advancement of universal service. Among other things, these principles state that consumers in all regions of the Nation, including low-income consumers, should have access to telecommunications and information services that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged in urban areas.[8] These principles also recognize that ensuring rates are affordable is a national priority.

4. The Lifeline/Link-Up program is one of several universal service support mechanisms that further these goals.[9] Lifeline provides low-income consumers with discounts of up to $10.00 off of the monthly cost of telephone service for a single telephone line in their principal residence.[10] Link-Up provides low-income consumers with discounts of up to $30.00 off of the initial costs of installing telephone service.[11] Recognizing the unique needs and characteristics of tribal communities, enhanced Lifeline and Link-Up provides qualifying low-income individuals living on tribal lands with up to $25.00 in additional discounts off the monthly cost of telephone service and up to $70.00 more off the initial costs of installing telephone service.[12] Pursuant to section 254(e), only eligible telecommunication carriers (ETCs) designated pursuant to section 214(e)[13] are eligible to receive Lifeline/Link-Up support.[14]

5. Under the Commission's current rules, states and territories have the authority to establish their own Lifeline/Link-Up programs that provide additional support to low-income consumers that incorporate the unique characteristics of each state or territory.[15] For example, in

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[7] 47 U.S.C. § 254.

[8] 47 U.S.C. § 254(b).

[9] The Commission adopted Lifeline/Link-Up prior to passage of the 1996 Act pursuant to its general authority under sections 1, 4(i), 201, and 205 of the Act. *See Federal-State Joint Board on Universal Service,* CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 8952-53, para. 329 (1997) (*1997 Universal Service Order*); 47 U.S.C. §§ 151, 154(i), 201, 205.

[10] *See* 47 C.F.R. § 54.401(a)(2); *1997 Universal Service Order*, 12 FCC Rcd at 8957, para. 341.

[11] *See* 47 C.F.R. § 54.411(a)(1).

[12] *See* 47 C.F.R. §§ 54.405(a)(4), 54.411(a)(3). Under the Commission's rules, there are four tiers of federal Lifeline support. All eligible subscribers receive Tier 1 support which provides a discount equal to the ETC's subscriber line charge. Tier 2 support provides an additional $1.75 per month in federal support, available if all relevant state regulatory authorities approve such a reduction. (All fifty states have approved.) Tier 3 of federal support provides one half of the subscriber's state Lifeline support, up to a maximum of $1.75. Only subscribers residing in a state that has established its own Lifeline/Link-Up program may receive Tier 3 support, assuming that the ETC has all necessary approvals to pass on the full amount of this total support in discounts to subscribers. Tier 4 support provides eligible subscribers living on tribal lands up to an additional $25 per month towards reducing basic local service rates, but this discount cannot bring the subscriber's cost for basic local service to less than $1. *See* 47 C.F.R. § 54.403.

[13] 47 U.S.C. § 214(e) (setting forth the requirements for ETC designation).

[14] 47 U.S.C. § 254(e).

[15] *See* 47 C.F.R. §§ 54.409(a), 54.415(a). *See also* 47 U.S.C. § 254(j) (giving the Commission the authority to maintain pre-1996 Act Lifeline/Link-Up framework).

establishing eligibility criteria, states have the flexibility to consider federal and state-specific public assistance programs with high rates of participation among low-income consumers in the state. State certification procedures and outreach efforts can also take into account existing state laws and budgetary limits. Some states and territories, however, have elected to use the federal criteria as their default standard. These "federal default states" include not only states and territories with their own Lifeline/Link-Up programs that have adopted the federal default criteria, but also states and territories that have not adopted their own Lifeline/Link-Up program. The modifications to the federal default criteria that we adopt in this Order, unless specifically stated otherwise, will affect only federal default states.[16] We request that states notify this Commission if their status as a federal default state changes.

6. On December 21, 2000, the Commission requested that the Joint Board review the Lifeline/Link-Up program for all low-income customers, including a review of the income eligibility criteria.[17] The Joint Board issued its *Recommended Decision* on April 2, 2003.[18] In its *Recommended Decision*, the Joint Board recommended several changes, discussed in more detail below, to improve the effectiveness of the low-income support mechanism.[19] The Commission sought comment on the Joint Board's *Recommended Decision* regarding modifications to the Lifeline/Link-Up program in a *Notice of Proposed Rulemaking* (*NPRM*) released on June 9, 2003.[20]

III. REPORT AND ORDER

A. Eligibility

1. Background

7. Currently, Lifeline/Link-Up eligibility is based on participation in means-tested programs. In order to be eligible for Lifeline/Link-Up assistance under the federal default eligibility criteria for federal default states, a consumer must certify, under penalty of perjury, that he/she participates in at least one of the following federal programs: Medicaid, Food Stamps, Supplemental Security Income (SSI), Federal Public Housing Assistance (Section 8) (FPHA), or the Low Income Home Energy Assistance Program (LIHEAP).[21] In states that have their own Lifeline/Link-Up programs, the consumer must meet the eligibility criteria established by the

[16] *See* Appendix G for a list of current federal default states. Except as otherwise specifically provided, the term "State" means the States, the District of Columbia, Territories, and possessions of the United States of America.

[17] *See* Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Order, 15 FCC Rcd 25257 (2000) (*Referral Order*).

[18] *See generally Recommended Decision.*

[19] *See generally Recommended Decision.*

[20] *See Lifeline and Link-Up,* WC Docket No. 03-109, Notice of Proposed Rulemaking, 18 FCC Rcd 11628 (2003), modified by *Federal-State Board on Universal Service Lifeline and Link-Up*, WC Docket No. 03-109, Erratum, 18 FCC Rcd 16694 (2003) (collectively *NPRM*).

[21] *See* 47 C.F.R. §§ 54.409(b), 54.415(b).

state, consistent with sections 54.409 and 54.415 of the Commission's rules.[22]

8. In the *Twelfth Report and Order*,[23] the Commission adopted more expansive Lifeline/Link-Up eligibility criteria for low-income consumers living on tribal lands.[24] For those consumers, the Commission established an enhanced Lifeline/Link-Up program. In order to qualify for enhanced Lifeline/Link-Up under the federal default eligibility criteria, the consumer must certify, under penalty of perjury, that he/she participates in one of the five programs listed above or any of the following additional federal programs: Bureau of Indian Affairs General Assistance, Tribally-Administered Temporary Assistance for Needy Families (Tribal TANF), Head Start (only for those meeting its income qualifying standard), or the National School Lunch Program's free lunch program.[25] In a state with its own enhanced Lifeline/Link-Up program, a consumer living on tribal lands may qualify for Lifeline/Link-Up support by meeting either the eligibility and verification criteria established by the state or the federal default eligibility criteria for the enhanced program.[26]

9. In the *NPRM*, the Commission sought comment on the Joint Board's recommendation that the Commission expand the federal default eligibility criteria to include an income-based criterion and additional means-tested programs.[27] Specifically, the Joint Board recommended that a consumer be eligible for Lifeline/Link-Up when the consumer's income is at or below 135% of the Federal Poverty Guidelines (FPG), or if the consumer participates in Temporary Assistance for Needy Families (TANF) or the National School Lunch's free lunch program (NSL).

2. Discussion

a. Income-based Criteria

10. We adopt the Joint Board's recommendation that a consumer be eligible to participate in Lifeline/Link-Up if the consumer's income is at or below 135% of the FPG.[28] We agree with the Joint Board that adding an income-based criterion to the federal default eligibility criteria may increase participation in the Lifeline/Link-Up program.[29] This will enable, for example, a family of four whose annual income is at or below $24,840 to qualify for Lifeline/Link-Up

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[22] *See* 47 C.F.R. §§ 54.409(a), 54.415(a).

[23] *Federal-State Joint Board on Universal Service; Promoting Deployment and Subscribership in Unserved and Underserved Areas, Including Tribal and Insular Areas*, CC Docket No. 96-45, Twelfth Report and Order, Memorandum Opinion and Order, and Further Notice of Proposed Rulemaking, 15 FCC Rcd 12208 (2000) (*Twelfth Report and Order*).

[24] *See Twelfth Report and Order*, 15 FCC Rcd at 12245-48, paras. 68-74.

[25] *See* 47 C.F.R. §§ 54.409(c), 54.415(c); *Twelfth Report and Order*, 15 FCC Rcd at 12245, para. 68.

[26] *See* 47 C.F.R. §§ 54.409(c), 54.415(c). *See Twelfth Report and Order*, 15 FCC Rcd at 12247-48, paras. 73-74.

[27] *See NPRM*, 18 FCC Rcd at 11628, para. 1.

[28] *See Recommended Decision*, 18 FCC Rcd at 6597, para. 15.

[29] *See Recommended Decision*, 18 FCC Rcd at 6597, para. 15.

support even if they do not participate in one of the current qualifying assistance programs.[30] We have included, in Appendix D, estimated income requirements for various sizes of households at or below 135% of the FPG.[31] Our staff analysis estimates that adding an income-based criterion of 135% of the FPG could result in approximately 1.17 million to 1.29 million new Lifeline/Link-Up subscribers.[32] Of these new Lifeline/Link-Up subscribers, the analysis projects that approximately one in five likely would be new subscribers to telephone service.[33] Therefore, in addition to ensuring that many low-income subscribers may be better able to afford to maintain their existing service, this criterion will enable many low-income subscribers to have service for the first time.[34] Adding an income-based standard should thereby promote universal service by increasing subscribership and making rates more affordable for existing low-income subscribers.

11. We agree with the majority of commenters that support adding an income-based standard to the current program-based criteria.[35] We also agree with the Joint Board and several commenters that adding an income-based standard likely will capture some low-income consumers who are not eligible for Lifeline/Link-Up because they no longer participate in the qualifying assistance programs.[36] In 1996, Congress passed "The Personal Responsibility and Work Opportunity Reconciliation Act,"[37] also known by the acronym "PRWORA." PRWORA instituted sweeping changes to several federal public assistance programs, including time limits

[30] *See* 2003 Poverty Guidelines for the 48 Contiguous States and the District of Columbia, 68 Fed. Reg. 6456-58 (2003) (*2003 FPG*).

[31] *See* Appendix D. In order to qualify under this income-based criterion, all income actually received by all members of the household will be counted. This includes salary before deductions for taxes, public assistance benefits, social security payments, pensions, unemployment compensation, veteran's benefits, inheritances, alimony, child support payments, worker's compensation benefits, gifts, lottery winnings, and the like. The only exceptions are student financial aid, military housing and cost-of-living allowances, irregular income from occasional small jobs such as baby-sitting or lawn mowing, and the like. States with their own Lifeline/Link-Up programs may adopt their own definition of income if they have not already done so. *See* Appendix A (defining "income").

[32] *See* Appendix K at Table 2.F. The staff analysis assumes that all states without an existing income criterion or an income criterion at or below 135% of the FPG adopt the new federal default income-based standard. Accordingly, the estimates presented are likely to represent the upper limit of potential new Lifeline and telephone subscribers and estimated impact on the fund. If some states choose not to adopt the federal income-based criteria, the number of subscribers would be correspondingly lower. This analysis also assumes the following: states that already have an income criterion of 150% of the FPG or higher keep it; there are no other changes to the Lifeline/Link-Up program or the qualifying Lifeline/Link-Up eligibility programs; and states, ETCs, and consumers quickly learn of the program change and rapidly act on that information. *See* Appendix K at 3, 13.

[33] *See* Appendix K at Table 2.H.

[34] *See* Appendix K at Table 2.F.

[35] *See* Acorn Comments at 4; BellSouth Comments at 3, Reply Comments at 3; Consumer Coalition Comments at 1; Florida PSC Comments at 3; NASUCA Reply Comments at 5, 9; NCLC Comments at 3, Reply Comments at 4; NFFN Comments at 7; NY Dep't of Public Service Comments at 1-2; OH PUC Comments at 4; Commissioner Wilson PaPUC at Reply Comments 2-3; PULP Comments at 1-2; TX Legal Services Center Comments at 1; TOPC Comments at 5-6; Tribal Telecom Outreach Comments at 1; USCCB Comments at 3-4, 6; UUI Comments at 4.

[36] *See* NASUCA Reply Comments at 12; NCLC Comments at 5-6; NFFN Comments at 7; PULP Comments at 1-2; TX Legal Services Center Comments at 1.

[37] Pub.L.No. 104-193, 110 Stat. 2105 (Aug. 22, 1996).

and work requirements backed by sanctions. In the *1997 Universal Service Order*, the Commission indicated it would monitor the impact of PRWORA on participation in Lifeline/Link-Up qualifying programs and revise eligibility criteria if the program-based criteria model "becomes an unworkable standard."[38] In the *Twelfth Report and Order*, the Commission also noted it would consider adding an income-based criterion in the future because it might "reach more low-income consumers, including low-income tribal members, than the current method of conditioning eligibility on participation in particular low-income assistance programs."[39] We understand that participation is decreasing in many public assistance programs, including at least one program used to determine eligibility for Lifeline/Link-Up.[40] At the same time, poverty rates in the U.S. are increasing by the traditional measure. In 2002, 12.1% or 34.6 million people fell below the poverty threshold, compared to 11.3% or 31.1 million people in 2000.[41] At the same time, however, the Census Bureau has published six alternative measures of poverty, none of which appear to show a statistically significant increase in poverty rates between 2001 and 2002.[42] Regardless of factual differences in the data, broadening eligibility criteria to include an income-based standard at this time should ensure continued participation in Lifeline/Link-Up among low-income households, which, in turn, should increase subscribership to the network. Several commenters also state that individuals who are no longer eligible to receive welfare or benefits under federal assistance programs may still be too poor to afford the cost of local telephone service.[43] Adding an income-based standard could increase subscribership among low-income individuals affected by PRWORA. Thus, this action will further the goals of section 254.[44]

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[38] *1997 Universal Service Order*, 12 FCC Rcd at 8974, para. 374.

[39] *Twelfth Report and Order*, 15 FCC Rcd at 12247, para. 72.

[40] Food Stamps enrollment fell from 25.5 million recipients in FY 1996 to 21.3 million recipients in FY 2003. *See* <http://www.fns.usda.gov/pd/fssummar.htm>.

[41] *See* U.S. Census Bureau, Current Population Survey, 2002 and 2003, Annual Social and Economic Supplements; U.S. Census Bureau, Current Population Survey, 2001 to 2002, Annual Demographic Supplements; U.S. Census Bureau, Current Population Survey, March 2000 and 2001; *see also* <http://www.census.gov/hhes/income/income02/prs03asc.html> (2003 press briefing); <http://www.census.gov/hhes/income/income01/prs02asc.html> (2002 press briefing); <http://www.census.gov/hhes/income/income00/prs01asc.html> (2001 press briefing). According to the U.S. Census Bureau, the poverty threshold for a family of four was $18,392 in 2002, and $17,603 in 2000. *See id.* Poverty thresholds, updated each year by the Census Bureau, are used mainly for statistical purposes. In contrast, poverty guidelines, issued each year by the Department of Health and Human Services, are a simplification of the poverty thresholds, used for administrative purposes such as determining financial eligibility for certain federal programs. Therefore, Census Bureau poverty thresholds, including those for years 2002 and 2000, differ from the Department of Health and Human Service's Federal Poverty Guidelines. *See generally* <http://aspe.hhs.gov/poverty/02poverty.htm>, <http://aspe.hhs.gov/poverty/00poverty.htm>.

[42] *See* U.S. Census Bureau, Press Briefing (Sept. 26, 2003), Chart 12, available at <http://www.census.gov/hhes/income/income02/prs03asc.html> (last visited, Mar. 12, 2004).

[43] BellSouth Comments at 3; NASUCA Reply Comments at 12; NCLC Comments at 5-6, Reply Comments at 4; OH PUC Comments at 4; PULP Comments at 1-2; TX Legal Services Center Comments at 1.

[44] 47 U.S.C. § 254.

12. Consistent with the Joint Board recommendation,[45] we initially set the income-based standard at 135% of the FPG, while we further develop the record on the costs and benefits of adopting a 150% FPG standard.[46] The Joint Board concluded that an income-based standard at 135% of the FPG struck an appropriate balance between increasing subscribership without significantly overburdening the universal service fund. It noted that most commenters supported adoption of an income-based standard ranging from 125% to 150% of the FPG, and that many other federal welfare programs, and state Lifeline programs, base eligibility on a standard within that range.[47] We note that our staff analysis projects that if all states were to adopt an income-based standard at or below 135% of the FPG, federal Lifeline expenditures could increase by $127 to $140 million over current levels;[48] in contrast, if we were to adopt an income-based standard at or below 150% of the FPG, federal Lifeline expenditures could increase by $316 to $348 million.[49] We also note that while our staff analysis projects that adoption of an income-based standard at or below 135% of the FPG could result in more than 200,000 households newly subscribing to telephone service, that study also projects no net increase in new subscribers under an income-based standard at or below 150% of the FPG. We recognize that a few commenters are concerned about the potential financial burdens placed on the universal service fund due to increased participation in the Lifeline/Link-Up program,[50] but we conclude that the benefits of adopting a 135% income-based standard now – namely, adding new low-income subscribers and retaining existing low-income subscribers on the network – outweigh the potential increased costs. In sum, we conclude that adopting a 135% income-based standard at this time represents a reasonable and cautious approach, while we explore further whether to adopt a 150% income standard.[51]

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[45] *See Recommended Decision*, 18 FCC Rcd at 6599, para. 17.

[46] *See infra* para. 56.

[47] *See Recommended Decision*, 18 FCC Rcd at 6599, para. 17. For example, the following federal programs use an income-based standard as an eligibility criterion: Medicaid (income at or below 133% of the FPG), Food Stamps (gross income at or below 130% of the FPG, net income at or below 100% of the FPG), Low Income Home Energy Assistance Program (LIHEAP) (income at or below 150% of the FPG but not lower than 110% of the FPG or 60% of state median income), National School Lunch program's free lunch program (income at or below 130% of the FPG). We note that these programs may also use other eligibility criteria. States with their own Lifeline/Link-Up programs may establish their own eligibility criteria or may allow carriers to define eligibility. For example, BellSouth Florida, Sprint Tennessee, ALLTEL Texas, and Southwestern Bell Texas have an income-based eligibility criterion of 125% of the FPG. Qwest Idaho, Oregon, and Utah have an income-based eligibility criterion of 133% of the FPG. Verizon Oregon has an income-based eligibility criterion of 135% of the FPG. Pacific Bell California, Verizon Michigan, Sprint Minnesota, Missouri, Nebraska, Nevada, Moapa Valley Nevada, Verizon Nevada, Sprint Pennsylvania, and Verizon Vermont have an income-based eligibility criterion of 150% of the FPG. *See* <http://www.lifelinesupport.org>. We note these programs may also use other eligibility criteria.

[48] *See* Appendix K at Table 2.G. As recognized in the staff study, this amount represents the upper bound of the potential increase in funding as it assumes that all states that do not already have an income criterion of at least 135% of the FPG will choose to implement the new federal default standard. Moreover, we recognize that it is difficult to predict with certainty how consumers may behave if program requirements change. *See* Appendix K at 13.

[49] *See* Appendix K at Table 2.G.

[50] *See* AT&T Reply Comments at 4; CPUC Comments at 6; Florida PSC Comments at 3; MCI Comments at 2.

[51] *See infra* paras. 56-57.

b. Program-based Criteria

13. We also adopt the Joint Board's recommendation that the Temporary Assistance to Needy Families program (TANF)[52] and the National School Lunch's free lunch program (NSL)[53] be added to the federal default eligibility criteria.[54] We believe adding these programs is likely to help improve participation in the Lifeline/Link-Up program, and in doing so, would increase telephone subscribership and/or make rates more affordable for low-income households. Additionally, low-income consumers that come into contact with state agencies while enrolling in one public assistance program are often made aware of their eligibility to participate in another public assistance program. Therefore, participation in Lifeline/Link-Up could be increased by adding these public assistance programs to the current program-based criteria because it increases the possibility that low-income consumers could be made aware of Lifeline/Link-Up when they enroll in TANF and NSL and thereby increases or maintains subscribership.[55]

14. Under the Commission's current rules, Tribal TANF is an eligibility criterion for enhanced Lifeline/Link-Up.[56] The Commission extended Lifeline/Link-Up eligibility criteria to include the Tribal TANF program, as well as Bureau of Indian Affairs General Assistance, Tribal National School Lunch's free lunch program, and Tribal Head Start program (income qualifying standard only) concluding that the "household income thresholds for these newly added programs range[d] from 100-130 percent of the [FPG]" and were therefore "consistent with the [income thresholds of those] programs included in our current federal default list."[57] Adding TANF to the current list of eligibility criteria may permit more low-income individuals, not just those living on tribal lands, to qualify for Lifeline/Link-Up support, thereby potentially increasing telephone subscribership and making rates more affordable for existing low-income subscribers.[58] Although 5.1 million recipients currently participate in TANF,[59] like the Joint

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[52] TANF replaced the Aid to Families with Dependent Children program (AFDC). TANF is codified at 42 U.S.C. §§ 600 *et seq.*

[53] NSL is codified at 42 U.S.C. §§ 1751 *et seq.*

[54] *See Recommended Decision*, 18 FCC Rcd at 6601, para. 20.

[55] *See* Consumer Coalition Comments at 2.

[56] In Tribal TANF, participation is only open to those living on tribal lands, and tribes implement their own TANF programs with eligibility criteria and benefits that vary by tribe rather than by state. *See* <http://www.acf.hhs.gov/programs/dts/guidettf01.htm>.

[57] *Twelfth Report and Order*, 15 FCC Rcd at 12245, para. 68. We note that: (1) income eligibility criteria in the programs listed may have changed in the four years since the *Twelfth Report and Order* was released and (2) because Tribal TANF eligibility criteria varies by tribe, income eligibility criteria in certain Tribal TANF programs may not range from 100-130% of the FPG.

[58] *See* NCLC Comments at 3-4.

[59] In fiscal year 2002, there were approximately 5.1 million recipients receiving TANF support. *See* HHS/ACF/Office of Family Assistance/Division of Data Collection and Analysis, ACF-3637, Statistical Report on Recipients under Public Assistance (OMB Approval No. 0970-008), ACF-198, Emergency TANF Data Report (0970-0164), ACF-199, TANF Data Report (0970-0199); <http://www.acf.dhhs.gov/news/stats/2002tanfrecipients.htm>.

Board, we cannot project how many additional persons may become eligible for Lifeline/Link-Up under this new criterion because many low-income households participate in more than one assistance program.[60] Nevertheless, we share the Joint Board's belief that extending Lifeline/Link-Up benefits to TANF participants will promote the goals of universal service.

15. We note that, in the *1997 Universal Service Order*, the Commission rejected a proposal to add TANF's predecessor, Aid to Families with Dependent Children (AFDC), to the list of qualifying Lifeline/Link-Up programs.[61] At the time, the Commission was concerned about the impact of PRWORA on that particular program.[62] Although TANF participation rates have decreased since fiscal year 1996 and the implementation of PRWORA, participation rates remain high.[63] Accordingly, adding this particular program to the federal default eligibility criteria may still potentially affect significant numbers of low-income consumers.

16. We agree with the Joint Board that one benefit of adding TANF is the broad discretion that states are given to establish eligibility standards for each state's respective TANF program.[64] This broad discretion enables states to tailor the TANF program to meet their constituents' needs. Therefore, we agree with the Joint Board and most commenters that adding TANF as an eligibility criterion for Lifeline/Link-Up will help target the program to appropriate low-income households.[65] Another advantage of adding TANF is that verification of Lifeline/Link-Up eligibility would simply involve checking TANF program records. We agree with NASUCA that monitoring participation in TANF is no more difficult than other programs.[66]

17. We agree with the Joint Board that adding NSL's free lunch program to the current list of federal default eligibility criteria may permit more low-income individuals, not just those living on tribal lands, to qualify for Lifeline/Link-Up support, thereby increasing subscribership and/or making rates more affordable for low-income households.[67] Under the Commission's current rules, Tribal NSL is an eligibility criterion for enhanced Lifeline/Link-Up on tribal lands.[68] In general, NSL's eligibility criteria are the same as for Tribal NSL.[69] To be eligible for

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[60] *See Recommended Decision*, 18 FCC Rcd at 6601, para. 21.

[61] *See 1997 Universal Service Order*, 12 FCC Rcd at 8974, para. 374.

[62] *See id.*

[63] *See infra* note 198.

[64] *See Recommended Decision*, 18 FCC Rcd at 6601, para. 22. We note that each state's TANF program is subject to modification, as are all the means-tested programs that comprise Lifeline/Link-Up's program-based criteria.

[65] *See* Consumer Coalition Comments at 1-2; Florida PSC Comments at 4; NCLC Comments at 3-4; NASUCA Reply Comments at 16; NY Dep't of Public Service Comments at 1-2; PaPUC Reply Comments at 3; Commissioner Wilson PaPUC Reply Comments at 4-5; Tribal Telecom Outreach Comments at 1; USCCB Comments at 8-9.

[66] *See* NASUCA Reply Comments at 16.

[67] *See Recommended Decision*, 18 FCC Rcd at 6602, para. 23.

[68] *See* 47 C.F.R. § 54.409(c).

[69] In Tribal NSL, participation is only open to children living on tribal lands, and children living on tribal lands are automatically eligible if they or their household receives assistance under the Food Distribution Program on Indian Reservations. *See generally* <http://www.fns.usda.gov/cnd/lunch/default.htm>.

NSL's free lunch program, the household income must be at or below 130% of the FPG, which is $23,920 for a family of four.[70] Children are automatically eligible for free school meals if their household receives Food Stamps, benefits under the Food Distribution Program on Indian Reservations or, in most cases, benefits under the TANF program.[71] There were approximately 13.7 million children enrolled in NSL's free lunch program in fiscal year 2003.[72] As with TANF, however, it is difficult to project how many additional persons may become eligible for Lifeline/Link-Up by adopting NSL because many low-income households typically participate in more than one assistance program once they meet the qualifying criteria.[73] We are not aware of any data on the total number of households in which NSL participants reside, because more than one NSL participant may reside in a single household. Nevertheless, we agree with the Joint Board that adding NSL as an eligibility criterion could increase telephone subscribership and/or make rates more affordable for low-income households.

18. There is significant support in the record for adding NSL's free lunch program to the federal default eligibility criteria.[74] We agree with NCLC that adding NSL may improve telephone penetration among low-income subscribers because it may capture many low-income households that may not participate in other Lifeline/Link-Up qualifying public-assistance programs.[75] According to NCLC, many households do not feel that children participating in NSL carries the same social stigma as participation in programs whose aim is assistance for adults.[76] Also, adding NSL's free lunch program is consistent with the Commission's determination in the *Twelfth Report and Order* that eligibility for enhanced Lifeline/Link-Up should be limited to those qualifying for free lunch from NSL.[77] We note that participation in the NSL program is increasing, unlike other assistance programs where PRWORA may have prompted decreased enrollment.[78] It is also easy to verify eligibility under this criterion because it would simply involve checking NSL program records. We note that in the *1997 Universal Service Order*, the Commission found that "in the interest of administrative ease and avoiding fraud, waste, and abuse, the named subscriber to the local telecommunications service must participate in [the] program[ ] to qualify for Lifeline."[79] Although the child is the named

[70] *See 2003 FPG*, 68 Fed.Reg. at 6456-58. We note that the NSL program is subject to modification, as are all the means-tested programs that comprise Lifeline/Link-Up's program-based criteria.

[71] *See* <http://www.fns.usda.gov/cnd/About/faqs.htm>.

[72] *See* <http://www.fns.usda.gov/pd/slsummar.htm>.

[73] *See Recommended Decision*, 18 FCC Rcd at 6602, para. 23.

[74] These commenters supported adding NSL to the federal default eligibility criteria. *See* Consumer Coalition Comments at 2; Florida PSC Comments at 4; NCLC Comments at 3-5; NASUCA Reply Comments at 16-17; NY Dep't of Public Service Comments at 1-2; OK Corporation Commission Comments at 3; Commissioner Wilson PaPUC Reply Comments at 4-5; Tribal Telecom Outreach Comments at 1; USCCB Comments at 8-9.

[75] *See* NCLC Comments at 3-5.

[76] *See* NCLC Comments at 5.

[77] *See Twelfth Report and Order*, 15 FCC Rcd at 12245, para. 68.

[78] For example, in 1996, there were 12.7 million children enrolled in NSL's free lunch program. In 2003, there were 13.7 million children enrolled in NSL's free lunch program. *See* <http://www.fns.usda.gov/pd/slsummar.htm>.

[79] *See 1997 Universal Service Order*, 12 FCC Rcd at 8974, para. 374.

participant in the NSL program, it is the household's income that qualifies the child for participation in the program. No commenters have brought to our attention any evidence of problems with its use in the enhanced Lifeline/Link-Up federal default eligibility criteria for those living on tribal lands. Accordingly, we believe that adding NSL will help to target Lifeline/Link-Up support to the appropriate low-income households.

B. Duration of an Individual's Eligibility for Lifeline/Link-Up

1. Background

19. Only qualifying low-income consumers may participate in the Lifeline/Link-Up program.[80] Therefore, if a consumer ceases to meet any of the eligibility criteria, he or she may no longer receive the benefits of Lifeline/Link-Up. The Joint Board was concerned that an automatic termination process might result in erroneous disconnection of service for certain consumers. Accordingly, the Joint Board recommended that the Commission seek comment on establishing an appeals process for the termination of Lifeline benefits and determine whether 60 days is an appropriate time period for a consumer to appeal.[81] In the *NPRM*, the Commission sought comment on this proposal and asked commenters to provide more information on how an appeals process could work.[82]

2. Discussion

20. We agree with the Joint Board and several commenters that consumers should be given a period of time in which to show continued eligibility for Lifeline.[83] As described below, dispute resolution procedures are necessary to allow consumers to demonstrate continued eligibility. Moreover, such a timeframe will provide Lifeline customers, who may not be aware of a change to their eligibility status, a period of time in which to transition to the full cost of non-Lifeline service should they be found to be ineligible. This transitional period will reduce the likelihood that such customers would be subsequently disconnected from the network. Therefore, an appeal and transition period will promote the goals of section 254.[84] Moreover, allowing Lifeline benefits to continue prior to a final decision to terminate enrollment should not burden the fund excessively, while providing administrative stability.

21. We recognize that some states may have existing dispute resolution procedures between telephone companies and consumers governing termination of telephone service that could apply to termination of Lifeline benefits. For example, the Pennsylvania Public Utility Commission (PaPUC) asserts that "Pennsylvania carriers would treat an appeal regarding termination of Lifeline service as a 'dispute' and would follow the PaPUC procedural rules

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[80] *See* 47 C.F.R. § 54.409(b).

[81] *See Recommended Decision*, 18 FCC Rcd at 6605, paras. 29, 30.

[82] *See NPRM*, 18 FCC Rcd at 11629, para. 2.

[83] *See Recommended Decision*, 18 FCC Rcd at 6604, para. 29; NASUCA Reply Comments at 30; NCLC Comments at 13-15; OH PUC Comments at 8.

[84] *See* 47 U.S.C. §§ 254(b)(1), 254(b)(3).

regarding the resolution of disputes[.]"[85] The PaPUC explains that termination of service would be stayed pending resolution of the dispute.[86] Accordingly, in such a state, consumers would have an opportunity to dispute Lifeline termination, and there would be no need for the ETC to follow the federal default procedures, as described below.[87] Therefore, where a state maintains its own procedures that would require, at a minimum, written customer notification of impending termination of Lifeline benefits, similar to the federal default requirements, that state will retain the flexibility to develop its own appeals process. Moreover, we agree with the PaPUC and the Joint Board that preempting a state's existing appeals process could result in customer confusion and unnecessary expense for the carrier. States should make their own determination as to whether the state's existing laws could apply to termination of Lifeline benefits.

22. In states that lack dispute resolution procedures applicable to Lifeline termination, we adopt the Joint Board's recommendation and require ETCs that have a reasonable basis to believe that consumers no longer qualify for Lifeline[88] to notify consumers of their impending termination of Lifeline benefits and implement a 60-day period of time in which to demonstrate continued eligibility.[89] For those states, we adopt the following federal default procedures. ETCs in such states will be required to notify consumers of their impending termination of Lifeline benefits by sending a termination of Lifeline benefits notice in a letter separate from the consumer's monthly bill. If a consumer receives such a termination notice, the consumer would have up to 60 days from the date of the termination letter in which to demonstrate his or her continued eligibility before Lifeline support is discontinued. For example, a consumer who enrolled in Lifeline because he or she participated in LIHEAP may nevertheless qualify for Lifeline after discontinuing participation in LIHEAP under a different program-based or income-based criterion. Consumers should be given a period of time in which to make such a showing of continued eligibility if they believe they have received a termination letter in error. The 60-day time period also should ensure that consumers have ample notice to make arrangements to pay the full cost of local service should they wish to continue telephone service after termination of Lifeline benefits.[90] This 60-day time period thus furthers the goal of section 254 to provide access to telecommunications services for low-income consumers.[91] A consumer who appeals must present proof of continued eligibility to the carrier consistent with his or her state's

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[85] *See* PaPUC Reply Comments at 4 (citing 52 Pa. Code §§ 64.131-134, 64.141-142). *See also* Commissioner Wilson PaPUC Reply Comments at 5-6.

[86] *See* PaPUC Reply Comments at 4 (citing 52 Pa. Code § 64.133). *See also* Commissioner Wilson PaPUC Reply Comments at 5-6.

[87] *See infra* para. 22.

[88] An ETC may have a reasonable basis to believe that a consumer no longer qualifies for Lifeline if, for example, the state alerts the ETC that a particular consumer no longer participates in a Lifeline-qualifying program or the consumer fails to provide information in response to a request for documentation by the ETC.

[89] Where ETCs provide wholesale Lifeline rates to non-ETC resellers that provide discounted service to low-income consumers in states that lack dispute resolution procedures, the non-ETC reseller must comply with these requirements.

[90] Commenters also agreed that 60 days is a reasonable amount of time. *See* NASUCA Reply Comments at 30; NCLC Comments at 14; OH PUC Comments at 8.

[91] *See generally* 47 U.S.C. § 254.

verification requirements or federal verification requirements, if relevant, as modified in the Certification and Verification Procedures section below.[92] This procedure is only required when the carrier has initiated termination of benefits. This 60-day period of time is not necessary when the Lifeline subscriber has notified the carrier that he or she is no longer eligible.[93] Presumably such subscribers will be aware of their impending termination of benefits and will be able to budget their resources accordingly.

C. Certification and Verification Procedures

1. Background

23. Certification and verification are the processes by which eligible consumers establish their qualification for Lifeline/Link-Up. Certification occurs at the time an individual is applying to enroll in Lifeline/Link-Up, while verification occurs on a periodic basis after the subscriber has already been certified. Currently, in a state that has instituted its own Lifeline/Link-Up program, an individual must follow that state's certification and verification procedures, if any, in order to enroll and continue to participate in that state's Lifeline/Link-Up program.[94] In federal default states, an individual must self-certify to his/her carrier, under penalty of perjury, that he/she is enrolled in a qualifying assistance program.[95] Although there is currently no verification requirement for federal default states, Lifeline subscribers are required to notify their carriers when they cease to participate in a qualifying program.[96]

24. In its *Recommended Decision*, the Joint Board recommended that the Commission encourage all states, including federal default states, to adopt automatic enrollment as a means of certifying that consumers are eligible for Lifeline/Link-Up.[97] They also recommended that consumers eligible for Lifeline/Link-Up under an income-based criterion be required to present documentation of income eligibility prior to being enrolled in the program and to verify continued eligibility under any criterion. Finally, the Joint Board recommended adoption of a rule requiring Lifeline/Link-Up applicants who qualify under the income-based criterion to certify, under penalty of perjury, the number of individuals in their household.[98]

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[92] *See infra* paras. 28-35.

[93] *See* 47 C.F.R. § 54.409(b).

[94] 47 C.F.R. § 54.409(a).

[95] 47 C.F.R. § 54.409(b).

[96] *Id.*

[97] The definition of automatic enrollment in the Lifeline/Link-Up context is an "electronic interface between a state agency and the carrier that allows low-income individuals to automatically enroll in Lifeline/Link-Up following enrollment in a qualifying public assistance program." *Recommended Decision*, 18 FCC Rcd at 6608, para. 38.

[98] *Recommended Decision*, 18 FCC Rcd at 6610, para. 44.

2. Discussion

a. Automatic Enrollment

25. We agree with the Joint Board and encourage all states, including federal default states, to adopt automatic enrollment as a means of certifying that consumers are eligible for Lifeline/Link-Up.[99] In its *Recommended Decision*, the Joint Board observed that participation rates for Lifeline/Link-Up increased in states that employed automatic enrollment, aggressive outreach, and intrastate multi-agency cooperation.[100] In particular, the Joint Board highlighted three states that have adopted some form of Lifeline/Link-Up automatic enrollment.[101] In two states, an affirmative act by the participant, such as authorization to release qualifying information and submission of letter indicating participation in the qualifying program, is needed to secure enrollment in Lifeline/Link-Up.[102] In a third state, the state automatically enrolls the consumer in Lifeline/Link-Up at the time of enrollment in a qualifying program, but offers the consumer an opt-out provision to cancel participation in Lifeline/Link-Up.[103] Because we agree with the Joint Board that automatic enrollment may facilitate participation in Lifeline/Link-Up, we adopt the Joint Board's recommendation to encourage states to implement such measures.

26. We decline, however, to require states to adopt automatic enrollment at this time.[104] Instead, we encourage those states that currently do not employ automatic enrollment to consider states that operate automatic enrollment as a model for future implementation.[105] As the Joint Board noted, implementation of automatic enrollment could impose significant administrative, technological, and financial burdens on states and ETCs.[106] Although we recognize the benefits of automatic enrollment, we agree with the Joint Board that we should not force states that may be unable to afford to implement automatic enrollment to do so.[107] We also recognize arguments that requiring automatic enrollment may deter ETCs from participating in the Lifeline/Link-Up

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[99] *Id.* at 6607-08, para. 38.

[100] *Id.* at 6608, para. 39.

[101] *See id.* at 6608, 6625-26, paras. 39-40, Appendix E.

[102] *Recommended Decision*, 18 FCC Rcd at 6625-26, Appendix E. Massachusetts and North Dakota require an affirmative action by the enrollee. *Id.*

[103] *Id.* at 6626, Appendix E. New York employed a confidentiality agreement between the state agency and the carrier to facilitate the release of qualifying information and safeguard consumer privacy rights.

[104] *See, e.g.,* ACORN Comments at 4; NASUCA Comments at 17-20; NCLC Comments at 8; NCLC Reply Comments at 4-5; NFFN Comments at 8, OK Corporation Commission Comments at 4; USCCB Comments at 9.

[105] For example, in Texas, plans are underway to implement the state legislature's determination that all utility discount plans should be administered by a third party, the Low Income Discount Administrator (LIDA). *See* NASUCA Reply Comments at 18-19; *see also* <http://www.puc.state.tx.us/openmeet/openmeetarc/2003/121803.pdf>. It is proposed that the LIDA will interface with state agencies and automatically enroll consumers that are eligible for utility discounts in various assistance programs, including Lifeline.

[106] *See Recommended Decision*, 18 FCC Rcd 6608, para. 40.

[107] Massachusetts, Texas, New York, New Jersey, Nevada, and Ohio are examples of states utilizing automatic enrollment in their Lifeline/Link-Up programs.

program because of the technical requirements associated with interfacing with government agencies or third party administrators.[108]

b. Certification of Program-based Eligibility

27. We agree with the Joint Board that the current certification procedures for program-based qualification are sufficient.[109] Current rules require self-certification, under penalty of perjury, for the federal default states,[110] and allow states operating their own Lifeline/Link-Up programs to devise more strict measures as they deem appropriate.[111] We agree with the Joint Board that the ease of self-certification encourages eligible consumers to participate in Lifeline/Link-Up.[112] In addition, self-certification imposes minimal burdens on consumers. Finally, we agree with the Joint Board that participation in need-based programs is easily verified.[113] Accordingly, we conclude, consistent with the views of the Joint Board, that certification of qualified program participation, under penalty of perjury, serves as an effective disincentive to abuse the system at this time.[114]

c. Certification of Income-based Eligibility

28. We adopt the Joint Board's recommendation to require all states, including federal default states, to adopt certification procedures to document income-based eligibility for Lifeline/Link-Up enrollment.[115] Because it is easier to verify qualifying program enrollment, we share the Joint Board's concerns that there may be a greater potential for fraud and abuse when an individual self-certifies his/her income eligibility.[116] We agree with the many commenters that requiring documentation of income eligibility should protect against waste, fraud, and abuse and ensure that only qualified individuals receive Lifeline/Link-Up assistance.[117] Some commenters, however, contend that self-certification of income, under penalty of perjury, at the enrollment stage is the most cost-effective method to deter abuse of the program.[118] The Florida PSC, on the other hand, notes that California's Lifeline program, which utilizes self-certification of income-based eligibility, appears to have more households receiving the Lifeline discount

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[108] *See e.g.*, AT&T Reply Comments at 4; BellSouth Comments at 4-5; Verizon Comments at 8-10.

[109] *See Recommended Decision*, 18 FCC Rcd at 6606, para. 32. *See also* Consumer Coalition Comments at 1-3.

[110] 47 C.F.R. § 54.409(b).

[111] 47 C.F.R. § 54.409(a).

[112] *See Recommended Decision*, 18 FCC Rcd at 6606, paras. 32-33.

[113] *See id.* at 6606, para. 33.

[114] *See id.*; *see also* 47 C.F.R. § 54.409(b).

[115] *See Recommended Decision*, 18 FCC Rcd at 6606-07, para. 34.

[116] *See id.*at 6606, para. 33; *see also* BellSouth Comments at 6; MCI Comments at 3; NCLC Comments at 4, Reply Comments at 4.

[117] *See* BellSouth Comments at 6; FPSC Comments at 2, 4; MCI Comments at 3; NCLC Comments at 4, Reply Comments at 4.

[118] *See, e.g.* ACORN Comments at 5; Consumer Coalition Comments at 2-3; NASUCA Reply Comments at 21; USCCB Comments at 7; TX OPUC Comments at 3-4, Reply Comments at 4-5.

than the Current Population Survey of Households data would indicate are eligible for the discount.[119] We do not agree with these commenters that argue income certification from another means-tested program should be suitable documentation,[120] because it could be difficult to verify that the means-tested program utilizes the same income eligibility threshold. Therefore, because self-certification of income presents additional vulnerabilities to the Lifeline/Link-Up program, we agree with the Joint Board and several commenters that certification of income-based eligibility must be accompanied by supporting documentation.[121]

29. We agree with the Joint Board that states that operate their own Lifeline/Link-Up programs should maintain the flexibility to develop their own certification procedures other than self-certification, including acceptable documentation to certify consumer eligibility under an income-based criterion, and to determine the certifying entity, whether it is a state agency or an ETC.[122] This flexibility will permit states to develop certification procedures that best accommodate their own Lifeline participants based on the available resources of ETCs and state commissions, each state's eligibility criteria, and local conditions. When developing their certification procedures, we remind states that eligible consumers living on tribal lands may qualify for Lifeline support even if they do not satisfy that state's eligibility criteria.[123] In addition, ETCs must be able to document that they are complying with state regulations and recordkeeping requirements.

30. For federal default states, we adopt rules reflecting the Joint Board's recommendation that consumers must provide documentation of income eligibility at enrollment.[124] Specifically, we agree with the Joint Board's recommendation that the prior year's state, federal, or tribal tax return, current income statement from an employer or paycheck stub, a Social Security statement of benefits, a Veterans Administration statement of benefits, a retirement/pension statement of benefits, an Unemployment/Workmen's Compensation statement of benefits, federal or tribal notice letter of participation in Bureau of Indian Affairs General Assistance, a divorce decree, or

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[119] *See* Florida PCS Comments at 4-5. *See also Recommended Decision*, 18 FCC Rcd at 6650, 6668, Table 1.A, Appendix F. The Current Population Survey of Households is a monthly survey of households conducted by the Bureau of Census for the Bureau of Labor Statistics. It provides a comprehensive body of data on the labor force, employment, unemployment, and persons not in the labor force. *See* <http://www.bls.gov/cps>.

[120] *See* NFFN Comments at 4; PULP Comments at 2.

[121] *See Recommended Decision*, 18 FCC Rcd at 6606-07, para. 34; Bell South Comments at 5-6; MCI Comments at 3-4; FPSC Comments at 4; NY Department of Public Service Comments at 1-2.

[122] *See Recommended Decision*, 18 FCC Rcd at 6606-07, para. 34.

[123] 47 C.F.R. § 54.409(c) (consumers living on a reservation may qualify for Tiers One, Two and Four of Lifeline support if they satisfy the criteria in 54.409(c) or (d) even if they do not satisfy state eligibility criteria); *see also Federal-State Joint Board on Universal Service; Promoting Deployment and Subscribership in Unserved And Underserved Areas, Including Tribal and Insular Areas; Commonwealth of Northern Mariana Islands*, CC Docket No. 96-45, Twenty-Fifth Order On Reconsideration, Report and Order, Order, and Further Notice Of Proposed Rulemaking, 18 FCC Rcd 10958, 10970-71, para. 24 (2003).

[124] *See Recommended Decision*, 18 FCC Rcd at 6607, para. 35.

child support document serve as the types of documents acceptable for income verification.[125] We conclude that if a consumer chooses to proffer any document other than a previous year's tribal, federal, or state income tax return as evidence of income, such as current pay stubs, the consumer must present three consecutive months worth of the same type of statements within that calendar year. Three consecutive months of income statements represent one quarter of the calendar year and better substantiate the yearly stated income, without overly burdening consumers.

31. For those states governed by the federal default Lifeline/Link-Up rules, we require an officer of the ETC enrolling the consumer in Lifeline/Link-Up to certify, under penalty of perjury, that the ETC has procedures in place to review income documentation and that, to the best of his or her knowledge, the company was presented with documentation that the consumer's household income is at or below 135% of the FPG. Some commenters oppose certification procedures for income-based eligibility because, they insist, such procedures would be overly burdensome to ETCs.[126] AT&T argues that ETC employees are not trained to review and interpret complex government forms, such as tax forms, W-2 statements, or pay stubs.[127] The rules we adopt today, however, do not require difficult computations or interpretations; rather, they require the ETC to compare the annual income represented in the provided documentation and the number of individuals in the household to a FPG chart posted on the Universal Service Administrative Company's (USAC's) website.[128] Moreover, our rules do not require ETCs to retain the consumer's corroborating documentation. ETCs need only retain records of their self-certifications and those made by the applicant.[129] Where states operate their own Lifeline/Link-Up programs, an officer of the ETC must certify that the ETC is in compliance with state Lifeline/Link-Up income certification procedures and that, to the best of his or her knowledge, documentation of income was presented.

32. Finally, all consumers in all states qualifying under an income-based criterion must self-certify their eligibility to participate. Consumers must make this self-certification under penalty of perjury and must also present all required documentation. Specifically, consumers must self-certify, under penalty of perjury, that the presented documentation accurately represents their annual household income. Moreover, we adopt the Joint Board's recommendation that Lifeline/Link-Up applicants in all states qualifying under an income-based criterion should be required to self-certify, under penalty of perjury, the number of individuals in

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[125] *Id.* at 6607, paras. 35-36. We note that if a consumer only provides one form of documentation, as we require here, that may not represent the household's complete income as defined in our rules. *See infra* Appendix A, 47 C.F.R. § 54.400(f). Accordingly, we require that the consumer self-certify that the documentation accurately represents the consumer's total household income. *See infra* para. 32.

[126] *See* AT&T Reply Comments at 5; OK Corporation Commission Comments at 3.

[127] AT&T Reply Comments at 5.

[128] If an applicant presents three months of payment statements, the carrier enrolling the consumer will have to multiply by four, the sum of the payments received in three months, to determine the applicant's annual income. *See infra* Appendix D for estimated income requirements for various sizes of households at or below 135% of the FPG.

[129] *See* 47 C.F.R. §§ 54.407(c), 54.413(c). *See also infra* paras. 37-38.

their households.[130] Because the Federal Poverty Guidelines change depending upon the number of individuals in a household, this information is necessary to determine eligibility.

d. Verification of Continued Eligibility Under Program-based and Income-based Eligibility

33. We adopt the Joint Board's recommendation that all states, including federal default states, be required to establish procedures to verify consumers' continued eligibility for the Lifeline/Link-Up program under both program and income-based eligibility criteria.[131] Verification procedures could include random beneficiary audits, periodic submission of documents, or annual self-certification. We agree with those commenters that assert that verification of continued eligibility should ensure that the low-income support mechanism is updated, accurate, and carefully targeted to provide support only to eligible consumers.[132] We disagree with other commenters that argue that these benefits do not outweigh the burden associated with a verification requirement.[133] We agree with the Joint Board that verification is an effective way to prevent fraud and abuse and ensure that only eligible consumers receive benefits.

34. We also adopt the Joint Board's recommendation to allow states that administer their own Lifeline/Link-Up programs the flexibility to design and implement their own verification procedures to validate consumers' continued eligibility.[134] We note that several states already engage in verification of continued eligibility for Lifeline/Link-Up. For example, in some states, the ETC is responsible for verifying the consumer's continued eligibility,[135] while other states require their state agencies to devise procedures for eligibility verification.[136] Another state establishes eligibility verification procedures that involve state agency and carrier participation.[137] This flexibility will permit states to develop verification procedures that best accommodate their own Lifeline participants based on the available resources of ETCs and state

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[130] *See Recommended Decision*, 18 FCC Rcd at 6607, para. 37.

[131] *Recommended Decision*, 18 FCC Rcd at 6609, para. 41.

[132] *See, e.g.* MCI Comments at 3-4; Florida PSC Comments at 5; NASCUA Reply Comments at 17.

[133] *See, e.g.* AT&T Comments at 7, Reply Comments at 5; Verizon Comments at 6-7.

[134] *See Recommended Decision*, 18 FCC Rcd at 6609, para. 41.

[135] In Ohio, carriers perform verification audits to substantiate consumers' continued eligibility. *See* Ohio PUC Comments at 7. In addition, the Ohio PUC provides that carriers may use W-2s, pay-stubs, or employer verification as means of income verification. *See Elective Alternative Regulatory Framework for Incumbent Local Exchange Companies*, Entry on Rehearing, Case No. 00-1532-TP-ALT, 2002WL1058559 (Ohio PUC) (April 25, 2002).

[136] For program-based verification of continued eligibility, the North Dakota Department of Human Services sends an annual, qualifying certificate for Lifeline/Link-Up support to consumers, which must be returned to the local telephone company. *See Recommended Decision*, 18 FCC Rcd at 6626, Appendix E.

[137] In Pennsylvania, most ETCs use the Pennsylvania Department of Revenue database to verify income. *See* PaPUC Reply Comments at 5-6. Another form of verification of continued eligibility used in North Dakota involves an annual list sent to the telephone companies by North Dakota Department of Human Services identifying eligible participants, which the company uses to update its eligible subscribers. *See Recommended Decision*, 18 FCC Rcd at 6626, Appendix E.

commissions, each state's eligibility criteria, and local conditions. We also note that eligible consumers living on tribal lands may qualify for Lifeline support even if they do not satisfy that state's eligibility criteria.[138] In addition, ETCs must be able to document that they are complying with state regulations and verification requirements.

35. With respect to federal default states, we adopt the Joint Board's recommendation to require ETCs to verify annually the continued eligibility of a statistically valid sample of their Lifeline subscribers.[139] ETCs are free to verify directly with a state that particular subscribers continue to be eligible by virtue of participation in a qualifying program or income level. Alternatively, to the extent ETCs cannot obtain the necessary information from the state, they may survey the subscriber directly and provide the results of the sample to USAC.[140] Subscribers who are subject to this verification and qualify under program-based eligibility criteria must prove their continued eligibility by presenting in person or sending a copy of their Medicaid card or other Lifeline-qualifying public assistance card and self-certifying, under penalty of perjury, that they continue to participate in the Lifeline-qualifying public assistance program. Subscribers who are subject to this verification and qualify under the income-based eligibility criteria must prove their continued eligibility by presenting current documentation consistent with the federal default certification process, as detailed above.[141] These subscribers must also self-certify, under penalty of perjury, the number of individuals in their household and that the documentation presented accurately represents their annual household income. As with certification of income-based eligibility, ETCs need not retain documentation of income; however, an officer of the ETC must certify, under penalty of perjury, that the ETC has income verification procedures in place and that, to the best of his or her knowledge, the company was presented with corroborating documentation and retain these records.[142]

36. In addition, we agree with the Joint Board that states should develop on-line verification systems.[143] Several commenters highlight the effectiveness and efficiency of verifying eligibility via on-line databases.[144] We agree with the Joint Board that an on-line verification process, where states can obtain and provide data to allow ETCs real-time access to a database of low-income assistance program participants or income reports, could be a quick,

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[138] 47 C.F.R. § 54.409(c); *see also Federal-State Joint Board on Universal Service; Promoting Deployment and Subscribership in Unserved And Underserved Areas, Including Tribal and Insular Areas; Commonwealth of Northern Mariana Islands*, CC Docket No. 96-45, Twenty-Fifth Order On Reconsideration, Report and Order, Order, and Further Notice Of Proposed Rulemaking, 18 FCC Rcd 10958, 10970-71, para. 24 (2003).

[139] *See Recommended Decision*, 18 FCC Rcd at 6610, para. 43. *See* Appendix J for a description of how ETCs may draw a statistically valid random sample.

[140] *See infra* Appendix J.

[141] *See supra* paras. 30-31. ETCs should make arrangements to allow consumers to present their income documentation at local ETC stores or offices.

[142] *See* 47 C.F.R. §§ 54.407(c), 54.413(c). *See also infra* paras. 37-38.

[143] *See Recommended Decision*, 18 FCC Rcd at 6609, para. 42.

[144] *See, e.g.* BellSouth Comments at 5-6; NCLC Reply Comments at 4; Commissioner Wilson PaPUC Reply Comments at 8; Rural Iowa Independent Telephone Association at 1-2.

easy, and accurate solution. Nevertheless, we decline to require states to adopt on-line verification at this time. Despite the benefits of on-line verification, we recognize, as did the Joint Board, that current financial constraints may make it difficult for some states to implement on-line verification.

D. Implementation and Recordkeeping

37. States and ETCs will be required to implement measures to certify income of consumers before enrollment in Lifeline/Link-Up when income is the consumer's basis for Lifeline/Link-Up eligibility, and to implement measures to verify continued eligibility for Lifeline/Link-Up under any criteria within one year from the publication of this Order in the Federal Register. Given the flexibility afforded states to develop certification and verification procedures, we conclude that one year should provide more than enough time to come into full compliance with the rules we adopt today. Indeed, we encourage states and ETCs to implement certification and verification measures as quickly as possible, but no later than one year. For federal default states, level of income will not be acceptable as a means of qualifying for Lifeline/Link-Up until certification procedures are in place.[145]

38. In addition, we specify that ETCs in federal default states must retain certifications regarding a consumer's eligibility for Lifeline for as long as the consumer receives Lifeline service from that ETC or until the ETC is audited by the Administrator. Section 54.409 of the Commission's rules requires ETCs to obtain a self-certification, under penalty of perjury, from a consumer that he or she receives benefits from one of the qualifying means-tested programs.[146] However, this rule does not specify how long ETCs must retain consumer self-certifications regarding eligibility. In this Order, we clarify our rules to require ETCs in federal default states to retain consumers' self-certifications of eligibility, including self-certifications that income documentation accurately reflects household income,[147] for as long as the consumer receives Lifeline service from that ETC or until the ETC is audited by the Administrator. This requirement will strengthen the Commission's ability to ensure program integrity without unduly burdening ETCs. For example, requiring an ETC to retain a single certification document per consumer will allow the Administrator to confirm in any audit that a consumer was properly enrolled in Lifeline, regardless of when he or she was enrolled.

39. Moreover, we codify the requirement that all ETCs must maintain records to document compliance with all Commission and state requirements governing the Lifeline/Link-Up programs and provide that documentation to the Commission or Administrator upon request. These records could include, for example, self-certifications verifying consumers' continued eligibility, documents demonstrating that ETCs have passed through the appropriate discounts to qualifying consumers, proof of advertising of Lifeline/Link-Up service, and billing records for Lifeline customers. All ETCs must retain such documentation for the three full preceding calendar years, *e.g.,* in December 2004, an ETC would maintain records for calendar years 2001-

[145] *See supra* paras. 29-31, 32.

[146] *See* 47 C.F.R. § 54.409(d), as modified herein.

[147] *See supra* para. 32.

2003, but in January 2005, that ETC would only maintain records for calendar years 2002-2004.[148]

40. Finally, we clarify the recordkeeping obligations of non-ETC resellers that purchase Lifeline-discounted wholesale services from ETCs to offer discounted services to low-income consumers. In such instances, the ETC would have no information regarding the eligibility of the low-income consumer. Accordingly, in these circumstances, ETCs must obtain certifications from the non-ETC reseller that it is complying with the Commission's Lifeline/Link-Up requirements.[149] Moreover, non-ETC resellers providing discounted services to low-income customers must comply with the applicable federal or state Lifeline/Link-Up requirements, including certification and verification procedures. Thus, such non-ETC resellers would be required to retain the required documentation to demonstrate that they are providing discounted services only to qualifying low-income consumers for the above-specified periods.

E. Outreach

1. Background

41. In the *NPRM*, we sought comment on whether the Commission should provide outreach guidelines for the Lifeline/Link-Up program to target more effectively low-income consumers.[150] Currently, there are no specific federal outreach guidelines. ETCs are, however, required to publicize the availability of Lifeline/Link-Up in a manner reasonably designed to reach those likely to qualify for the service.[151]

42. Effective outreach programs have been shown to improve Lifeline/Link-Up participation. According to an August 2000 report by the Telecommunications Industries Analysis Project, the Lifeline/Link-Up take rate almost tripled from 13.1% to 39.6% when states implemented outreach initiatives designed to increase telephone penetration and participation.[152] For example, Maine, a state with an aggressive outreach program, which includes coordinating with social service agencies and sending flyers and personal letters to eligible customers, reports that its penetration rate among low-income households increased from 90.5% in March 1997 to 96.5% in March 2002.[153]

43. In July 2002, the Commission's Consumer and Governmental Affairs Bureau (CGB)

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[148] As described in *supra* para. 38, however, self-certifications of eligibility must be retained for as long as the consumer receives Lifeline service from the ETC or until the ETC is audited by the Administrator.

[149] In the event the Commission or Administrator finds an irregularity in the non-ETC reseller's records, the Administrator may adjust the ETC's low-income support payments.

[150] *See NPRM*, 18 FCC Rcd at 11628, para. 1.

[151] *See* 47 C.F.R. §§ 54.405(b), 54.411(d). *See also Twelfth Report and Order*, 15 FCC Rcd at 12250, para. 78 (amending sections 54.405 and 54.411 of the Commission's rules).

[152] Carol Weinhus, Tom Wilson, Gordon Calaway, et al., Telecommunications Industries Analysis Project, *Calculations and Sources for Closing the Gap: Universal Service for Low-Income Households,* August 1, 2000.

[153] *Telephone Penetration Report* at table 4 (Ind. Anal. and Tech. Div. rel. May 2003), available at <http://www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/IAD/pntris02.pdf>.

announced the kick-off of "Get Connected-Afford-A-Phone," a national campaign designed to educate consumers, including tribal consumers, about the Lifeline/Link-Up program.[154] CGB also engages in targeted outreach to tribal populations for certain federal programs, such as the availability of discounts for obtaining wireless licenses on tribal lands, in addition to Lifeline/Link-Up benefits. In the *Recommended Decision*, the Joint Board recommended that the Commission provide outreach guidelines to states and carriers to improve Lifeline/Link-Up subscribership.[155]

2. Discussion

44. We agree with the Joint Board that more vigorous outreach efforts could improve Lifeline/Link-Up subscribership and adopt the Joint Board's recommendation to provide outreach guidelines to states and carriers.[156] We agree that we should not require specific outreach procedures, but should instead provide guidelines for states and carriers so that they can adopt their own specific standards and engage in outreach as they see fit.[157] Commenters were supportive of the proposed outreach guidelines, outlined in the *Recommended Decision* and detailed below.[158] We believe that encouraging states to establish partnerships with other state agencies and telephone companies will maximize public awareness and participation in the Lifeline/Link-Up program. We do not believe it is necessary at this time to prescribe specific outreach procedures.[159] Instead, we set forth these guidelines in order to provide states and carriers with examples of how to reach those likely to qualify. States and carriers will still have the flexibility to determine the most appropriate outreach mechanisms for their consumers, as long as they are reasonably designed to reach those likely to qualify for Lifeline/Link-Up.[160]

45. Accordingly, we adopt the following outreach guidelines recommended by the Joint Board: (1) states and carriers should utilize outreach materials and methods designed to reach households that do not currently have telephone service; (2) states and carriers should develop outreach advertising that can be read or accessed by any sizeable non-English speaking populations within a carrier's service area; and (3) states and carriers should coordinate their outreach efforts with governmental agencies/tribes that administer any of the relevant government assistance programs. These guidelines are described in detail in the paragraphs

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[154] *FCC Kicks Off Campaign To Educate Consumers About Phone Service Programs For Low-Income Consumers*, Lifeline and Link-Up Programs Provide Discounted Phone Service To Eligible Consumers, News Release, July 22, 2002.

[155] *See Recommended Decision*, 18 FCC Rcd at 6612, para. 50.

[156] *See Recommended Decision*, 18 FCC Rcd at 6611, para. 50.

[157] *See Recommended Decision*, 18 FCC Rcd at 6611, para. 50.

[158] *See* Bell South Comments at 7-9, Reply Comments at 3; Consumer Coalition Comments at 1-3; Florida PSC Comments at 7; NASUCA Reply Comments at 25-27; OH PUC Comments at 2-3, 7; OK Corporation Commission Comments at 4-5; PaPUC Reply Comments at 9-10; Commissioner Wilson PaPUC Reply Comments at 12; Tribal Telecom Outreach Comments at 1; USCCB Comments at 10-11; Verizon Reply Comments at 11-12.

[159] *But see* NCLC Comments at 8-10; TX Legal Services Center Comments at 1.

[160] *See* 47 C.F.R. § 54.405(b).

below. An appendix compiling state practices was included in the *Recommended Decision* and is reproduced in this document.[161] State practices include establishing marketing boards to devise outreach materials, providing multi-lingual customer support, and implementing innovative tribal outreach practices.

46. The first recommended guideline is that states and carriers should utilize outreach materials and methods designed to reach households that do not currently have telephone service.[162] States or carriers may wish to send regular mailings to eligible households in the form of letters or brochures.[163] Posters could be placed in locations where low-income individuals are likely to visit, such as shelters, soup kitchens, public assistance agencies, and on public transportation. Multi-media outreach approaches could be utilized such as newspaper advertisements, articles in consumer newsletters, press releases, radio commercials, and radio and television public service announcements.[164] For low-income consumers that live in remote areas, including those living on tribal lands, traveling throughout an area or setting up an information booth at a central location may be more suitable outreach methods. States and carriers should ensure that outreach materials and methods accommodate low-income individuals with sight, hearing, and speech disabilities by producing brochures, mailings, and posters in Braille. We also encourage carriers to provide customer service to disabled program participants on an equal basis by using telecommunications relay services (TRS), text telephone (TTY), and speech-to-speech (STS) services.[165] States and carriers should also take into consideration that some low-income consumers may be illiterate or functionally illiterate, and therefore should consider how to supplement outreach materials and methods to accommodate those individuals.[166] States and carriers may post outreach material on the Internet to provide general information; however, the Internet should not be relied on as the sole or primary means of Lifeline/Link-Up outreach.[167] Similarly, although advertising Lifeline/Link-Up in carriers' telephone books may be effective in reaching some low-income individuals, it will not be

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[161] *See infra* Appendix E; *see generally Recommended Decision*, Appendix E.

[162] *Accord* Florida PSC Comments at 7; OH PUC Comments at 2-3.

[163] Bell South states that as part of the CALLS group, it has developed a brochure, available through the Federal Consumer Information Center entitled "A Smart Consumer's Guide to Telephone Service" that includes information for consumers on how to obtain Lifeline information on a state and telephone company-specific basis (*e.g.*, amount of discount, eligibility, program restrictions, application process). *See* Bell South Comments at 8-9.

[164] *Accord* OK Corporation Commission Comments at 4.

[165] TRS are "telephone transmission services" that enable individuals with a hearing or speech disability to communicate "by wire or radio with a hearing individual in a manner that is functionally equivalent to the ability of an individual" without a hearing or speech disability to communicate over wire or radio. Examples of TRS include TTY and STS services. 47 C.F.R. § 64.601(7). TTY is "a machine that employs graphic communication in the transmission of coded signals through a wire or radio communication system." 47 C.F.R. § 64.601(8). STS "allows people with speech disabilities to communicate with voice telephone users through the use of specially trained [communications assistants (CAs)] who understand the speech patterns of persons with disabilities and can repeat the words spoken by that person." 47 C.F.R. § 64.601(10).

[166] *Accord* OK Corporation Commission Comments at 5.

[167] Useful website information may include the amount a consumer can save on their telephone bill, eligibility requirements, program restrictions, and instructions on how to apply for Lifeline/Link-Up. We note that a lot of this information is currently available at <http://www.lifelinesupport.org>.

effective for those without established phone service because carriers only distribute telephone books after phone service is established. States and carriers should also not rely on hotlines as a primary outreach method because many low-income individuals may not have access to a telephone from which to initiate an inquiry on Lifeline/Link-Up benefits.

47. The second recommended guideline is that states and carriers should develop outreach advertising that can be read or accessed by any sizeable non-English speaking populations within the carrier's service area. For example, many of the suggestions in the above paragraph can be implemented in languages other than English, including mailings, print advertisements, radio and television commercials, and posters. States with a large ethnically diverse population should have a toll-free call center to answer questions about Lifeline/Link-Up in the low-income population's native languages.[168] Similarly, enrollment applications should be made available in other languages.

48. The third recommended guideline is that states and carriers should coordinate their outreach efforts with governmental agencies that administer any of the relevant government assistance programs.[169] Coordination should also include cooperative outreach efforts with state commissions, tribal organizations, carriers, social service agencies, community centers, nursing homes, public schools, and private organizations that may serve low-income individuals, such as American Association for Retired Persons and the United Way.[170] Cooperative outreach among those most likely to have influential contact with low-income individuals will help to target messages about Lifeline/Link-Up to the low-income community. For example, state agencies that conduct outreach efforts for a state's "earned income tax credit," an income tax credit for low-income working individuals and families, could conduct simultaneous outreach efforts for Lifeline/Link-Up. Establishing a marketing or consumer advisory board with state, carrier, non-profit and consumer representatives may also be an effective way of developing outreach materials.[171] States and carriers could also issue a joint report to the Commission as to their outreach practices.

49. We also encourage states to utilize USAC as a resource for outreach to states and carriers, similar to USAC's outreach efforts with regard to the Rural Health Care and Schools and Libraries programs. USAC currently engages in outreach for the Lifeline/Link-Up program through its website, <www.lifelinesupport.org>, which has information about state Lifeline/Link-Up programs, eligibility criteria, and information for carriers. USAC also speaks about Lifeline/Link-Up at public events such as the National Association of Regulatory Utility Commissioners (NARUC) conference and the National Congress of American Indians, where USAC staff also meets with tribal members and managers of tribally-owned telephone

[168] *See Recommended Decision*, 18 FCC Rcd at 6628, Appendix E.

[169] *Accord* Bell South Comments at 7; Florida PSC Comments at 7.

[170] *Accord* Consumer Coalition Comments at 1 (citing as an example SBC's partnership with community organizations that includes monthly meetings, Lifeline training sessions, and a system of collecting and receiving applications including grants to cover expenses); Tribal Telecom Outreach Comments at 1 (supporting coordination with tribal organizations that are conducting similar efforts).

[171] *Accord* OH PUC Comments at 7.

companies. USAC distributes letters and emails to consumer groups, tribal leaders, and social service organizations to publicize the availability of Lifeline/Link-Up and also sends letters to ETCs to remind them of their outreach obligations. USAC also frequently takes phone calls from consumers and others with questions about the Lifeline/Link-Up program. Finally, we agree with the Joint Board that in addition to USAC's current outreach efforts for Lifeline/Link-Up, USAC should assist in additional outreach efforts for Lifeline/Link-Up similar to what it currently does for the Rural Health Care and Schools and Libraries Programs.[172]

F. Other Issues

1. Voluntary Survey

50. We agree with the Joint Board that gathering data and information about state Lifeline/Link-Up programs through a voluntary survey will enable the Commission to make more informed decisions in any future Lifeline/Link-Up orders.[173] In the *NPRM*, we sought comment on the survey's format and questions to ask.[174]

51. To obtain feedback on the success of the modified Lifeline/Link-Up program, we adopt a voluntary information collection from the states. This voluntary survey form, as contained in Appendix C, asks states to provide information about the eligibility criteria, certification and verification procedures, and outreach efforts implemented as a result of the changes we adopt in this Order.[175] Collection of this survey will assist us in learning about the reasons for variations in participation rates between and among states, and as a result could help shape Commission policy in the future.[176] We agree with commenters that submission of this survey should be voluntary for states with the first survey due one year following the effective date of this Order.[177] We direct USAC to mail the voluntary survey form to states. We have expanded on some of the Joint Board's recommended questions and added a few questions to the survey, at the suggestion of NCLC.[178]

2. Unpaid Toll Charges

52. We adopt the Joint Board's recommendation to encourage states to consider implementing rules that require ETCs to offer Lifeline service to consumers who may have been

[172] *See Recommended Decision*, 18 FCC Rcd at 6615, para. 56; *see also* BellSouth Reply Comments at 3 (supporting additional USAC involvement in Lifeline/Link-Up outreach).

[173] *See Recommended Decision*, 18 FCC Rcd at 6595, para. 10.

[174] *See NPRM*, 18 FCC Rcd at 11628-29, para. 2.

[175] *See infra* Appendix C. We note that some of the questions contained in the survey may refer to information that we may already have access to. For example, state-specific eligibility criteria are available on USAC's website. We believe, however, that responses to the survey's questions will assist us in developing a complete picture of a state's Lifeline/Link-Up program.

[176] *See* NCLC Comments at 11.

[177] *See* BellSouth Comments at 10; NCLC Comments at 10. We disagree with NASUCA that submission should be required for states. *See* NASUCA Reply Comments at 7.

[178] *See* NCLC Comments at 12-13; Appendix C.

previously disconnected for unpaid toll charges.[179] We acknowledge that ETCs often prohibit consumers who have prior outstanding balances for local and/or long distance services, but who otherwise qualify for Lifeline/Link-Up, from signing up for local telephone service.[180] As a result, these outstanding balances stand as a barrier to expanding subscribership among low-income consumers. However, the Fifth Circuit found that the Commission lacked jurisdiction to prohibit ETCs from disconnecting Lifeline customers for failure to pay toll charges.[181] In light of the Fifth Circuit ruling, we adopt the Joint Board's recommendation and take no action on disconnection requirements at this time. We encourage states, however, to consider ways to address this issue.

3. Vertical Services

53. We adopt the Joint Board's recommendation not to adopt rules prohibiting Lifeline/Link-Up customers from purchasing vertical services, such as Caller ID, Call Waiting, and Three-way Calling.[182] Like the Joint Board, we believe any restriction on the purchase of vertical services may discourage qualified consumers from enrolling and may serve as a barrier to participation in the program.[183] No commenter supported prohibiting Lifeline/Link-Up subscribers from purchasing vertical services. However, some expressed concern that ETCs may be marketing vertical services to low-income customers who may be unable to afford these features.[184] While we understand these concerns, we do not prohibit the marketing of vertical services to Lifeline/Link-Up customers at this time.

4. Support for Non-ETCs

54. We agree with the Joint Board that we should decline to establish rules that would provide Lifeline/Link-Up support directly to carriers that are not ETCs.[185] Contrary to AT&T's assertion, establishing such rules would be inconsistent with section 254(e), which states that only ETCs may receive universal service support.[186] Extending Lifeline/Link-Up universal service support to carriers that do not satisfy the requirements for designation as an ETC could

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[179] In its *Recommended Decision*, the Joint Board noted that Florida's Lifeline/Link-Up program prohibits disconnection of Lifeline service when the subscriber has not paid toll charges. *See Recommended Decision*, 18 FCC Rcd at 6616, para. 59. We note that consumers who have been disconnected from Lifeline service due to unpaid toll charges would not be able to receive Link-Up support again unless the consumer has moved to another residence. *See* 47 C.F.R. § 54.411(c).

[180] *See, e.g.,* NASUCA Reply Comments at 27; USCCB Comments at 11-13; *see also 1997 Universal Service Order*, 12 FCC Rcd at 8793, para. 28 (stating that studies indicate that disconnection for non-payment of toll charges is a significant cause of low subscribership among low-income consumers).

[181] *TOPUC v. FCC*, 183 F.3d 393, 421-25 (5th Cir. 1999).

[182] *Recommended Decision*, 18 FCC Rcd at 6618, para. 62

[183] *See id.*

[184] *See, e.g.,* NASUCA Reply Comments at 29-30.

[185] *See Recommended Decision*, 18 FCC Rcd at 6617-18, para. 61.

[186] 47 U.S.C. § 254(e). We note that section 254(h) provides exceptions to that requirement under the schools and libraries and rural health care programs. *See* 47 U.S.C. § 254(h).

also serve as a disincentive for other carriers to comply with their ETC obligations.

5. Minor Rule Changes

55. In the *NPRM*, the Commission identified various proposals to clarify and streamline our rules. Specifically, the Commission proposed to modify Part 54 to reference a provision in section 52.33(a)(1)(i)(C) of the Commission's rules that exempts Lifeline Assistance Program customers from monthly number-portability charges.[187] The Commission also solicited comment on whether section 54.401(c) should be amended by replacing "toll blocking" with "toll limitation" to accurately reflect the Commission's determination in the *1997 Universal Service Order* that ETCs may not impose service deposit requirements on Lifeline customers who accept toll limitation services.[188] Section 54.401(c) incorrectly limits the service deposit prohibition to customers who accept toll blocking.[189] Finally, the Commission sought comment on whether to delete Subpart G of Part 36, which states that "[t]his subpart shall be effective through December 31, 1997. On January 1, 1998, Lifeline Connection Assistance shall be provided in accordance with part 54, subpart E of this chapter."[190] We believe these changes will clarify and streamline our Lifeline/Link-Up rules. Therefore, we adopt these minor rule changes as proposed in the *NPRM.*

IV. FURTHER NOTICE OF PROPOSED RULEMAKING

A. Income-based Criterion

56. We seek comment on whether the income-based criterion in the federal default eligibility criteria should be increased to 150% of the FPG to make phone service affordable to more low-income individuals and families.[191] Although most commenters supported adding an income-based criterion, a number of those commenters supported a higher income-based standard than the interim measure that we adopt above.[192] Specifically, those commenters preferred that a consumer whose household income is at or below 150% of the FPG should be eligible for Lifeline/Link-Up support.[193] Commenters argue that adding a higher FPG level would bring Lifeline/Link-Up support in line with LIHEAP, a current qualifying Lifeline/Link-

[187] *See NPRM*, 18 FCC Rcd at 11629, para. 3. BellSouth specifically supported the proposal to add the exemption from the number-portability charge, currently codified in section 52.33(a)(1)(i)(C), to Part 54. *See* BellSouth Comments at 10.

[188] *See NPRM*, 18 FCC Rcd at 11629, para. 3.

[189] *See* 47 C.F.R. § 54.401(c).

[190] *NPRM*, 18 FCC Rcd at 11629, para. 3.

[191] *See infra* Appendix F.

[192] *See* Acorn Comments at 4; Consumer Coalition Comments at 4; NASUCA Reply Comments at 5, 9; OH PUC Comments at 9; Commissioner Wilson PaPUC Reply Comments at 2-3; TOPC Comments at 5-6; USCCB Comments at 3-4, 6.

[193] *See id.*

Up program that uses an income-based standard of 150% as an eligibility criterion.[194] Commenters also point out the inequity that currently exists between a hypothetical low-income consumer who does not participate in LIHEAP and therefore does not qualify for Lifeline, and another hypothetical low-income consumer with the same income who participates in LIHEAP and Lifeline.[195] In particular, low-income consumers are not eligible for LIHEAP if they rent a house or apartment with utilities included, yet they may have essentially the same income as consumers who pay for utilities separately. It is possible that a non-trivial number of low-income consumers may fall into this category.[196] Furthermore, adding a higher FPG level may also help to increase participation among low-income consumers who do not currently qualify for Lifeline/Link-Up because they are on waiting lists for Section 8 housing, are not eligible for SSI because they are not elderly or disabled, have been cut off from Food Stamps because of work requirements, or do not qualify for Medicaid due to complex eligibility requirements.[197] Adding a higher FPG level could also help respond to the decrease in participation rates prevalent in at least one current Lifeline/Link-Up qualifying program and one adopted in this Order, Food Stamps and TANF, respectively.[198]

57. Applying the same methodology used to analyze the 135% of the FPG income-based criterion, our staff analysis estimates that broadening the income-based criterion to 150% of the FPG may only have a minimal impact on national telephone penetration rates, but could add many new Lifeline subscribers; potentially resulting in an additional $200 million increase in

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[194] *See* <http://www.acf.hhs.gov/programs/liheap/eligible.htm> (explaining that states may not set income level below 110% of FPG); Consumer Coalition Comments at 2; Commissioner Wilson PaPUC Reply Comments at 2-3; TOPC Comments at 5-6; USCCB Comments at 4-5.

[195] *See, e.g.,* NCLC Comments at 6.

[196] Our staff analysis estimates that there could be up to 150,000 households that have incomes at 1.50 of the FPG, but are not eligible for LIHEAP. This estimate assumes that all states will implement the federal default criteria. According to the CPSH data, in 2002, there were about 685,000 households that met the following three conditions: 1) they rented, not owned their dwelling; 2) they were between 1.35 and 1.50 of the FPG; and 3) they were not otherwise eligible for Lifeline under the default rules established in this Order. Presumably, these households would be eligible for LIHEAP, except for those in apartments where utilities are included in the rent. According to Consumer Expenditure Survey data, about 20% of all renting households pay nothing for electricity. *See* Table 1701 of the Consumer Expenditure Interview Survey, 2002. Presumably, most of these households have electricity included in their rent. Multiplying 685,000 households by .20 yields 137,000 households. This amount is then multiplied by 1.077 to adjust for household formation between 2002 and 2005 (*see* Table 1.B of Appendix K). Multiplying 137,000 * 1.077 = 147,549. This number rounds to 150,000 households.

[197] *See* NCLC Comments at 6. In addition, one commenter notes that this expanded income-based criterion might allow low-income legal immigrants who may no longer be eligible to participate in certain Lifeline/Link-Up qualifying programs due to restrictions imposed by PROWRA, to participate in Lifeline/Link-Up. *See* NFFN Comments at 7, 14.

[198] Food Stamps enrollment fell from 25.5 million recipients in FY 1996 to 21.3 million recipients in FY 2003. *See* <http://www.fns.usda.gov/pd/fssummar.htm>. TANF enrollment fell from 12.6 million recipients in FY 1996 to 5.1 million recipients in FY 2002. *See* HHS/ACF/Office of Family Assistance/Division of Data Collection and Analysis, ACF-3637, Statistical Report on Recipients under Public Assistance (OMB Approval No. 0970-008), ACF-198, Emergency TANF Data Report (0970-0164), ACF-199, TANF Data Report (0970-0199); <http://www.acf.dhhs.gov/news/stats/2002tanfrecipients.htm>. *See also supra* paras. 14-15.

Lifeline expenditures over the levels predicted for implementation of a 135% standard.[199] We seek comment on this analysis. Commenters should discuss the staff analysis contained in Appendix K, the advantages and disadvantages of a broader income-based standard and the potential burden to the fund. When considering their response, commenters should refer to Appendix F for estimated income requirements for various sizes of households at or below 150% of the FPG.[200]

B. Lifeline Advertising Requirements

58. Although we adopt the Joint Board's recommendation to issue outreach *guidelines*, rather than specific *requirements*,[201] on further reflection, we think it would be beneficial to explore whether adoption of rules governing the advertisement of the Lifeline/Link-Up program would strengthen the operation of these programs.[202] For instance, we seek comment on whether the Commission should require ETCs to print and distribute posters, flyers, or other print media advertising Lifeline/Link-Up to state, federal, or tribal public assistance agencies in their service areas. If a percentage of the population in a given area speaks a language other than English, should ETCs be required to distribute materials in that language? If so, what should the benchmark percentage be?

V. PROCEDURAL MATTERS

A. Regulatory Flexibility Analysis

59. As required by the Regulatory Flexibility Act, 5 U.S.C. § 604, the Commission has prepared a Final Regulatory Flexibility Analysis (FRFA) for the *Report and Order*, set forth at Appendix H. The Commission has also prepared an Initial Regulatory Flexibility Analysis (IRFA) for the *Further Notice of Proposed Rulemaking* (*Further Notice*), set forth at Appendix I. Comments on the FRFA and IRFA should be labeled as IRFA or FRFA Comments, and should be submitted pursuant to the filing dates and procedures set forth in paragraphs 61-67, *infra*.

B. Paperwork Reduction Act Analysis

60. The action contained herein has been analyzed with respect to the Paperwork Reduction Act of 1995 and found to impose new or modified reporting and recordkeeping requirements or burdens on the public. Implementation of these new or modified reporting and recordkeeping requirements will be subject to approval by the Office of Management and Budget (OMB) as prescribed by the Act, and will go into effect upon announcement in the Federal Register of OMB approval.

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[199] *See infra* Appendix K at Table 3.B for 1.50 PGC and Table 3.B for 1.35 PGC.; *see also* Table 2.H (estimating no increased telephone penetration rate with a 1.50 PGC).

[200] *See infra* Appendix F.

[201] *See infra* at para. 45.

[202] Currently, sections 54.405 and 54.411 of the Commission's rules require all ETCs to publicize the availability of Lifeline and Link-Up in a manner reasonably designed to reach those likely to qualify for the service. 47 C.F.R. §§ 54.405(b), 54.411(d).

C. Filing Procedures

61. Pursuant to sections 1.415 and 1.419 of the Commission's rules,[203] interested parties may file comments not later than 60 days after publication of the *Further Notice* in the Federal Register and may file reply comments not later than 105 days after publication of the *Further Notice* in the Federal Register. In order to facilitate review of comments and reply comments, parties should include the name of the filing party and the date of the filing on all pleadings. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies.[204]

62. Comments filed through the ECFS can be sent as an electronic file via the Internet to <http://www.fcc.gov/cgb/ecfs>. Generally, only one copy of an electronic submission must be filed. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to <ecfs@fcc.gov>, and should include the following words in the body of the message, "get form." A sample form and directions will be sent in reply. Or you may obtain a copy of the ASCII Electronic Transmittal Form (FORM-ET) at <www.fcc.gov/e-file/email.html>.

63. Parties that choose to file by paper must file an original and four copies of each filing. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Natek, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at a new location in downtown Washington, DC. The address is 236 Massachusetts Avenue, NE, Suite 110, Washington, DC 20002. The filing hours at this location will be 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building.

64. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

If you are sending this type of document or using this delivery method...	It should be addressed for delivery to...
Hand-delivered or messenger-delivered paper filings for the Commission's	236 Massachusetts Avenue, NE, Suite 110,

[203] 47 C.F.R. §§ 1.415, 1.419.

[204] *See Electronic Filing of Documents in Rulemaking Proceedings*, 13 FCC Rcd 11322, 11326 (1998).

Secretary	Washington, DC 20002 (8:00 to 7:00 p.m.)
Other messenger-delivered documents, including documents sent by overnight mail (other than United States Postal Service Express Mail and Priority Mail)	9300 East Hampton Drive, Capitol Heights, MD 20743 (8:00 a.m. to 5:30 p.m.)
United States Postal Service first-class mail, Express Mail, and Priority Mail	445 12th Street, SW Washington, DC 20554

65. Parties who choose to file by paper should also submit their comments on diskette. These diskettes, plus one paper copy, should be submitted to: Sheryl Todd, Telecommunications Access Policy Division, Wireline Competition Bureau, Federal Communications, at the filing window at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. Such a submission should be on a 3.5-inch diskette formatted in an IBM compatible format using Word or compatible software. The diskette should be accompanied by a cover letter and should be submitted in "read only" mode. The diskette should be clearly labeled with the commenter's name, proceeding (including the docket number, in this case WC Docket No. 03-109, type of pleading (comment or reply comment), date of submission, and the name of the electronic file on the diskette. The label should also include the following phrase "Disk Copy - Not an Original." Each diskette should contain only one party's pleadings, preferably in a single electronic file. In addition, commenters must send diskette copies to the Commission's copy contractor, Qualex International, Portals II, 445 12th Street, S.W., Room CYB402, Washington, D.C. 20554 (see alternative addresses above for delivery by hand or messenger).

66. Regardless of whether parties choose to file electronically or by paper, parties should also file one copy of any documents filed in this docket with the Commission's copy contractor, Qualex International, Portals II, 445 12th Street S.W., CY-B402, Washington, D.C. 20554 (see alternative addresses above for delivery by hand or messenger) (telephone 202-863-2893; facsimile 202-863-2898) or via e-mail at qualexint@aol.com.

67. The full text of this document is available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC, 20554. This document may also be purchased from the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC, 20554, telephone (202) 863-2893, facsimile (202) 863-2898, or via e-mail qualexint@aol.com.

D. Further Information

68. Alternative formats (computer diskette, large print, audio recording, and Braille) are available to persons with disabilities by contacting Brian Millin at (202) 418-7426 voice, (202) 418-7365 TTY, or bmillin@fcc.gov. This *Report and Order* can also be downloaded in Microsoft Word and ASCII formats at <http://www.fcc.gov/wcb/universal_service/lowincome.html>.

69. For further information, contact Shannon Lipp or Karen Franklin at (202) 418-7400 in the Telecommunications Access Policy Division, Wireline Competition Bureau.

VI. ORDERING CLAUSES

70. Accordingly, IT IS ORDERED that, pursuant to the authority contained in sections 1, 4(i), 201-205, 214, 254, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 1, 4(i), 201-205, 214, 254, 403, this Order IS ADOPTED.

71. IT IS FURTHER ORDERED that Part 54 of the Commission's rules, 47 C.F.R. Part 54, IS AMENDED as set forth in Appendix A attached hereto, effective thirty (30) days after publication of this Order in the Federal Register, unless otherwise indicated herein.

72. IT IS FURTHER ORDERED that, pursuant to the authority contained in sections 1, 4(i), 201-205, 214, 254, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 1, 4(i), 201-205, 214, 254, 403, this *Further Notice of Proposed Rulemaking* IS ADOPTED.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary

APPENDIX A

FINAL RULES

For the reasons discussed in the preamble, the Federal Communications Commission amends 47 C.F.R. Parts 36 and 54 as follows:

PART 36 – JURISDICTIONAL SEPARATIONS PROCEDURES; STANDARD PROCEDURES FOR SEPARATING TELECOMMUNICATIONS PROPERTY COSTS, REVENUES, EXPENSES, TAXES AND RESERVES FOR TELECOMMUNICATIONS COMPANIES

1. Delete §§ 36.701-36.741.

PART 54 - UNIVERSAL SERVICE

2. The authority citation for Part 54 continues to read as follows:

Authority: 47 U.S.C. §§ 1, 4(i), 201, 205, 214, and 254 unless otherwise noted.

3. Amend § 54.400 by adding paragraph (f) to read as follows:

§ 54.400 Terms and definitions.

* * *

(f) *Income.* "Income" is all income actually received by all members of the household. This includes salary before deductions for taxes, public assistance benefits, social security payments, pensions, unemployment compensation, veteran's benefits, inheritances, alimony, child support payments, worker's compensation benefits, gifts, lottery winnings, and the like. The only exceptions are student financial aid, military housing and cost-of-living allowances, irregular income from occasional small jobs such as baby-sitting or lawn mowing, and the like.

4. Amend § 54.401 by amending paragraph (c) and adding paragraph (e) to read as follows:

§ 54.401 Lifeline defined.

* * *

(c) Eligible telecommunications carriers may not collect a service deposit in order to initiate

Lifeline service, if the qualifying low-income consumer voluntarily elects toll limitation service from the carrier, where available. If toll limitation services are unavailable, the carrier may charge a service deposit.

* * *

(e) Consistent with § 52.33(a)(1)(i)(C), eligible telecommunications carriers may not charge Lifeline customers a monthly number-portability charge.

5. Amend § 54.405 by adding paragraphs (c) and (d) to read as follows:

§ 54.405 Carrier obligation to offer Lifeline.

All eligible telecommunications carriers shall:

(a) * * *

(b) * * *

(c) Notify Lifeline subscribers of impending termination of Lifeline service if the carrier has a reasonable basis to believe that the subscriber no longer meets the Lifeline-qualifying criteria, as described in § 54.409. Notification of impending termination shall be in the form of a letter separate from the subscriber's monthly bill. A carrier providing Lifeline service in a state that has dispute resolution procedures applicable to Lifeline termination, that requires, at a minimum, written notification of impending termination, must comply with the applicable state requirements.

(d) Allow subscribers 60 days following the date of the impending termination letter required in paragraph (c) in which to demonstrate continued eligibility. Subscribers making such a demonstration must present proof of continued eligibility to the carrier consistent with applicable state or federal verification requirements, as described in § 54.410(c). Carriers must terminate subscribers who fail to demonstrate continued eligibility within the 60-day time period. A carrier providing Lifeline service in a state that has dispute resolution procedures applicable to

Lifeline termination must comply with the applicable state requirements.

6. Amend § 54.409 by amending paragraphs (b) and (c) and adding paragraph (d) to read as follows:

§ 54.409 Consumer qualification for Lifeline.

(a) * * *

(b) To qualify to receive Lifeline service in a state that does not mandate state Lifeline support, a consumer's income, as defined in § 54.400(f), must be at or below 135% of the Federal Poverty Guidelines or a consumer must participate in one of the following federal assistance programs: Medicaid; Food Stamps; Supplemental Security Income; Federal Public Housing Assistance (Section 8); Low-Income Home Energy Assistance Program; National School Lunch Program's free lunch program; or Temporary Assistance for Needy Families.

(c) * * * Such qualifying low-income consumer shall also qualify for Tier-Three Lifeline support, if the carrier offering the Lifeline service is not subject to the regulation of the state and provides carrier-matching funds, as described in § 54.403(a)(3).

(d) In a state that does not mandate state Lifeline support, each eligible telecommunications carrier providing Lifeline service to a qualifying low-income consumer pursuant to paragraphs (b) or (c) must obtain that consumer's signature on a document certifying under penalty of perjury that:

(i) the consumer receives benefits from one of the programs listed in paragraphs (b) or (c), and identifying the program or programs from which that consumer receives benefits, or

(ii) the consumer's household meets the income requirement of paragraph (b), and that the presented documentation of income, as described in §§ 54.400(f), 54.410(a)(ii), accurately represents the consumer's household income; and

(iii) the consumer will notify the carrier if that consumer ceases to participate in the

program or programs or if the consumer's income exceeds 135% of the Federal Poverty Guidelines.

7. Create new § 54.410 to read as follows:

§54.410 Certification and Verification of Consumer Qualification for Lifeline.

(a) *Certification of Income.* Consumers qualifying under an income-based criterion must present documentation of their household income prior to enrollment in Lifeline.

(i) By one year from the effective date of these rules, eligible telecommunications carriers in states that mandate state Lifeline support must comply with state certification procedures to document consumer income-based eligibility for Lifeline prior to that consumer's enrollment if the consumer is qualifying under an income-based criterion.

(ii) By one year from the effective date of these rules, eligible telecommunications carriers in states that do not mandate state Lifeline support must implement certification procedures to document consumer-income-based eligibility for Lifeline prior to that consumer's enrollment if the consumer is qualifying under the income-based criterion specified in § 54.409(b). Acceptable documentation of income eligibility includes the prior year's state, federal, or tribal tax return, current income statement from an employer or paycheck stub, a Social Security statement of benefits, a Veterans Administration statement of benefits, a retirement/pension statement of benefits, an Unemployment/Workmen's Compensation statement of benefits, federal or tribal notice letter of participation in General Assistance, a divorce decree, child support, or other official document. If the consumer presents documentation of income that does not cover a full year, such as current pay stubs, the consumer must present three consecutive months worth of the same types of document within that calendar year.

(b) *Self-Certifications.* After income certification procedures are implemented, eligible

telecommunications carriers and consumers are required to make certain self-certifications, under penalty of perjury, relating to the Lifeline program.

(i) An officer of the eligible telecommunications carrier in a state that mandates state Lifeline support must certify that the eligible telecommunications carrier is in compliance with state Lifeline income certification procedures and that, to the best of his/her knowledge, documentation of income was presented.

(ii) An officer of the eligible telecommunications carrier in a state that does not mandate state Lifeline support must certify that the eligible telecommunications carrier has procedures in place to review income documentation and that, to the best of his/her knowledge, the carrier was presented with documentation of the consumer's household income.

(iii) Consumers qualifying for Lifeline under an income-based criterion must certify the number of individuals in their households on the document required in § 54.409(d).

(c) *Verification of Continued Eligibility.* Consumers qualifying for Lifeline may be required to verify continued eligibility on an annual basis.

(i) By one year from the effective date of these rules, eligible telecommunications carriers in states that mandate state Lifeline support must comply with state verification procedures to validate consumers' continued eligibility for Lifeline.

(ii) By one year from the effective date of these rules, eligible telecommunications carriers in states that do not mandate state Lifeline support must implement procedures to verify the continued eligibility of a statistically valid random sample of their Lifeline consumers to verify continued eligibility and provide the results of the sample to the Administrator. If verifying income, an officer of the eligible telecommunications carrier must certify, under penalty of perjury, that the eligible telecommunications carrier has income verification procedures in place and that, to the best of his/her knowledge, the carrier was presented with

corroborating income documentation. In addition, the consumer must certify, under penalty of perjury, that the consumer continues to participate in the Lifeline qualifying program or that the presented documentation accurately represents the consumer's household income and the number of individuals in the household.

8. Create new § 54.416 to read as follows:

§ 54.416 Certification of Consumer Qualification for Link Up.

Consumers qualifying under an income-based criterion must present documentation of their household income prior to enrollment in Link Up consistent with requirements set forth in §§ 54.410(a) and (b).

9. Create new § 54.417 to read as follows:

§ 54.417 Recordkeeping Requirements.

(a) Eligible telecommunications carriers must maintain records to document compliance with all Commission and state requirements governing the Lifeline/Link Up programs for the three full preceding calendar years and provide that documentation to the Commission or Administrator upon request. Notwithstanding the preceding sentence, eligible telecommunications carriers must maintain the documentation required in §§ 54.409(d) and 54.410(b)(iii) for as long as the consumer receives Lifeline service from that eligible telecommunications carrier or until audited by the Administrator. If an eligible telecommunications carrier provides Lifeline discounted wholesale services to a reseller, it must obtain a certification from that reseller that it is complying with all Commission requirements governing the Lifeline/Link Up programs.

(b) Non-eligible-telecommunications-carrier resellers that purchase Lifeline discounted wholesale services to offer discounted services to low-income consumers must maintain records to document compliance with all Commission requirements governing the Lifeline/Link Up programs for the three full preceding calendar years and provide that documentation to the

Commission or Administrator upon request. To the extent such a reseller provides discounted services to low-income consumers, it constitutes the eligible telecommunications carrier referenced in §§ 54.405(c), 54.405(d), 54.409(d), 54.410, and 54.416.

APPENDIX B

LIST OF PARTIES FILING COMMENTS IN RESPONSE TO THE NOTICE OF PROPOSED RULEMAKING

Comments

1. ACORN
2. AT&T Corp. (AT&T)
3. BellSouth Corporation (BellSouth)
4. Empowerment Center of Greater Cleveland Consumers for Fair Utility Rates (Consumer's Coalition)
5. Dobson Communications Corporation (Dobson)
6. Florida Public Service Commission (Florida PSC)
7. National Association of State Utility Consumer Advocates (NASUCA)
8. National Consumer Law Center on behalf of Massachusetts Union of Public Housing Tenants (NCLC)
9. National Fuel Funds Network (NFFN)
10. New York Department of Public Service (New York DPS)
11. Ohio Public Utilities Commission (Ohio PUC)
12. Oklahoma Corporation Commission (OCC)
13. WorldCom, Inc., d/b/a MCI (MCI)
14. Pennsylvania Utility Law Project (PULP)
15. People of the State of California and the California Public Utilities Commission (California PUC)
16. Texas Legal Services Center
17. Texas Office of Public Utility Counsel (Texas OPC)
18. Tribal Telecom Outreach
19. United States Conference of Catholic Bishops, Alliance for Community Media, Appalachian People's Action Coalition, Center for Digital Democracy, Consumer Action, Consumer Federal of America, Edgemont Neighborhood Coalition, and Migrant Legal Action Program (USCCB)
20. United Utilities, Inc. (UUI)
21. Verizon

Reply Comments

1. AT&T Corp. (AT&T)
2. BellSouth Corporation (BellSouth)
3. National Association of State Utility Consumer Advocates (NASUCA)
4. National Consumer Law Center on behalf of Massachusetts Union of Public Housing Tenants (NCLC)
5. Pennsylvania Public Utility Commission (PaPUC)
6. Commissioner Aaron Wilson Jr. of the Pennsylvania Public Utility Commission (Commissioner Wilson, PaPUC)
7. Rural Iowa Independent Telephone Association (RIITA)
8. Verizon

APPENDIX C

LIFELINE/LINK-UP STATE SURVEY

1. What changes, if any, has the state implemented in its Lifeline/Link-Up program due to changes in the federal Lifeline/Link-Up program? Of those changes, which have been most effective in increasing the state's telephone penetration rate?

2. Please provide any additional information the state wishes to submit regarding positive or negative results experienced due to adoption of new Lifeline/Link-Up procedures during the past 12 months.

3. Please provide any additional information the state wishes to submit regarding any administrative burdens or inefficiencies that the state has experienced due to adoption of new Lifeline/Link-Up procedures during the past 12 months.

4. What is the current level of Lifeline support in the state, and are any changes scheduled to be made in the future?

5. Describe the state's Lifeline/Link-Up eligibility requirements.

6. Describe the state's Lifeline/Link-Up procedures for enrollment and certification, including documentation requirements. Do any state agencies qualify applicants for the Lifeline/Link-Up program?

7. Describe the state's Lifeline/Link-Up procedures for verification, including documentation requirements. If the state plans to implement a verification program, please describe.

8. Does the state now use, or is it considering implementing an electronic database to identify income-eligible households or facilitate verification or enrollment? If yes, please describe.

9. Describe the state's outreach efforts. Which outreach efforts in particular have been the most successful in increasing participation?

10. List suggestions for improvements to the federal Lifeline/Link-Up program.

11. Does the state require all incumbent LECs to provide Lifeline/Link-Up Service to eligible subscribers?

12. Does the state require all competitive LECs to provide Lifeline/Link-Up Service to eligible subscribers?

13. Does the state sponsor any other low-income assistance programs that may provide alternative means for low-income consumers to access the public switched telephone network?

APPENDIX D

ESTIMATED INCOME REQUIREMENTS FOR A HOUSEHOLD AT OR BELOW 135% OF THE FEDERAL POVERTY GUIDELINES

Size of Family Unit	48 Contiguous States and D.C.	Alaska	Hawaii
1	$ 12,123	$15,134	$13,946
2	16,362	20,439	18,819
3	20,601	25,745	23,693
4	24,840	31,050	28,566
5	29,079	36,356	33,440
6	33,318	41,661	38,313
7	37,557	46,967	43,187
8	41,796	52,272	48,060
For each additional person, add	4,239	5,306	4,874

APPENDIX E

LIFELINE/LINK-UP STATE PROCEDURES AS COMPILED BY THE FEDERAL-STATE JOINT BOARD ON UNIVERSAL SERVICE[1]

I. ELIGIBILITY

A. Self-Certification of Eligibility for Enrollment

1. California[2]

In California, telephone companies must "immediately enroll" a customer who verbally certifies that he or she is eligible to participate in the Lifeline program. The company then sends the customer a self-certification form on which the customer affirms in writing that he or she is eligible for Lifeline and agrees that the company may verify his or her income. If the customer does not return the form within 30 days or if the company determines that the customer is not in fact eligible, the customer is removed from the program.

B. Paperless Enrollment Application

1. Colorado[3]

Colorado has implemented a paperless application process that allows potential recipients, after being notified of eligibility, to call their local telephone company to receive the discounts. There is no written application. This paperless application process makes it easier for the consumer to get the needed assistance and also enables low-income consumers to choose a competitive LEC that offers the assistance to eligible subscribers using the same paperless application process as the incumbent LEC. There is no paper application to keep track of and transfer from company to company.

C. Automatic Enrollment

1. Massachusetts[4]

In Massachusetts, households that qualify for LIHEAP can voluntarily give their permission, at the time of application, for the LIHEAP-administering agency to disclose information to Verizon that allows the household to be enrolled in Lifeline. Thus, enrollment is not "automatic" in the sense of being done without the household's permission, but it is done

[1] This is a reproduction of Appendix E to the *Recommended Decision*. *See generally Recommended Decision*, Appendix E. This information was compiled by the Joint Board from assertions of commenters in response to the Joint Board's *Public Notice*. *Federal-State Joint Board on Universal Service Seeks Comment on Review of Lifeline and Link-Up Service for All Low-Income Consumers*, CC Docket 96-45, Public Notice, 16 FCC Rcd 18407 (2001) (*Public Notice*). The Commission reproduces this appendix for illustrative purposes only and takes no position on any of the practices described herein.

[2] *See* NCLC Comments at 5-6.

[3] *See* Colorado DHS/OCC Comments at 4.

[4] *See* NCLC Comments at 6.

electronically in most cases. This facilitates enrollment, and the results are evident in the relatively high Lifeline subscription rate in Massachusetts.

2. New York[5]

In New York State, the Public Utility Law Project (PULP) has spent several years working to increase participation rates in the Lifeline/Link-Up programs. PULP represents low-income and rural consumers in utility, telephone and energy related matters. PULP worked with the New York Public Service Commission (NYPSC), the New York Department of Family Assistance (NYFDA), and NYNEX (now Verizon) to create an automatic enrollment database. The data transferred between the NYDFA and Verizon is confidential and cannot be used by Verizon or the state for any reason other than Lifeline assistance. Anytime an individual enrolls for a program administered by NYDFA they are automatically enrolled in Lifeline/Link-Up, but are also given the option to opt-out of the Lifeline/Link-Up program. Individuals who are not Verizon customers but have been identified by NYDFA as being eligible because of enrollment in a program administered by NYDFA are notified of their eligibility and given the opportunity to request Lifeline service by returning a pre-printed form. This system increased the number of people participating in Lifeline from 197,339 in 1987 to 703,001 in 1998. Lifeline consumers who have ceased receiving other assistance through NYDFA for four consecutive months are removed from Lifeline.

3. North Dakota[6]

In North Dakota, when consumers go to the county office of the North Dakota Department of Human Services (NDHS) and are determined eligible for any of the qualifying programs in the North Dakota Lifeline and Link-Up program, they receive an information sheet about Lifeline/Link-Up or enhanced Lifeline/Link-Up. Each qualifying individual receives a certificate of eligibility in the mail from NDHS which states that the individual must return this certificate to the telephone company in order to receive Lifeline/Link-Up. Once a year, all eligible North Dakotans receive a new qualifying certificate from the NDHS. The annual mailing of this certificate to eligible parties helps increase participation in Lifeline and Link-Up programs by providing an additional opportunity to sign up with the local telephone company. Qwest and some other North Dakota companies use a different method of verification. Through arrangements with NDHS, these companies receive an annual list of eligible participants to verify against their current participation list and delete unqualified participants based on this list. Participants with these companies do not need to send in a qualifying certificate annually.

D. Paper-Proof Verification of Continued Eligibility

1. Tennessee[7]

The process used in Tennessee initially requires the applicant requesting Link-Up and

[5] *See* Civil Rights Forum Comments at 3.

[6] *See* North Dakota Public Service Commissioner Comments at 1.

[7] *See* Tennessee Regulatory Authority Comments at 11-12.

Lifeline to provide proof of the public assistance program they receive. Proof of benefits may be demonstrated by providing a copy of the approval letter to receive Food Stamps, Medicaid or TANF from the Tennessee Department of Human Services (TDHS) or a copy of the SSI benefit letter from the Social Security Administration.

E. On-Line Verification of Continued Eligibility

1. Illinois[8]

In Illinois, ETCs can perform on-line verification of a consumer's eligibility by obtaining real-time access to a database of state low-income assistance program participants. The result is a streamlined process for both consumers and ETCs.

2. Minnesota[9]

Minnesota verifies the income and/or disability of all applicants. An enrollee's continued participation in the program is also verified on an annual basis. Minnesota verifies 85% of its Telephone Assistance Program participants by the use of computer interfaces with the Minnesota Department of Revenue, public assistance databases, and LIHEAP databases. The remainder are contacted by mail and asked to provide proof of continuing eligibility. Due to these verification procedures, Minnesota is not aware of problems with ineligible or fraudulent individuals being enrolled in the Telephone Assistance Program.

3. Tennessee[10]

In Tennessee, Lifeline applicants are required to certify eligibility by presenting documentation to their carrier of their participation in Food Stamps, Medicaid, TANF, or SSI. Documentation can be demonstrated by a copy of their approval letter to receive benefits through one of those programs. Self-certification is not permitted. Once the documentation is received by the carrier, the carrier then verifies the accuracy of the documentation with the Tennessee Department of Human Services (TDHS) client database. Verification of continued eligibility is also accomplished utilizing this electronic system. This has been the most efficient and effective way in which to verify and re-verify that a consumer is receiving public assistance. Tennessee requires re-verification of consumers on Lifeline no less than twice a year or every six months.

II. OUTREACH

A. Multi-Lingual Assistance

1. California[11]

On December 11, 2001, the California PUC approved a one-year, $5 million contract to

[8] *See* SBC Comments at 2.

[9] *See* Minnesota DOC Comments at 4.

[10] *See* Tennessee Regulatory Authority Comments at 11-12.

[11] *See* Civil Rights Forum Comments at 4; NCLC Comments at 5.

design and implement a competitively neutral public awareness and outreach program in order to increase universal Lifeline telephone service subscribership. On the same date, the California PUC approved a three-year, $1.5 million contract for a multi-lingual toll-free call center that provides customer service information about Lifeline in Spanish, Korean, Laotian, Cambodian, Vietnamese, Tagalog, and Hmong, as well as English. As a result of California's outreach efforts, Lifeline participation rates have increased from 1,467,859 in 1989 to 3,196,661 in 2000.

2. Florida[12]

The Florida Public Service Commission sends eligible Florida consumers a postcard-size flier about the Lifeline/Link-Up program. Approximately 35,000 of the fliers, which were written in English on one side and Spanish on the other, were mailed to consumers in 2000.

3. Minnesota[13]

To accommodate the state's increasingly diverse community, the Minnesota Department of Human Services currently makes Lifeline/Link-Up applications available in Arabic, Hmong, Cambodian, Lao, Russian, Somali, Spanish and Vietnamese.

4. Tennessee[14]

The Tennessee Regulatory Authority (TRA) has created four color posters in English and Spanish and posted them in locations frequented by low-income individuals, such as health care facilities, legal offices, churches, charitable organizations, and Human Services offices. To support this campaign, the TRA has established a toll-free hotline. The TRA has produced public service announcements for radio and television.

B. Tribal Outreach

1. Arizona and New Mexico[15]

In Arizona and New Mexico, Smith Bagley, a wireless carrier, conducts intensive advertising campaigns on tribal reservations in service areas where they are designated as an ETC. One of its most successful forms of outreach is its day-long event. Smith Bagley moves its storefront into town for a day and hosts a sign-up event where customers can learn about wireless service, determine their eligibility for Lifeline/Link-Up, sign up for service, have car installations done, obtain training on using a cell phone, and ask Smith Bagley's staff any questions they may have about Lifeline/Link-Up or wireless service. This unique outreach event has led to an increase of 14,000 new Lifeline subscribers.

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[12] *See* Florida PSC Comments at 7.

[13] *See* Minnesota DOC Comments at 5.

[14] *See* Civil Rights Forum Comments at 5.

[15] *See* Smith Bagley Reply Comments at 2, 7-8.

C. Agreement with ETC

1. Florida[16]

The Florida Public Service Commission (Florida PSC) has recently approved a joint stipulation between the Florida Office of Public Counsel and BellSouth that established a Community Service Fund for use in educating customers and promoting BellSouth's Lifeline/Link-Up services. As part of the stipulation, BellSouth agreed to contribute $250,000 in 2002 and $150,000 in 2003.

D. "Warm Transfer Line"

1. Florida[17]

The Florida PSC has made consumer education about Lifeline a priority. The Florida PSC operates an innovative "warm transfer line" which allows consumers who call the agency with Lifeline/Link-Up questions to be automatically transferred to the appropriate eligible telecommunications carrier providing phone service in their service area. The warm transfer line assures consumers that they will be in touch directly with the company who can initiate the service.

E. Coordination with Organizations and Other Agencies

1. Florida[18]

The Florida PSC also works closely with key state agencies, such as the Florida Department of Children and Families (DCF) and Department of Community Affairs, to ensure that the materials are received by the target population. For example, the Florida PSC created a postcard-sized flier to be sent to eligible Florida consumers using the DCF's mailing lists and mail system. Approximately 35,000 of the fliers, which were written in English on one side and Spanish on the other, were mailed to consumers in 2000. Finally, the Florida PSC is partnering with the American Association of Retired Persons (AARP), the Florida Association of Counties, and the Florida League of Cities to further promote Lifeline/Link-Up.

F. Lifeline/Link-Up Seminars

1. Rhode Island[19]

In Rhode Island, consumer advocates hold annual forums and conferences, often consisting of panels in which local telephone company representatives speak about Lifeline and distribute brochures.

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[16] *See* Florida PSC Comments at 4.

[17] *See* Florida PSC Comments at 7.

[18] *See* Florida PSC Comments at 7.

[19] *See* Universal Service Administrative Company Comments at 10 (USAC).

2. Tennessee[20]

The TRA has implemented several methods to promote Lifeline and Link-Up. It has created a Manager of Consumer Outreach position that concentrates on providing consumer information. This Manager conducts three or four Lifeline/Link-Up seminars per month at nursing homes across Tennessee. At the seminar, brochures and applications are distributed, leading to numerous applications for Lifeline/Link-Up. Brochures are also distributed at various public affairs events.

G. Direct Mailings

1. Connecticut[21]

The Connecticut Department of Social Services works in conjunction with ETCs to target eligible low-income consumers through the mail.

2. Idaho[22]

The State of Idaho sends flyers and brochures printed by the Idaho Public Utilities Commission to eligible state residents.

3. Maine[23]

In late 1999, the Maine State Housing Authority and the Maine Community Action Programs jointly carried out two major mass mailings to all eligible LIHEAP recipients notifying those consumers that they were also eligible for Lifeline. An estimated 134,000 letters and flyers were mailed, paid for by the Maine Telecommunications Education Fund.

4. New York[24]

The Public Utility Law Project of New York sends annual personalized letters to all persons eligible for Lifeline, informing them about the program.

5. North Carolina[25]

In North Carolina, an ad hoc committee comprised of staff members from the North Carolina Utilities Commission, the Attorney General's Office, major telecommunications industries, and social services organizations have made major strides since 1998 in their Lifeline/Link-Up outreach efforts with direct mailings and other forms of outreach. Since the

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[20] *See* Civil Rights Forum Comments at 5.

[21] *See* USAC Comments at 14.

[22] *See* USAC Comments at 14.

[23] *See* USAC Comments at 9.

[24] *See* USAC Comments at 12.

[25] *See* Civil Rights Forum Comments at 4-5.

committee's first meeting, 200,000 brochures have been printed and distributed to various organizations across the state that works with low-income families. The North Carolina Public Service Commission sent notices to everyone in North Carolina who was eligible for the programs.

6. Tennessee[26]

The TRA works with the TDHS database to determine eligible individuals and then mails Lifeline/Link-Up information to those people.

H. Lifeline/Link-Up Notification on Every Call

1. Maine[27]

Maine's public assistance agencies explain the Lifeline/Link-Up program whenever a household applies for public assistance and the state's telephone companies mention Lifeline/Link-Up whenever a customer applies for telephone service. This way, a household can apply for Lifeline/Link-Up by phone by simply stating that they receive one of the listed public benefits and providing either a social security number or welfare identification number. Maine credits its high penetration rates to this combination of innovative outreach and easy application methods.

I. Tax Break for Lifeline/Link-Up Telephone Companies

1. North Carolina[28]

North Carolina provides for a tax break to Lifeline/Link-Up telephone companies equal to the amount of money they are required to contribute for Lifeline/Link-Up. According to FCC data, Lifeline enrollment in North Carolina increased from 29,640 in 1998 to 62,475 in 2000.

J. Lifeline/Link-Up Marketing Board

1. California[29]

California created a Lifeline Marketing Board which promotes the Lifeline program beyond the typical telephone company policy of including information in their telephone bills.

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[26] *See* Civil Rights Forum Comments at 5.

[27] *See* NCLC Comments at 7.

[28] *See* North Carolina Utilities Commission Comments at 4-5.

[29] *See* Civil Rights Forum Comments at 4-5.

APPENDIX F

ESTIMATED INCOME REQUIREMENTS FOR A HOUSEHOLD AT OR BELOW 150% OF THE FEDERAL POVERTY GUIDELINES

Size of Family Unit	48 Contiguous States and D.C.	Alaska	Hawaii
1	$13,470	$16,815	$15,495
2	18,180	22,710	20,910
3	22,890	28,605	26,325
4	27,600	34,500	31,740
5	32,310	40,395	37,155
6	37,020	46,290	42,570
7	41,730	52,185	47,985
8	46,440	58,080	53,400
For each additional person, add	4,710	5,895	5,415

APPENDIX G

LIST OF CURRENT FEDERAL DEFAULT STATES

Based on available information, the following states currently are "federal default states":

Seven States and/or Territories with their own Lifeline/Link-Up programs have adopted the federal default criteria

Iowa
Illinois
Kentucky
Minnesota
Nebraska
Nevada
Puerto Rico

Nine States and/or Territories have not adopted their own Lifeline/Link-Up Program

American Samoa
Delaware
Guam
Hawaii
Indiana
Louisiana
New Hampshire
Northern Mariana Islands
U.S. Virgin Islands

APPENDIX H

FINAL REGULATORY FLEXIBILITY ANALYSIS

(*REPORT AND ORDER*)

1. As required by the Regulatory Flexibility Act of 1980, as amended (RFA)[1] an Initial Regulatory Flexibility Analysis (IRFA) was incorporated in the *NPRM*.[2] The Commission sought comment on the proposals in the *NPRM*, including comment on the IRFA. The present Final Regulatory Flexibility Analysis (FRFA) conforms to the RFA.[3]

A. Need for, and Objectives of, the Order

2. In this *Order*, we adopt rules that expand the federal default eligibility criteria for Lifeline/Link-Up to include an income-based criterion of 135% of the Federal Poverty Guidelines and additional means-tested programs. We also adopt rules requiring certification and verification procedures for eligibility under certain circumstances. In addition, we provide outreach guidelines for carriers and states and a voluntary Lifeline/Link-Up administrative survey to better target low-income consumers and improve program operation. Collectively, these rules will improve the effectiveness of the low-income support mechanism and ensure quality telecommunications services are available to low-income consumers at just, reasonable, and affordable rates.

B. Summary of Significant Issues Raised by Public Comments in Response to the IRFA

3. There were no comments filed specifically in response to the IRFA. Nevertheless, the agency has considered the potential impact of the rules proposed in the IRFA on small entities. Adding two means-tested programs, Temporary Assistance to Needy Families (TANF) and National School Lunch's free lunch program (NSL), and household income as a basis for Lifeline/Link-Up eligibility does not raise significant issues for small business entities. Some commenters were concerned that certification and verification procedures might pose significant costs on small entities. However, the rules we adopt today strike a balance between minimizing compliance burdens and costs and preserving the integrity of the Lifeline/Link-Up program.

C. Description and Estimate of the Number of Small Entities To Which Rules Will Apply

4. The RFA directs agencies to provide a description of, and where feasible, an estimate of the number of small entities that may be affected by the proposed rules, if adopted.[4] The RFA generally defines the term "small entity" as having the same meaning as the terms "small

[1] *See* 5 U.S.C. § 603. The RFA, *see* 5 U.S.C. §§ 601-612, has been amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), Pub. L. No. 104-121, Title II, 110 Stat. 857 (1996).

[2] *NPRM*, 18 FCC Rcd at 11630-36, paras. 6-22.

[3] *See* 5 U.S.C. § 604.

[4] 5 U.S.C. § 603(b)(3).

business," "small organization," and "small governmental jurisdiction."[5] In addition, the term "small business" has the same meaning as the term "small business concern" under the Small Business Act.[6] A "small business concern" is one which: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the Small Business Administration (SBA).[7]

5. The Commission's decision to adopt certification and verification requirements would apply to service providers that provide services to qualifying low-income consumers who receive Lifeline/Link-Up support. According to the Universal Service Administrative Company's (USAC) 2002 Annual Report, only local exchange carriers, cellular/personal communications services (PCS) providers, and competitive access providers would be subject to these requirements.[8] Because many of these service providers could include small entities, we expect that the proposal in this proceeding could have a significant economic impact on local exchange carriers, small incumbent local exchange carriers, cellular/PCS providers, and competitive access providers that are small entities.[9]

6. We have included small incumbent local exchange carriers in this present RFA analysis. As noted above, a "small business" under the RFA is on that, *inter alia*, meets the pertinent small business size standard (e.g., a telephone communications business having 1,500 or fewer employees), and "is not dominant in its field of operation."[10] The SBA's Office of Advocacy contends that, for RFA purposes, small incumbent local exchange carriers are not dominant in their field of operation because any such dominance is not "national" in scope.[11] We have therefore included small incumbent local exchange carriers in this RFA analysis, although we emphasize that this RFA action has no effect on Commission analyses and determinations in other, non-RFA contexts.

7. *Incumbent Local Exchange Carrier.* Neither the Commission nor the SBA has developed a size standard specifically for small providers of local exchange services. The closest

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[5] 5 U.S.C. § 601(6).

[6] 5 U.S.C. § 601(3) (incorporating by reference the definition of "small-business concern" in the Small Business Act, 15 U.S.C. § 632). Pursuant to 5 U.S.C. §601(3), the statutory definition of a small business applies "unless an agency, after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition(s) in the Federal Register." 5 U.S.C. § 601(3).

[7] 15 U.S.C. § 632.

[8] *See* USAC Annual Report 2002, Appendix B (2002).

[9] The most reliable source of information regarding the total numbers of common carrier and related providers nationwide, including the numbers of commercial wireless entities, appears to be data the Commission publishes annually in its *Trends in Telephone Service* report. *See Trends Report* at Table 16.3.

[10] 15 U.S.C. § 632.

[11] Letter from Jere W. Glover, Chief Counsel for Advocacy, SBA, to William E. Kennard, Chairman, FCC (May 27, 1999). The Small Business Act contains a definition of "small-business concern," which the RFA incorporates into its own definition of "small business." *See* 15 U.S.C. § 632(a) (Small Business Act); 5 U.S.C. § 601(3) (RFA). SBA regulations interpret "small business concern" to include the concept of dominance on a national basis. 13 C.F.R. § 121.102(b).

applicable size standard under the SBA rules is for wired telecommunications carriers.[12] This provides that a wired telecommunications carrier is a small entity if it employs no more than 1,500 employees.[13] According to Commission data, 1,337 incumbent carriers reported that they were engaged in the provision of local exchange services. Of these 1, 337 carriers, an estimated 1,032 have 1,500 or fewer employees and 305 carriers have more than 1,500 employees. Consequently, the Commission estimates that most providers of incumbent local exchange service are small businesses that may b affected by the rules and policies adopted herein. According to Commission data, 1,337 incumbent carriers reported that they were engaged in the provision of local exchange services. Of these 1, 337 carriers, an estimated 1032 have 1500 or fewer employees and 305 carriers have more than 1500 employees. Consequently, the Commission estimates that most providers of incumbent local exchange service are small businesses that may b affected by the rules and policies adopted herein.

8. *Competitive Local Exchange Carriers*, *Competitive Access Providers*, and *Other Local Exchange Carriers*. Neither the Commission nor the SBA has developed a size standard specifically for small providers of local exchange services. The closest applicable size standard under the SBA rules is for wired telecommunications carriers.14 This provides that a wired telecommunications carrier is a small entity if it employs no more than 1,500 employees.15 According to the most recent Commission data,[16] 609 companies reported that they were engaged in the provision of either competitive access provider services or competitive local exchange carrier services. Of these 609 companies, an estimated 458 have 1,500 or fewer employees and 151 have more than 1,500 employees.[17] In addition, 35 carriers reported that they were "Other Local Exchange Carriers." Of the 35 "Other Local Exchange Carriers," an estimated 34 have 1,500 or fewer employees and one has more than 1,500 employees.[18] Consequently, the Commission estimates that most providers of competitive local exchange service, competitive access providers, and "Other Local Exchange Carriers" are small entities that may be affected by the rules and policies adopted herein.

9. *Cellular and Other Wireless Telecommunications*. The SBA has developed a small business size standard for Cellular and Other Wireless Telecommunications, which consists of all such firms having 1,500 or fewer employees.[19] According to data for 1997, a total of 977 such firms operated for the entire year.[20] Of those, 965 firms employed 999 or fewer persons for the year, and 12 firms employed of 1,000 or more. Therefore, nearly all such firms were small

[12] 13 C.F.R. § 121.201, NAICS Code 517110.

[13] *Id.*

[14] 13 C.F.R. § 121.201, NAICS Code 517110.

[15] *Id.*

[16] FCC, Wireline Competition Bureau, Industry Analysis and Technology Division, "Trends in Telephones Service" at Table 5.3, Pate 5-5 (Aug. 2003).

[17] *Id.*

[18] *Id.*

[19] 13 C.F.R. § 121.201, NAICS code 517212.

[20] U.S. Census Bureau, 1997 Economic Census, Subject Series; Information, Table 5, "Employment Size of Firms Subject to Federal Income Tax: 1997," NAICS code 513322 (October 2000).

businesses. In addition, we note that there are 1,807 cellular licenses; however, a cellular licensee may own several licenses.[21] According to Commission data, 858 carriers reported that they were engaged in the provision of cellular service, Personal Communications Service (PCS), or Specialized Mobile Radio telephony service, which are placed together in the data.[22] We have estimated that 291 of these are small under the SBA small business size standard.[23]

10. *Broadband Personal Communications Service (PCS).* The broadband PCS spectrum is divided into six frequencies designated A through F, and the Commission has held auctions for each block. The Commission defined "small entity" for Blocks C and F as an entity that has average gross revenues of less than $40 million in the three previous calendar years.[24] For Block F, an additional classification for "very small business" was added and is defined as an entity that, together with their affiliates, has average gross revenues of not more than $15 million for the preceding three calendar years.[25] These regulations defining "small entity" in the context of broadband PCS auctions have been approved by the SBA.[26] No small businesses within the SBA-approved definition bid successfully for licenses in Blocks A and B. There were 90 winning bidders that qualified as small entities in the Block C auctions. A total of 93 small and very small business bidders won approximately 40% of the 1,479 licenses for Blocks D, E, and F.[27] On March 23, 1999, the Commission re-auctioned 347 C, D, E, and F Block licenses; there were 48 small business winning bidders. Based on this information, we conclude that the number of small broadband PCS licensees will include the 90 winning C Block bidders and the 93 qualifying bidders in the D, E, and F blocks, plus the 48 winning bidders in the re-auction, for a total of 231 small entity PCS providers as defined by the SBA and the Commission's auction rules. On January 26, 2001, the Commission completed the auction of 422 C and F Broadband PCS licenses in Auction No. 35. Of the 35 winning bidders in this auction, 29 qualified as small or very small businesses.

D. Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities

11. Expanding the eligibility criteria will not create additional reporting, recordkeeping, or other compliance requirements.

12. Several other requirements adopted in this Order, however, affect recordkeeping requirements. First, ETCs will be required to maintain records to document compliance with all

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[21] *See* Federal Communications Commission, Universal Licensing System, <http://wireless.fcc.gov/uls/>.

[22] *See Trends Report*, Table 5.3 - Number of Telecommunications Service Providers that are Small Businesses.

[23] *Id.*

[24] *See Amendment of Parts 20 and 24 of the Commission's Rules – Broadband PCS Competitive Bidding and the Commercial Mobile Radio Service Spectrum Cap*, FCC 96-278, WT Docket No. 96-59, Report and Order, Sections 57-60 (released June 24, 1996), 61 FR 33859 (July 1, 1996) (*Broadband PCS Order*); *see also* 47 C.F.R. § 24.720(b).

[25] *See Broadband PCS Order* at Section 60.

[26] *See, e.g., Implementation of Section 309(j) of the Communications Act – Competitive Bidding*, PP Docket No. 93-253, Fifth Report and Order, 9 FCC Rcd 5532, 5581-84 (1994).

[27] FCC News, *Broadband PCS, D, E and F Block Auction Closes,* No. 71744 (released January 14, 1997).

Commission requirements governing the Lifeline/Link-Up programs, including numerous self-certifications, and provide that documentation to the Commission or Administrator upon request for the full three preceding calendar years.[28] Specifically, ETCs in federal default states must retain certifications that documentation of income eligibility was presented when the customer was initially enrolled in Lifeline and when the customer was subject to verification of continued eligibility.[29] ETCs in states operating their own Lifeline/Link-Up program must document compliance with state Lifeline regulations and recordkeeping requirements, including state certification and verification procedures.[30] Second, non-ETC resellers must retain documentation to demonstrate that they are providing discounted services only to qualifying low-income customers.[31] Records of customer eligibility must be maintained for as long as the customer receives Lifeline service from that ETC or until that ETC is audited by the Administrator.[32]

E. Steps Taken to Minimize the Significant Economic Impact on Small Entities, and Significant Alternatives Considered

13. Although self-certification of income may be easily administered, we conclude that self-certification of income could invite abuse of the Lifeline/Link-Up program, because it is difficult to verify income.[33] Accordingly, to address concerns of potential waste, fraud, and abuse, we will require consumers qualifying under the income-based criterion to present documentation of income.[34] To minimize burdens on carriers, however, we do not require ETCs in federal default states to maintain this documentation of income.[35] Rather, an officer of the ETC need only self-certify, under penalty of perjury, that the carrier has procedures in place to review income documentation and that, to the best of his or her knowledge, income documentation was presented.[36] In addition, to ensure that only eligible consumers receive Lifeline/Link-Up benefits, we require ETCs in federal default states to verify directly with a state that particular subscribers continue to be eligible or survey subscribers directly by sending annual verification forms to a statistically valid sample of Lifeline subscribers, providing the results of the sample to USAC.[37]

14. We allow states operating their own Lifeline/Link-Up programs flexibility to develop their own certification of income and verification procedures.[38] We note that resources of the

[28] *See supra* para. 39.

[29] *See supra* paras. 31, 35, 38, 39.

[30] *See supra* paras. 29, 34, 39.

[31] *See supra* para. 40.

[32] *See supra* para. 38.

[33] *See supra* para. 28.

[34] *Id.*

[35] *See supra* para. 31.

[36] *Id.*

[37] *See supra* para. 35.

[38] *See supra* paras. 29, 34.

carrier, among other things, should be taken into consideration when devising state certification and verification procedures.[39] In addition, an officer of an ETC in states that operate their own Lifeline/Link-Up programs must certify, under of penalty of perjury, that the ETC complies with state certification procedures and that, to the best of his or her knowledge, documentation of income for consumers applying under an income-based criterion was presented.

15. Finally, we provide carriers options regarding retaining records of consumer eligibility. Carriers may either retain such records for as long as the carrier provides Lifeline service to that consumer or until it is audited by the Administrator. These requirements are necessary to ensure program integrity. However, we provide carriers flexibility to choose the more appropriate recordkeeping method.

F. Report to Congress

16. The Commission will send a copy of the Order, including this FRFA, in a report to be sent to Congress pursuant to the Congressional Review Act, *see* 5 U.S.C. § 801(a)(1)(A). In addition, the Commission will send a copy of the Order, including the FRFA, to the Chief Counsel for Advocacy of the Small Business Administration. A copy of the Order and FRFA (or summaries thereof) will also be published in the Federal Register.

[39] *See supra* para. 29, 34.

APPENDIX I

INITIAL REGULATORY FLEXIBILITY ANALYSIS

(*FURTHER NOTICE OF PROPOSED RULEMAKING*)

1. As required by the Regulatory Flexibility Act of 1980, as amended (RFA),[1] the Commission has prepared the present Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on a substantial number of small entities by the policies and rules proposed in this *Further Notice*. Written public comments are requested on this IRFA. Comments must be identified as responses to the IRFA and must be filed by the deadlines for comments on the *Further Notice* as provided above in Section V(C). The Commission will send a copy of the *Further Notice*, including this IRFA, to the Chief Counsel for Advocacy of the Small Business Administration.[2] In addition, the *Further Notice* and IRFA (or summaries thereof) will be published in the Federal Register.[3]

A. Need for, and Objectives of, the Proposed Rules

2. The Commission is required by section 254 of the Act to promulgate rules to implement the universal service provisions of section 254.[4] On May 8, 1997, the Commission adopted rules that reformed its system of universal service support mechanisms so that universal service is preserved and advanced as markets move toward competition.[5] Among other things, the Commission adopted a mechanism to provide discounted monthly telephone service and installation charges to low-income households.[6] Over the last few years, important changes in the low-income community and the Joint Board's *Recommended Decision* prompt us to review the low-income universal service support mechanism.[7]

3. In this *Further Notice*, we seek comment on whether the income-based criterion in the federal default eligibility criteria should be increased to 150% of the FPG to make phone service more affordable to more low-income individuals and families.[8] Applying the same methodology used to analyze the 135% of the FPG income-based criterion, the Commission staff analysis estimates that broadening the income-based criterion to 150% of the FPG may only have a minimal impact on national telephone penetration rates, but could add many new Lifeline subscribers.[9] Therefore, we seek comment on whether a broader income-based criterion should

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[1] *See* 5 U.S.C. § 603. The IRFA, *see* 5 U.S.C. §§ 601-12, has been amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA) Pub. L. No. 104-121, Title II, 110 Stat 857 (1996).

[2] *See* 5 U.S.C. § 603(a).

[3] *See id.*

[4] 47 U.S.C. § 254.

[5] *See generally 1997 Universal Service Order.*

[6] *See generally 1997 Universal Service Order*, 12 FCC Rcd at 8973-76, paras. 373-78.

[7] *See supra* para. 6.

[8] *See supra* paras. 56-57; Appendix F.

[9] *See generally* Appendix K.

be added even when there could be only a minimal impact to the national telephone penetration rate.[10]

B. Legal Basis

4. This *Further Notice* is adopted pursuant to sections 1, 4(i), (4j), 201-205, 251, 252, and 303 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), (j), 201-205, 251, 252, and 303.

C. Description and Estimate of the Number of Small Entities To Which Rules Will Apply

5. The RFA directs agencies to provide a description of, and, where feasible, an estimate of the number of small entities that may be affected by the rules adopted herein.[11] The RFA generally defines the term "small entity" as having the same meaning as the terms "small business," "small organization," and "small governmental jurisdiction."[12] In addition, the term "small business" has the same meaning as the term "small business concern" under the Small Business Act, unless the Commission has developed one or more definitions that are appropriate to its activities.[13] Under the Small Business Act, a "small business concern" is one that: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) meets any additional criteria established by the Small Business Administration (SBA).[14]

6. We have described in detail, *supra*, in the FRFA, the categories of entities that may be directly affected by any rules or proposals adopted in our efforts to reform the universal service low-income support mechanism.[15] For this IRFA, we hereby incorporate those entity descriptions by reference.

D. Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements

7. The *Further Notice* seeks comment on potential changes to the federal default income-based eligibility criterion for the low-income support mechanism. This potential change will not impact reporting or recordkeeping requirements, however, it could impact the overall pool of eligible applicants.

E. Steps Taken to Minimize Significant Economic Impact on Small Entities, and

[10] *See supra* para. 57.

[11] 5 U.S.C. § 604(a)(3).

[12] 5 U.S.C. § 601(6).

[13] 5 U.S.C. § 601(3) (incorporating by reference the definition of "small business concern" in 5 U.S.C. § 632). Pursuant to 5 U.S.C. § 601(3), the statutory definition of a small business applies "unless an agency after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition in the Federal Register."

[14] 15 U.S.C. § 632.

[15] *See supra* Appendix H, paras. 5-10.

Significant Alternatives Considered

8. The RFA requires an agency to describe any significant alternatives that it has considered in reaching its proposed approach impacting small business, which may include the following four alternatives (among others): (1) the establishment of differing compliance and reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance or reporting requirements under the rule for small entities; (3) the use of performance, rather than design, standards; and (4) an exemption from coverage of the rule, or part thereof, for small entities.[16]

9. In this *Further Notice*, we seek comment on whether the Commission should adopt a broader income-based criterion. If a broader income-based criterion is adopted, this could change the size of the overall pool of eligible applicants for universal service support for low-income subscribers.

F. Federal Rules that May Duplicate, Overlap, or Conflict with the Proposed Rules

10. None.

[16] *See* 5 U.S.C. §§ 603(c)(1)-(4).

APPENDIX J

STATISTICALLY VALID SAMPLE

Eligible Telecommunications Carriers (ETCs) subject to the federal default criterion will be required to verify the continued eligibility of a statistically valid sample of their Lifeline customers. The size of a statistically valid sample, however, varies based upon many factors, including the number of Lifeline subscribers (N) and the previously estimated proportion of Lifeline subscribers inappropriately taking Lifeline service (P).

For the first year that ETCs verify subscribers' continued eligibility, all ETCs should assume that the proportion P of subscribers inappropriately taking Lifeline service is .01, if there is no evidence to assume a different proportion. In subsequent years, ETCs should use the results of samples from previous years to determine this estimated proportion. In all instances, the estimated proportion P should never be less than .01 or more than .06.

For ETCs with large numbers of Lifeline subscribers (more than 400,000), a statistically valid sample size must be calculated pursuant to the following formula:[1]

$$\text{Sample Size} = 2.706 * P*(1 - P) / .000625.$$

For ETCs with 400,000 Lifeline subscribers or less, the above formula could yield a sample size that is larger than needed to be statistically valid.[2] To simplify the calculation of a statistically valid sample, a table of sample sizes based on two variables N (number of Lifeline subscribers) and P (previously estimated proportion of Lifeline subscribers inappropriately taking Lifeline service) is provided below. Various numbers of Lifeline subscribers N are listed in the left-most column. Various previously estimated proportions P are listed on the first row. To determine the sample size, find the box that matches your number of Lifeline subscribers N and proportion P.

If the number of Lifeline subscribers is not listed and/or the proportion is not listed, ETCs should use the next higher number for N and/or P that is in the table, *i.e.* always round up to the next higher value for N and/or P. For example, if 3.8 percent of 9,500 Lifeline subscribers inappropriately took Lifeline service, the ETC would use a sample size of 164 (value using 10,000 customers and proportion .04). Because the adjustment for the number of Lifeline subscribers is *de minimus* above 400,000 Lifeline subscribers, ETCs with more than 400,000 Lifeline subscribers must use the above formula to calculate the sample size.

All ETCs must provide the estimated proportion for their samples to the Administrator, *i.e.*, the proportion of sampled subscribers inappropriately taking Lifeline service.

---

[1] The values 2.706 and .000625 in this formula are mandated by OMB. *See* Office of Management and Budget, Memorandum M-03-13 (May 21, 2003).

[2] Sample sizes for ETCs with 400,000 Lifeline subscribers or less are calculated pursuant to the following formula: sample size = N/(1+{[N-1]/n}). N is the number of Lifeline subscribers and n = 2.706 * P*(1 – P) / .000625, where P is the previously estimated proportion of Lifeline subscribers inappropriately taking Lifeline service. ETCs may choose to calculate their sample sizes using these formulas.

Sample Size Table

(N) Number of Lifeline Subscribers	Previously Estimated Proportion of Subscribers Inappropriately Taking Lifeline Servic								
	0.01	**0.015**	**0.02**	**0.025**	**0.03**	**0.035**	**0.04**	**0.045**	**0.05**
400,000	43	64	85	106	126	146	166	186	206
100,000[2]	43	64	85	105	126	146	166	186	206
90,000	43	64	85	105	126	146	166	186	205
70,000	43	64	85	105	126	146	166	186	205
60,000	43	64	85	105	126	146	166	185	205
30,000	43	64	85	105	125	146	165	185	204
20,000	43	64	85	105	125	145	165	184	204
15,000	43	64	84	105	125	145	164	184	203
10,000	43	64	84	104	124	144	164	183	202
9,000	43	64	84	104	124	144	163	182	201
8,000	43	63	84	104	124	144	163	182	201
7,000	43	63	84	104	124	143	162	181	200
6,000	43	63	84	104	123	143	162	180	199
5,000	43	63	83	103	123	142	161	179	198
4,000	42	63	83	103	122	141	160	178	196
3,000	42	63	83	102	121	139	158	175	193
2,000	42	62	81	100	119	136	154	170	187

[1] For the first year of verification, ETCs should assume that this percentage is .01, if there is no evidence to assume a different pe ETCs should use the results of samples from previous years to determine this estimated percentage.

[2] Sample sizes for ETCs with less than 400,000 Lifeline subscribers are calculated pursuant to the following formula: sample size number of Lifeline subscribers. n is (2.706 * P*(1 – P)) / .000625, where P is the estimated percentage of Lifeline subscribers in service. ETCs may choose to calculate their sample sizes using these formulas.

Sample Size Table

Previously Estimated Proportion of Subscribers Inappropriately Taking Lifelin

(N) Number of Lifeline Subscribers	0.01	0.015	0.02	0.025	0.03	0.04	0.04	0.045	0.05
1,500	42	61	80	99	116	133	150	166	181
1,000	41	60	78	96	112	128	142	157	171
900	41	60	78	95	111	126	140	154	168
800	41	59	77	94	109	124	138	151	164
700	41	59	76	92	107	121	134	147	159
600	40	58	74	90	104	118	130	142	154
500	40	57	73	88	101	113	125	136	146
400	39	55	70	84	96	107	118	127	136
300	38	53	66	79	89	98	107	115	122
200	36	49	60	70	78	85	91	97	102
150	34	45	54	62	69	74	79	83	87
120	32	42	50	57	62	66	70	73	76
100	30	39	46	52	56	60	63	65	68
90	29	38	44	49	53	56	59	61	63
80	28	36	41	46	49	52	54	56	58
70	27	34	39	42	45	48	49	51	52
60	25	31	35	39	41	43	44	46	47
50	23	28	32	34	36	37	39	40	40
40	21	25	27	29	31	32	32	33	34
35	20	23	25	27	28	28	29	30	30
30	18	21	22	24	24	25	26	26	26
25	16	18	19	20	21	21	22	22	22
20	14	15	16	17	17	18	18	18	18

Sample Size Table

Previously Estimated Proportion of Subscribers Inappropriately Taking Lifeline Ser

(N) Number of Lifeline Subscribers	0.01	0.015	0.02	0.025	0.03	0.04	0.04	0.045	0.05
17	12	14	14	15	15	15	16	16	16
15	11	12	13	13	13	14	14	14	14
13	10	11	11	12	12	12	12	12	12
11	9	10	10	10	10	10	10	10	10
10	8	9	9	9	9	9	9	10	10
9	8	8	8	8	8	9	9	9	9
8	7	7	7	8	8	8	8	8	8
7	6	6	7	7	7	7	7	7	7
6	5	6	6	6	6	6	6	6	6
5	5	5	5	5	5	5	5	5	5
4	4	4	4	4	4	4	4	4	4
3	3	3	3	3	3	3	3	3	3
2	2	2	2	2	2	2	2	2	2
1	1	1	1	1	1	1	1	1	1

Appendix K

Lifeline Staff Analysis

Quantifying the effects of adding an income criterion to the Lifeline eligibility criteria

A Study for the Federal-State Joint Board on Universal Service

Prepared by Craig Stroup
Industry Analysis & Technology Division
Wireline Competition Bureau

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Executive Summary
Lifeline Staff Analysis
March 2004

Introduction

This analysis updates the staff analysis presented in the *Recommended Decision* of the Federal-State Joint Board on Universal Service regarding the Lifeline/Link-Up program.[1] The Joint Board recommended the Federal Communications Commission (FCC) add a federal default income-based criterion of at least 1.35 times the Federal Poverty Guidelines (FPG). This study analyzes the impact of a 1.35 FPG Criterion (FPGC).[2] To simplify charts and other materials, the staff analysis also refers to the 1.35 FPGC as a 1.35 Poverty Guidelines Criterion (PGC). The staff analysis in the *Recommended Decision* found that a 1.35 PGC would allow many additional low-income households in those states that utilize the federal default criteria to subscribe to the Lifeline program. This analysis updates the previous analysis by incorporating Year 2002 Current Population Survey of Households (CPSH) data. The regression and logit regression analyses were performed with the new data, with results similar to the previous study's results. In addition, this study also examines the effects of a 1.50 PGC.

Methodology

There is a benefit to increasing the number of Lifeline participants, and also a cost. The obvious benefit would be that some of those added Lifeline subscribers would newly receive telephone service. The cost at the federal level would be the additional federal dollars spent on the additional Lifeline enrollees. This study uses economic methodologies to forecast the baselines, changes due to the new policy, and program levels after the implementation of the new policy. This means that first we estimate the number of Lifeline subscribers and the associated costs of the program to form the baseline, also known as the status quo. Second, we estimate the changes that would result from a nationwide implementation of a 1.35 PGC, assuming that all states adopt this criterion.[3] Third, we add (or apply) the changes to the baselines to the time period when the policy is expected to be implemented. This step provides an estimate of the number of Lifeline subscribers and costs that would result from the new policy. The same analysis also is presented for 1.50 PGC. This study examines only the effects of implementing an income criterion, and assumes that states do not otherwise alter their eligibility criteria.

This study uses a combination of statistical regression analysis and simple math in a series of spreadsheet tables. The following equations form the basic structure of the spreadsheet model.

---

[1] *See Recommended Decision*, 18 FCC Rcd at 6633, Appendix F.

[2] *But see supra* note 41.

[3] We recognize that our analysis could change significantly if not all states adopt a 1.35 PGC. Also, some states have a 1.50 PGC. This study assumes that those states with a 1.50 PGC keep it.

New Lifeline households = New Lifeline-eligible households times predicted Lifeline subscription rate among newly-eligible households.

Additional federal Lifeline expenditures = number of additional households that would take Lifeline times the amount of federal expenditures per household that takes Lifeline.

In sum, the results of two regression models are used to predict the impact of a policy change, and these predictions are applied to the baseline to calculate the new level of Lifeline subscription and federal Lifeline expenditures.

Results

The results are summarized below:

Summary information for Year 2005 if all states adopt a 1.35 PGC:

Additional households that would take Lifeline:	1,167,000 to 1,292,000
Of the additional Lifeline subscribers, the number that would newly subscribe to telephone service because of the 1.35 PGC:	247,000
Of the additional Lifeline subscribers, the number that would already have telephone service:	920,000 to 1,045,000

Additional federal expenditures in 2005:

Amount that federal expenditures would increase:	$127,000,000 to $140,000,000
Additional federal expenditures per new telephone subscriber:	$514 to $567

Lifeline Staff Analysis

Introduction

Lifeline provides low-income consumers with discounts of up to $10.00 off of the monthly cost of telephone service for a single telephone line in their principal residence. States use different criteria for determining whether a household qualifies for Lifeline. Some states use the federal default eligibility criteria (set by the FCC), which enable households receiving Federal Public Housing Assistance (Section 8), Food Stamps, Low-Income Home Energy Assistance Program (LIHEAP), Medicaid, or Supplemental Security Income to receive Lifeline. Other states have set their own criteria. States setting their own criteria often use one or more of the programs from the federal criteria and sometimes include one or more of their own state-wide programs. Some states also use an income-based criterion, which is based on some multiple of the Federal Poverty Guidelines. In all cases, a household need meet only one of a state's criteria to be eligible for Lifeline.

The Joint Board recommended that the FCC add an income-based criterion to the federal eligibility criteria for Lifeline. The Joint Board also recommended that the income-based criterion be set at 1.35 times the Federal Poverty Guidelines. Thus, households with incomes at or below 1.35 times the Federal Poverty Guidelines would be eligible for Lifeline.

Some commenters suggest raising the criterion to 1.50 times the Federal Poverty Guidelines (FPG), based on the observation that the LIHEAP uses a criterion of 1.50 times the FPG. The commenters argue that it would be logically inconsistent to use a multiple of 1.35 for Lifeline directly, but 1.50 indirectly, through LIHEAP.[4] This study examines the effect of using the 1.35 and the 1.50 mutiple.

This study assumes that all states (not just those that currently utilize the federal default criteria) add an income-based criterion using a multiple of the Federal Poverty Guidelines. This analysis calls this income-based criterion a Poverty Guidelines Criterion (PGC). A nationwide implementation of a 1.35 PGC would increase the overall number of households eligible for Lifeline.[5] This would enable additional low-income households in many states to take the Lifeline program. (Households meeting at least one eligibility criterion are eligible for Lifeline, so adding an additional eligibility criterion increases the number of households that are eligible for Lifeline.)

There is a benefit to increasing the number of participants, and also a cost. The obvious benefit would be the increase in the number of low-income households newly subscribing to telephone service. The cost at a federal level would be the additional federal dollars spent on the additional Lifeline enrollees. Because the study assumes that all states choose to adopt the recommended federal income-based eligibility criterion, the estimates presented are likely to represent the upper limit of both the potential new Lifeline subscribers and the potential number of new

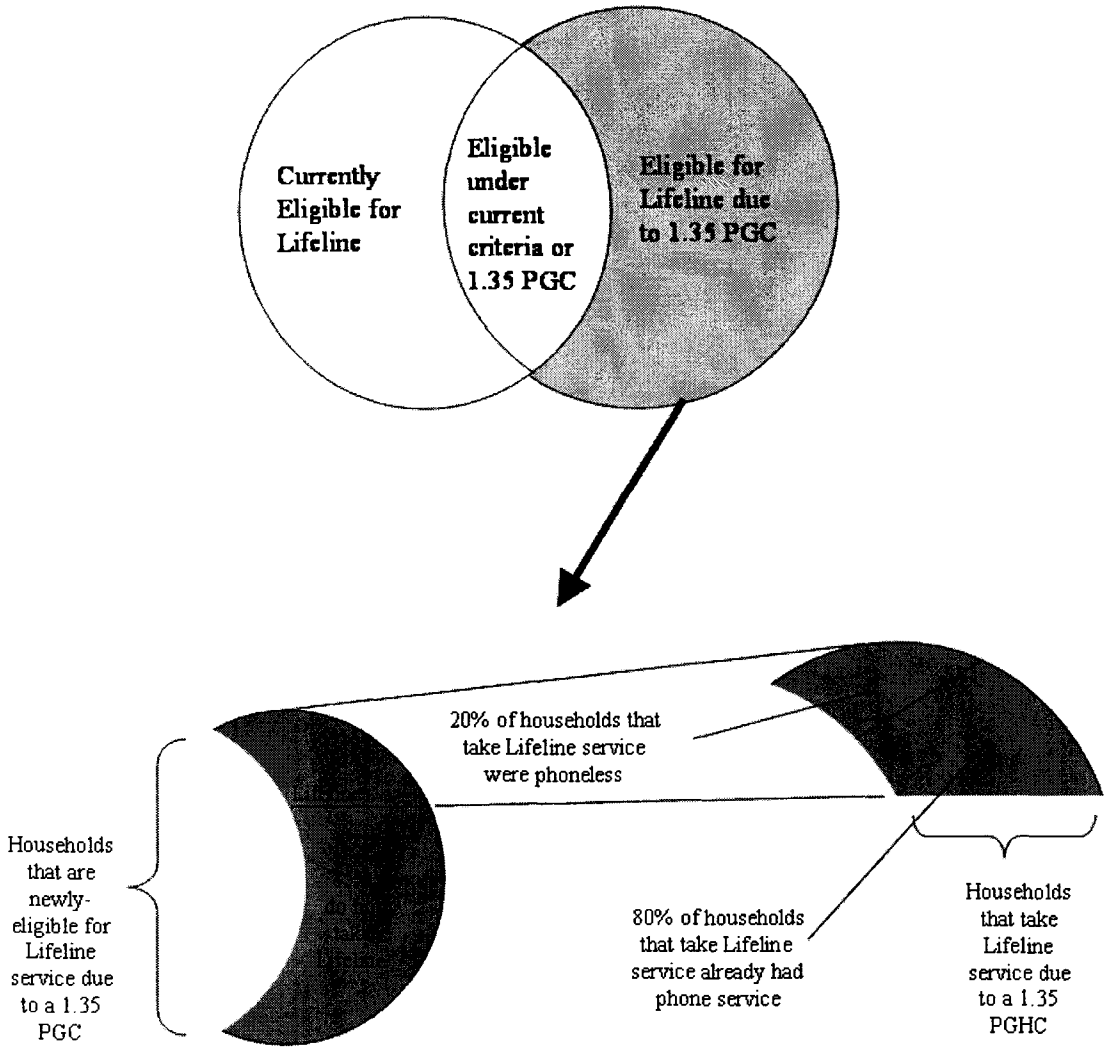
[4] Consumer Coalition Comments at 2; Commissioner Wilson Pa PUC Reply Comments at 2-3; TOPC Comments at 5-6; USCCB Comments at 4-5.

[5] This study assumes throughout that states with a 1.50 PGC continue to use a 1.50 PGC.

telephone subscribers, as well as the corresponding impact on the fund as a result of a 1.35 PGC. If some states choose not to adopt the federal income-based standard, the number of new Lifeline and telephone subscribers, and additional cost would be correspondingly lower.

The relationship between Lifeline eligibility, Lifeline subscribership, and telephone subscribership is as follows. A PGC would make many households eligible for Lifeline. A portion of those newly-eligible households will take Lifeline. Of those households that subscribe to Lifeline because of the new PGC, a portion will be new to telephone service because of the lower price. The other portion would already have telephone service, and would be taking the Lifeline just because they are newly-eligible. See the graphs on the next page.

Lifeline Eligibility with a 1.35 PGC, households taking Lifeline, and households taking telephone service due to a 1.35 PGC



Methodology Summary

This study uses economic methodologies to forecast baselines, changes to the baselines, and program levels after the implementation of the new policy. This means that first we estimate the number of Lifeline subscribers and the associated federal expenditures of the program to form the baseline numbers. Second, we estimate the changes that would result from a nationwide implementation of a 1.35 PGC. Third, we add (or apply) the changes to the baseline in the time period when the policy is expected to be implemented. This step provides an estimate of the number of Lifeline subscribers and costs under the new policy.

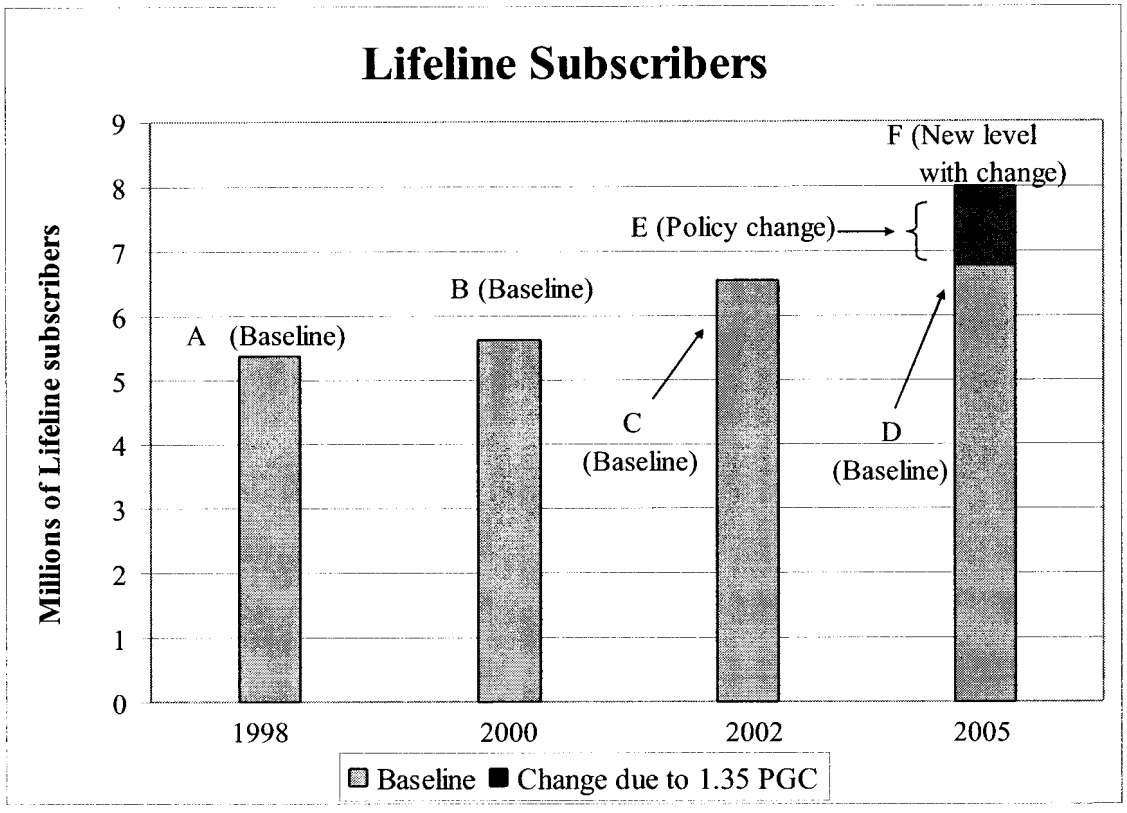
In order to make projections for Year 2005, we examine data for Year 2002, and apply those inferences to our projections for 2005. We first estimate the percentage of households that were eligible for Lifeline in 2002, and compare that to the number of households that took Lifeline in 2002. This allows us to calculate a "Lifeline take rate" which can then be applied to 2005 data. We have chosen to estimate the baseline and changes for 2005 because that is the timeframe in which the proposed changes would be implemented.

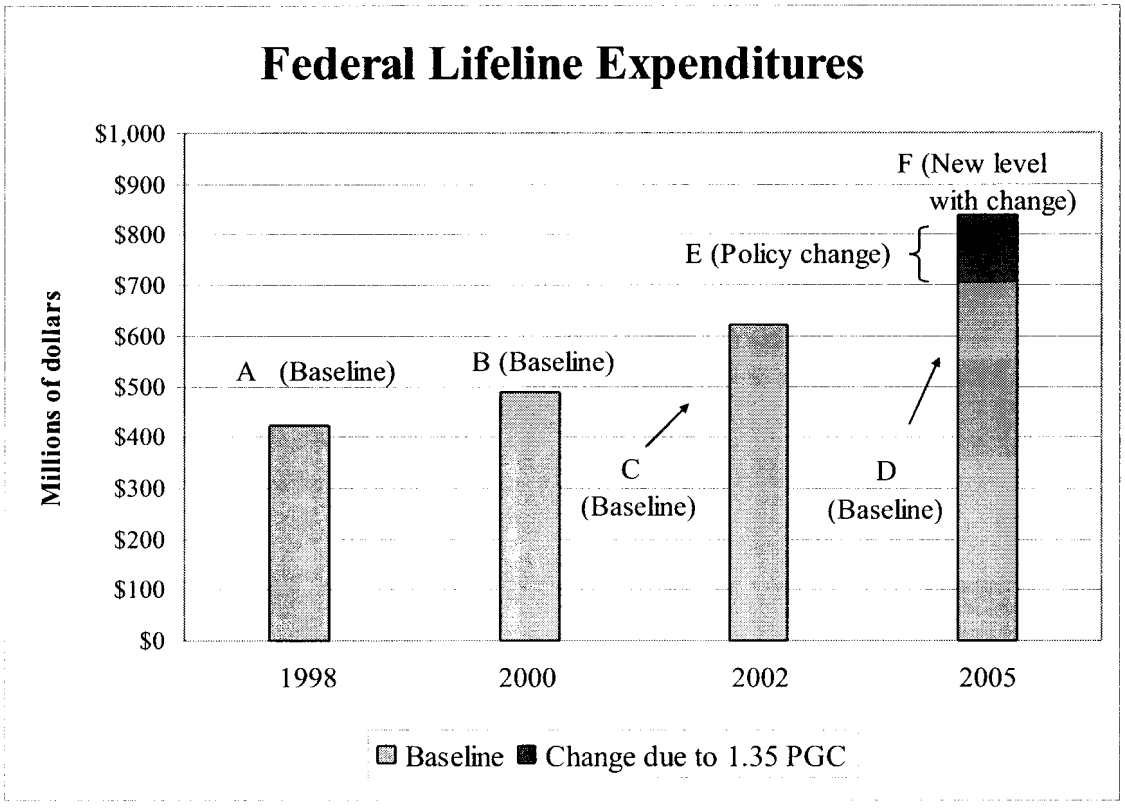
The second step uses demographic data available from 2002 data to model the effects that a 1.35 PGC would have had on Lifeline subscribership and telephone penetration in 2002. That increase (in percentage form) is then applied to 2005 data. For Lifeline subscribership, a regression model is constructed that predicts the increase in Lifeline subscribership as a function of increasing multiples of the Federal Poverty Guidelines. For instance, this model indicates that if Texas—which has a 1.25 PGC—had had a 1.35 PGC in 2002, it would have had 23,231 to 25,715 more households on Lifeline in 2002 (*See* Table 2.E). That increase (in percentage form) is used to predict the additional Lifeline subscribers Texas would have in 2005 (*See* Table 2.F).

For telephone subscribership, a logistic regression is constructed that predicts the increase in telephone subscribership as a function of increasing multiples of the Federal Poverty Guidelines and other important factors, such as income and home ownership. The model predicts that if all states had had a 1.35 (or higher) PGC for Lifeline in 2002, then 229,000 additional households would have taken telephone service (*See* Table 2.I). Table 2.I also applies this increase (in percentage form) to 2005.

In the third step, the estimated additional number of Lifeline subscribers is added to the baseline in 2005 to get the forecasted number of Lifeline subscribers that would exist in 2005 under a nationwide implementation of the new policy. The same is done for Lifeline expenditures in 2005.

These steps are exhibited in the following graphs. The first graph shows the steps for predicting the number of Lifeline subscribers, and the second graph shows the amount of federal Lifeline expenditures.


Lifeline Subscribers
Millions of Lifeline subscribers
9
8
7
6
5
4
3
2
1
0
A (Baseline)
B (Baseline)
C (Baseline)
D (Baseline)
E (Policy change)
F (New level with change)
1998
2000
2002
2005
Baseline
Change due to 1.35 PGC


Federal Lifeline Expenditures
Millions of dollars
$1,000
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
A (Baseline)
B (Baseline)
C (Baseline)
D (Baseline)
E (Policy change)
F (New level with change)
1998
2000
2002
2005
Baseline
Change due to 1.35 PGC

Modeling Process

The modeling process is outlined below. The word "produce" is used below when the FCC did not have the actual data, and so the quantities were estimated. The word "forecast" is used when data are predicted for a future time period.

- Create baselines
  - Produce baseline Lifeline subscription rates for 2002.
  - Forecast baseline Lifeline subscription rates for 2005.
  - Forecast baseline federal Lifeline expenditures for 2005.
- Estimate change due to new policy
  - Produce change to Lifeline eligibility resulting from a 1.35 PGC.
  - Produce change to Lifeline subscribers in 2002 resulting from a 1.35 PGC.
  - Forecast change to Lifeline subscribers for 2005.
  - Forecast change to federal Lifeline expenditures for 2005.
  - Forecast for Years 2002 and 2005, change to telephone subscribership resulting from a 1.35 PGC.
- Apply changes to baselines to compute new program levels
  - Apply forecasted changes to forecasted baseline to determine the new number of Lifeline subscribers in 2005.
  - Apply forecasted changes to forecasted baseline to determine the new federal Lifeline expenditures in 2005.

Methodology Detail

The above steps will now be discussed in more detail. A series of tables is constructed that show the computations for the three steps outlined above.

This study combines data from four sources: 1) Current Population Survey of Households (CPSH) provided by the Bureau of Labor Statistics; 2) The FCC's *Universal Service Monitoring Report*;[6] 3) the website <www.lifelinesupport.org>; and 4) Universal Service Administrative Company (USAC). The CPSH data contain the results from over 70,000 households that were surveyed around January 2002. The Monitoring Report lists the amount of federal support that Lifeline households in each state received in 2002. The website www.lifelinesupport.org provides the Lifeline eligibility requirements for each state, and USAC provided the number of Lifeline subscribers in 2002.

This study uses a combination of statistical regression analysis and simple math in a series of spreadsheet tables. Two regression models are constructed.

- Lifeline Subscribership Regression Model - A regression analysis model is constructed that correlates higher Lifeline subscription rates to the use of higher multiples of the

[6] Industry Analysis and Technology Division, Wireline Competition Bureau, October 2002 Monitoring Report (October 2002).

Federal Poverty Guidelines for income criteria. Many states already have income-based Lifeline eligibility criteria, and in general, the states with a higher multiple of the Federal Poverty Guidelines have higher Lifeline subscription rates. The results from this model are then used to predict the number of households that would have taken Lifeline in 2002 if all states had a 1.35 PGC. Those results are then used to forecast the number of households that would take Lifeline in 2005 if all states had a 1.35 PGC.

- Telephone Subscribership Regression Model - Another regression model, this time using a logistic regression, is used to predict increased telephone participation that would have resulted in 2002 had a 1.35 PGC been in effect nationwide. This model incorporates several factors, including the 1.35 PGC, income, and other demographic information. Many states have income-based Lifeline eligibility criteria, and in general, the states with a higher multiple of the Federal Poverty Guidelines have higher telephone subscription rates. The results from this model are then used to determine the number of households that would take telephone service in 2005 as a result of a nationwide implementation of a 1.35 PGC.

The spreadsheet tables use a series of equations which simply add or multiply the contents of various columns in the table to produce a final column (to the right) which is of the most interest. The results of the regression analysis are incorporated into several columns in the tables. The following equations are used in the tables:

- Number of additional households taking Lifeline = number of newly-eligible households times the Lifeline subscription rate (the percentage of those households that would take Lifeline, which is determined by the Lifeline Regression Model).

- Additional federal Lifeline expenditures = number of additional households that would take Lifeline times the amount of federal expenditures per household that would take Lifeline.

In sum, the results of two regression models are used to predict the impact of a policy change, and these predictions are applied to the baseline to calculate the new level. The data and analysis are discussed in more detail below.

Step 1: Create Baselines

The tables in this section examine the number of Lifeline subscribers, the number of households that are eligible for Lifeline and the Lifeline subscription rate. Each table reflects data for a different year.

Baseline Lifeline subscription rates for Year 2002. Nationally, 17.8% of households are estimated to have been eligible for Lifeline. Of these eligible households, an estimated 33.7% subscribed to Lifeline.

The CPSH data contain demographic data from which the eligibility for each household in the sample can be determined. For example, if a state uses Food Stamps as an eligibility criterion, then those households in that state that received Food Stamps are considered to be eligible for

Lifeline. Each household is analyzed according to its state's eligibility criteria, as reported by <www.lifelinesupport.org>.[7] Only those households that meet at least one of the eligibility criteria are deemed eligible for Lifeline, the rest are deemed ineligible.[8] From these data, statewide estimates for the number of Lifeline eligible households are created. USAC data are then used to create the Lifeline subscription rate, which is the percentage of eligible households that subscribe to Lifeline. (*See* Table 1.A).

Forecasted Baseline Lifeline subscription rates for 2005. We estimate that 118.0 million households will exist in 2005, and 6.8 million of those households are expected to take Lifeline under existing rules.

The results from the previous table are used to forecast the number of households, the number of Lifeline-eligible households, and the number of Lifeline subscribers in 2005. The number of households in 2005 is calculated by examining the growth rate of households between 2000 and 2002. The number of households qualifying for Lifeline in 2005 (July 1, 2005, to be exact) is simply calculated by multiplying the percentage of all households that are eligible for Lifeline in 2002 by the forecasted number of households in 2005. This calculation assumes that the same percentage of households will qualify for Lifeline in 2005 as did in 2002. The number of households that would take Lifeline in 2005 is calculated by multiplying the percentage of eligible households that took Lifeline in 2002 by the forecasted number of eligible households in 2005. This calculation assumes that the same percentage of Lifeline-eligible households will take Lifeline in 2005 as did in 2002. These predictions make two implicit assumptions: the number of households in each state increases at a constant rate, and the economy continues to grow at the same rate it did in 2002. (*See* Table 1.B).

Forecasted Baseline federal Lifeline expenditures for 2005. Forecasted federal Lifeline expenditures under existing rules in 2005 are $706 million.

The forecasted federal Lifeline expenditures are calculated by multiplying the forecasted number of Lifeline subscribers in each state times the expected federal expenditures per line in that state. The sum of state-by-state federal expenditures forms the national total. (*See* Table 1.C).

[7] The website was viewed in early 2002.

[8] This is accomplished electronically using Visual Basic for Applications for Microsoft Access.

Step 2: Estimate Changes due to New Policy

This section quantifies the number of additional households that would become eligible for Lifeline, the number of additional households that would subscribe to Lifeline, and the number of households that would newly subscribe to telephone service due to the implementation of a 1.35 PGC. (This analysis assumes that states without a PGC for Lifeline and states with a PGC below 1.35 adopt a 1.35 PGC. This analysis also assumes that states with a 1.50 PGC keep it, and that states don't alter their other Lifeline criteria.) This section then calculates the increased federal Lifeline expenditures resulting from the increased number of households taking Lifeline due to the 1.35 PGC. CPSH data are used to determine the number of additional households that would become eligible for Lifeline. Two regression analyses are used to determine the number of additional households that would subscribe to Lifeline and the number of households that would take telephone service due to a 1.35 PGC.

Change to Lifeline eligibility in 2002 and 2005 resulting from a 1.35 PGC. We predict that an additional 6.7 percent of total households would qualify for Lifeline under the 1.35 PGC. This translates into 7.4 million households in Year 2002 and 8.1 million households in 2005.

The demographic data from each household in the CPSH data are examined to determine whether it was eligible for Lifeline in 2002 under existing rules, and whether it would have become eligible for Lifeline with a 1.35 PGC. This allows us to estimate the increase in Lifeline eligibility that results from a 1.35 PGC for 2002, which in turn, allows us to estimate the effects for 2005. Table 2.A presents the information for 2002 and 2.B presents the information for 2005.

Change to Lifeline subscribership in 2002 and 2005 resulting from a 1.35 PGC. We predict that if states without a PGC (and states with PGCs at 1.25 or lower) adopted a 1.35 PGC, there would be a significant increase in the number of low-income households that would take Lifeline. Nationwide, for 2002, the number of additional Lifeline takers would be between 1.07 million and 1.18 million. For 2005, the number of additional Lifeline subscribers would be between 1.17 million and 1.29 million.

Different states have different Lifeline eligibility criteria, so regression analysis can be employed to quantify the correlation between the use of a higher multiple of the poverty guidelines (i.e., a higher PGC) and the resulting higher Lifeline subscription rate. The Lifeline Regression Model predicts increased Lifeline subscribership that would have resulted from a nationwide 1.35 PGC in 2002. (*See* Tables 2.C and 2.D.) (At the end of this study is a technical appendix that more thoroughly discusses the regression analysis used for this model.) Tables 2.E and 2.F apply these results and show the number of additional Lifeline subscribers on a state-by-state basis for 2002 and 2005.

Change to federal Lifeline expenditures for 2005 is forecasted. We predict that federal Lifeline expenditures would increase $127 million to $140 million if all states implemented a 1.35 PGC.

The forecasted change to federal Lifeline expenditures is calculated by multiplying the forecasted change to the number of Lifeline subscribers in each state times the expected federal expenditures per Lifeline subscribers in that state. The state-by-state change in the amount of

federal expenditures is then summed to form the national total. (*See* Table 2.G).

Forecasted change to telephone subscribership for 2005. We predict that if all states adopted a 1.35 PGC, 247,000 households that do not have telephone service would take telephone service.

The Telephone Subscribership Regression Model uses logistic regression to predict the increased telephone subscribership that would have resulted from a nationwide 1.35 PGC in 2002. (*See* Tables 2.H and 2.I). (At the end of this study is a technical appendix that more thoroughly discusses the logistic regression analysis used for this model.) Table 2.I also uses these results to quantify the number of households that would have newly taken telephone service in 2002 and that would newly take telephone service in 2005 because of a 1.35 PGC.

For 2002 and 2005 respectively, Tables 2.J and 2.K break down the number of new Lifeline subscribers into two groups: those that would be new to telephone service, and those that already had telephone service, and who would subscribe to Lifeline simply because they would be newly eligible.

Step 3: Apply Changes to Baselines to Compute New Program Levels

The new levels of Lifeline subscribership and federal expenditures are shown in two tables. First, the new total of Lifeline subscribers is calculated, and then the increased federal Lifeline expenditures are calculated.

Forecasted New Policy Levels for Lifeline subscribership in 2005. We predict that if all states implement a 1.35 PGC for Lifeline, an estimated 8 million households would subscribe to Lifeline.

Here the forecasted increase in Lifeline subscribers is added to the forecasted baseline number of subscribers to create the new forecasted number of Lifeline subscribers in 2005 with the 1.35 PGC. (*See* Table 3.A).

Forecasted New Policy Levels for federal Lifeline expenditures. We predict that if all states implement a 1.35 PGC for Lifeline, federal Lifeline expenditures are forecasted to be in the range of $833 million to $846 million.

Here, the forecasted increase in federal Lifeline expenditures is added to the forecasted baseline federal Lifeline expenditures to create the new forecasted federal Lifeline expenditures in 2005 with the 1.35 PGC. (*See* Table 3.B).

Other Factors

This study cannot take several important factors into consideration, such as economic conditions and state outreach programs because there are not enough data to do so. Properly accounting for a fluctuating economy would require five or more decades of data. The Lifeline program started in 1984, so an analysis incorporating a fluctuating economy is not attempted in this study. Further, there are no comprehensive estimates quantifying state spending on outreach programs, or the effects the outreach programs have on Lifeline subscribership.

By not accounting for these factors explicitly, this study assumes that these factors will remain constant between 2002 and 2005. Although changes in these factors can affect the forecasted baseline number of Lifeline subscribers (and therefore, baseline federal expenditures), those factors should have a relatively smaller effect on the forecasted number of households that will take Lifeline as a result of a 1.35 PGC. The number of households that would take Lifeline because of a 1.35 PGC is about $1/6^{th}$ of those that already take Lifeline. So, as the economy fluctuates, and more or less households take Lifeline, the number of households that would take Lifeline due to a 1.35 PGC will go up and down by $1/6^{th}$ as much as the number of households that would take Lifeline based on other eligibility criteria. Thus, the number of households taking Lifeline due to a 1.35 PGC will have $1/36^{th}$ the variance that the number of households taking Lifeline will have.[9]

Additional Assumptions

In addition to the factors discussed above, this study makes several assumptions that are needed to estimate the impact of the program:

1) All other Lifeline/LinkUp eligibility criteria (and the qualifications for the underlying programs) stay constant over time. Aside from the addition of a 1.35 PGC, this model assumes that between 2002 and 2005, no other changes are made to the Lifeline/LinkUp programs or to the programs that are frequently used as qualifying criteria for Lifeline between 2002 and 2005;

2) Data can be substituted. Several states have a 1.33 PGC in effect. This study treats states that have a 1.33 PGC as having a 1.35 PGC. This assumption is reasonable because the effects of a 1.33 PGC are statistically indistinguishable from a 1.35 PGC.

3) Rapid adoption and continuity. This model assumes that all states rapidly adopt a 1.35 PGC (and that states with a 1.50 PGC keep it). The model also assumes that households rapidly learn of the changes to the Lifeline program and expeditiously act on this new information.

[9] *See* Henry Scheffe, The Analysis of Variance, at 8 (1959).

Results

The results are summarized below:

Summary information for 2005:

Household information:

Forecasted households on Lifeline without 1.35 PGC:	6,775,000
Forecasted additional households on Lifeline with 1.35 PGC:	1,167,000 to 1,292,000
Forecasted households on Lifeline with 1.35 PGC:	7,942,000 to 8,067,000

Lifeline subscriber information:

Households that would newly take telephone service due to the 1.35 PGC:	247,000
Households taking Lifeline that already have telephone service:	920,000 to 1,045,000

Federal Lifeline expenditures:

Forecasted federal Lifeline expenditures without 1.35 PGC:	$706,000,000
Forecasted amount federal expenditures would increase:	$127,000,000 to $140,000,000
Forecasted federal Lifeline expenditures with 1.35 PGC:	$833,000,000 to $846,000,000

Additional federal expenditures per new telephone subscriber: $514 to $567

Section 1: Baseline Information
Table 1.A
Baseline Lifeline subscription information (Year 2002)

State	a (CPSH data) Households in 2002	b (CPSH data) Percentage of HH that would qualify for Lifeline (LL) under existing rules	c=a*b Households that would qualify for Lifeline under existing rules	d (USAC data) Households that took Lifeline in 2002	e=d/c Percentage of households that took Lifeline in 2002
Alabama	1,752,018	17.0%	297,228	25,403	8.5%
Alaska	224,499	23.2%	52,146	23,302	44.7%
Arizona	1,939,473	14.4%	279,334	73,186	26.2%
Arkansas	1,059,049	23.0%	243,997	10,100	4.1%
California	11,935,960	20.5%	2,451,057	3,232,732	131.9%
Colorado	1,690,526	2.7%	45,808	29,709	64.9%
Connecticut	1,381,915	13.7%	188,857	58,056	30.7%
Delaware	310,968	10.9%	33,946	2,100	6.2%
DC	269,356	23.5%	63,327	13,645	21.5%
Florida	6,683,618	15.8%	1,052,902	142,521	13.5%
Georgia	3,172,213	14.3%	452,827	68,266	15.1%
Hawaii	418,526	8.6%	36,185	14,124	39.0%
Idaho	495,397	25.3%	125,089	27,660	22.1%
Illinois	4,836,881	16.4%	793,394	87,188	11.0%
Indiana	2,501,325	12.4%	309,568	40,326	13.0%
Iowa	1,163,128	14.6%	170,241	17,800	10.5%
Kansas	1,088,752	12.3%	133,747	13,775	10.3%
Kentucky	1,583,371	21.0%	332,295	60,739	18.3%
Louisiana	1,668,964	17.2%	287,759	21,265	7.4%
Maine	571,277	22.5%	128,698	85,587	66.5%
Maryland	2,083,956	2.8%	57,849	4,022	7.0%
Massachusetts	2,584,626	16.4%	423,706	164,600	38.8%
Michigan	3,947,084	26.2%	1,032,526	118,794	11.5%
Minnesota	1,994,754	14.0%	278,453	47,554	17.1%
Mississippi	1,097,592	29.7%	326,524	22,566	6.9%
Missouri	2,217,997	14.6%	324,392	33,322	10.3%
Montana	379,228	14.2%	53,704	15,815	29.4%
Nebraska	678,736	13.1%	89,251	15,241	17.1%
Nevada	809,411	19.8%	160,611	37,204	23.2%
New Hampshire	523,968	12.3%	64,338	7,253	11.3%
New Jersey	3,262,561	13.3%	435,283	46,687	10.7%
New Mexico	698,282	21.7%	151,749	47,356	31.2%
New York	7,294,127	21.6%	1,578,737	500,671	31.7%
North Carolina	3,217,678	19.2%	616,817	99,510	16.1%
North Dakota	275,725	13.7%	37,712	19,226	51.0%
Ohio	4,595,674	15.8%	726,907	279,591	38.5%
Oklahoma	1,366,274	17.7%	241,259	117,297	48.6%
Oregon	1,366,819	25.0%	341,162	36,402	10.7%
Pennsylvania	4,863,997	12.0%	584,754	94,846	16.2%
Rhode Island	428,672	18.2%	78,185	46,189	59.1%
South Carolina	1,574,457	18.4%	289,051	21,809	7.5%
South Dakota	308,026	17.6%	54,211	27,117	50.0%
Tennessee	2,307,548	33.1%	764,595	49,050	6.4%
Texas	7,493,242	25.4%	1,901,378	429,970	22.6%
Utah	716,224	22.2%	159,072	19,652	12.4%
Vermont	259,765	32.9%	85,439	29,911	35.0%
Virginia	2,759,677	11.3%	312,574	20,730	6.6%
Washington	2,397,497	16.4%	393,513	83,327	21.2%
West Virginia	759,332	19.8%	150,381	4,905	3.3%
Wisconsin	2,181,649	11.5%	250,155	68,333	27.3%
Wyoming	196,973	15.0%	29,449	2,126	7.2%
Nationwide	109,388,768	17.8%	19,472,000	6,558,560	33.7%

Note: Some numbers in this table have been rounded.
Source: Current Population Survey of Households (CPSH) March 2002 data.

Section 1: Baseline Information
Table 1.B
Baseline Lifeline subscription information (Year 2005)

State	a (Table 1.A) Households 2002	b (CPSH) Growth (loss) 1/2002 - 7/2005 based on 1/2000 - 1/2002[1]	c=a*b New (fewer) households in 2005	d=a+c Expected total households July 2005	e (Table 1.A) Percentage of HH that would qualify for LL under existing rules	f=d*e Households that would qualify for Lifeline under existing rules	g (Table 1.A) Lifeline take rate for HH that qualify under existing rules	h=f*g Expected HH that would take Lifeline under existing rules
Alabama	1,752,018	0.8%	14,849	1,766,868	17.0%	299,747	8.5%	25,618
Alaska	224,499	5.4%	12,185	236,684	23.2%	54,977	44.7%	24,567
Arizona	1,939,473	12.7%	246,506	2,185,979	14.4%	314,837	26.2%	82,488
Arkansas	1,059,049	5.5%	58,199	1,117,248	23.0%	257,406	4.1%	10,655
California	11,935,960	-2.2%	-259,963	11,675,997	20.5%	2,397,673	131.9%	3,162,324
Colorado	1,690,526	9.6%	162,683	1,853,209	2.7%	50,216	64.9%	32,568
Connecticut	1,381,915	12.9%	178,850	1,560,766	13.7%	213,300	30.7%	65,570
Delaware	310,968	13.8%	42,992	353,960	10.9%	38,639	6.2%	2,390
DC	269,356	21.9%	59,075	328,431	23.5%	77,216	21.5%	16,638
Florida	6,683,618	17.8%	1,191,839	7,875,457	15.8%	1,240,658	13.5%	167,936
Georgia	3,172,213	13.1%	416,286	3,588,499	14.3%	512,251	15.1%	77,224
Hawaii	418,526	2.9%	12,305	430,831	8.6%	37,249	39.0%	14,539
Idaho	495,397	5.2%	25,673	521,070	25.3%	131,572	22.1%	29,093
Illinois	4,836,881	10.0%	485,999	5,322,880	16.4%	873,112	11.0%	95,948
Indiana	2,501,325	15.2%	380,568	2,881,893	12.4%	356,667	13.0%	46,461
Iowa	1,163,128	2.2%	25,853	1,188,981	14.6%	174,025	10.5%	18,196
Kansas	1,088,752	7.4%	80,504	1,169,256	12.3%	143,636	10.3%	14,794
Kentucky	1,583,371	3.9%	61,169	1,644,539	21.0%	345,132	18.3%	63,085
Louisiana	1,668,964	6.5%	108,680	1,777,645	17.2%	306,498	7.4%	22,650
Maine	571,277	26.1%	149,312	720,589	22.5%	162,335	66.5%	107,956
Maryland	2,083,956	8.4%	174,235	2,258,191	2.8%	62,685	7.0%	4,358
Massachusetts	2,584,626	8.4%	217,343	2,801,968	16.4%	459,336	38.8%	178,441
Michigan	3,947,084	11.1%	439,803	4,386,888	26.2%	1,147,575	11.5%	132,031
Minnesota	1,994,754	13.8%	275,225	2,269,978	14.0%	316,872	17.1%	54,115
Mississippi	1,097,592	9.7%	106,991	1,204,582	29.7%	358,353	6.9%	24,766
Missouri	2,217,997	3.8%	84,088	2,302,085	14.6%	336,690	10.3%	34,585
Montana	379,228	10.9%	41,387	420,615	14.2%	59,565	29.4%	17,541
Nebraska	678,736	6.7%	45,409	724,145	13.1%	95,222	17.1%	16,261
Nevada	809,411	32.0%	259,081	1,068,492	19.8%	212,021	23.2%	49,112
New Hampshire	523,968	22.1%	115,836	639,804	12.3%	78,561	11.3%	8,856
New Jersey	3,262,561	12.5%	408,819	3,671,381	13.3%	489,827	10.7%	52,537
New Mexico	698,282	7.7%	54,043	752,325	21.7%	163,494	31.2%	51,021
New York	7,294,127	6.4%	465,077	7,759,204	21.6%	1,679,398	31.7%	532,594
North Carolina	3,217,678	16.0%	513,866	3,731,543	19.2%	715,324	16.1%	115,402
North Dakota	275,725	13.0%	35,890	311,615	13.7%	42,621	51.0%	21,729
Ohio	4,595,674	2.9%	133,391	4,729,065	15.8%	748,006	38.5%	287,706
Oklahoma	1,366,274	4.2%	57,363	1,423,636	17.7%	251,388	48.6%	122,222
Oregon	1,366,819	3.4%	45,970	1,412,789	25.0%	352,636	10.7%	37,626
Pennsylvania	4,863,997	7.4%	357,618	5,221,614	12.0%	627,747	16.2%	101,819
Rhode Island	428,672	18.6%	79,874	508,546	18.2%	92,753	59.1%	54,795
South Carolina	1,574,457	3.5%	54,896	1,629,353	18.4%	299,129	7.5%	22,569
South Dakota	308,026	16.3%	50,279	358,305	17.6%	63,060	50.0%	31,543
Tennessee	2,307,548	13.6%	313,658	2,621,206	33.1%	868,524	6.4%	55,717
Texas	7,493,242	1.3%	100,170	7,593,412	25.4%	1,926,796	22.6%	435,718
Utah	716,224	9.7%	69,218	785,443	22.2%	174,445	12.4%	21,551
Vermont	259,765	14.3%	37,188	296,953	32.9%	97,670	35.0%	34,193
Virginia	2,759,677	7.1%	196,873	2,956,550	11.3%	334,873	6.6%	22,209
Washington	2,397,497	7.0%	168,037	2,565,534	16.4%	421,094	21.2%	89,167
West Virginia	759,332	0.6%	4,808	764,140	19.8%	151,333	3.3%	4,936
Wisconsin	2,181,649	13.3%	289,380	2,471,029	11.5%	283,336	27.3%	77,397
Wyoming	196,973	3.7%	7,223	204,196	15.0%	30,529	7.2%	2,204
Nationwide	109,388,768	7.7%	8,657,000	118,045,768	17.8%	21,013,000	33.7%	6,775,000

[1] 1.75 times the 2-year growth (2000-2002) equals the growth over 3.5 years.
Note: Some numbers in this spreadsheet have been rounded.
Source: Current Population Survey of Households (CPSH) March 2000 and 2002 data.

Section 1: Baseline Information

Table 1.C

Forecasted baseline Lifeline expenditures (Year 2005)

State	a (staff estimate)[1] Monthly federal support per line in 2005	b=a*12 Annual federal support per line	c (Table 1.B) Expected Households taking Lifeline under existing rules	d=b*c Forecasted Lifeline expenditures under existing rules
Alabama	$10.00	$120.00	25,618	$3,074,197
Alaska	$10.00	$120.00	24,567	$2,948,007
Arizona	$8.31	$99.67	82,488	$8,221,159
Arkansas	$8.25	$99.00	10,655	$1,054,846
California	$8.34	$100.02	3,162,324	$316,308,133
Colorado	$10.00	$120.00	32,568	$3,908,155
Connecticut	$8.02	$96.26	65,570	$6,312,049
Delaware	$8.17	$98.04	2,390	$234,348
DC	$7.32	$87.84	16,638	$1,461,447
Florida	$10.00	$120.00	167,936	$20,152,282
Georgia	$10.00	$120.00	77,224	$9,266,937
Hawaii	$8.25	$99.00	14,539	$1,439,387
Idaho	$9.91	$118.92	29,093	$3,459,726
Illinois	$7.42	$89.01	95,948	$8,540,023
Indiana	$7.45	$89.39	46,461	$4,153,300
Iowa	$6.96	$83.48	18,196	$1,518,973
Kansas	$8.82	$105.87	14,794	$1,566,265
Kentucky	$9.86	$118.29	63,085	$7,462,594
Louisiana	$8.25	$99.00	22,650	$2,242,338
Maine	$9.93	$119.19	107,956	$12,867,569
Maryland	$9.11	$109.33	4,358	$476,493
Massachusetts	$9.92	$119.04	178,441	$21,241,723
Michigan	$8.21	$98.54	132,031	$13,010,610
Minnesota	$7.04	$84.44	54,115	$4,569,718
Mississippi	$10.00	$120.00	24,766	$2,971,882
Missouri	$7.08	$84.97	34,585	$2,938,649
Montana	$10.00	$120.00	17,541	$2,104,915
Nebraska	$9.43	$113.15	16,261	$1,839,924
Nevada	$7.87	$94.49	49,112	$4,640,695
New Hampshire	$8.17	$98.08	8,856	$868,626
New Jersey	$7.95	$95.45	52,537	$5,014,836
New Mexico	$10.00	$120.00	51,021	$6,122,532
New York	$9.83	$117.99	532,594	$62,842,179
North Carolina	$9.72	$116.61	115,402	$13,457,472
North Dakota	$10.00	$120.00	21,729	$2,607,431
Ohio	$7.33	$87.99	287,706	$25,315,775
Oklahoma	$7.78	$93.36	122,222	$11,410,768
Oregon	$10.00	$120.00	37,626	$4,515,156
Pennsylvania	$9.03	$108.32	101,819	$11,028,901
Rhode Island	$9.92	$119.04	54,795	$6,522,833
South Carolina	$9.98	$119.72	22,569	$2,702,025
South Dakota	$8.21	$98.47	31,543	$3,106,151
Tennessee	$9.89	$118.70	55,717	$6,613,430
Texas	$8.90	$106.81	435,718	$46,540,253
Utah	$9.94	$119.22	21,551	$2,569,386
Vermont	$9.93	$119.20	34,193	$4,075,759
Virginia	$9.44	$113.22	22,209	$2,514,557
Washington	$9.62	$115.40	89,167	$10,289,790
West Virginia	$9.25	$111.00	4,936	$547,914
Wisconsin	$7.72	$92.68	77,397	$7,173,137
Wyoming	$10.00	$120.00	2,204	$264,475
Nationwide	Not applicable	Not applicable	6,775,000	$706,000,000

[1] Estimate of monthly federal expenditures includes the Subscriber Line Charge (SLC), $1.75, and any federal matching funds for that state. SLC amounts were estimated on a company-by-company basis, and are based on rules established by the CALLS and MAG proceedings. The SLC for each state is a weighted average based on the number of Lifeline subscribers served by each carrier in the state.

Note: Some numbers in this table have been rounded.

Section 2: Change to baseline: effects from the new policy

Table 2.A

Estimated additional Lifeline-eligible households using a nationwide 1.35 PGC (Year 2002)

	a (Table 1.A)	b (CPSH data)	c=b/a
State	Households in 2002	Additional households that would qualify with a 1.35 PGC[1]	Additional households (%) that would qualify with a 1.35 PGC
Alabama	1,752,018	215,207	12.3%
Alaska	224,499	13,844	6.2%
Arizona	1,939,473	185,330	9.6%
Arkansas	1,059,049	118,958	11.2%
California	11,935,960	0	0.0%
Colorado	1,690,526	186,613	11.0%
Connecticut	1,381,915	89,134	6.5%
Delaware	310,968	17,289	5.6%
DC	269,356	0	0.0%
Florida	6,683,618	796,448	11.9%
Georgia	3,172,213	322,103	10.2%
Hawaii	418,526	49,646	11.9%
Idaho	495,397	0	0.0%
Illinois	4,836,881	308,489	6.4%
Indiana	2,501,325	250,921	10.0%
Iowa	1,163,128	86,702	7.5%
Kansas	1,088,752	126,285	11.6%
Kentucky	1,583,371	152,902	9.7%
Louisiana	1,668,964	224,683	13.5%
Maine	571,277	47,531	8.3%
Maryland	2,083,956	237,109	11.4%
Massachusetts	2,584,626	210,387	8.1%
Michigan	3,947,084	0	0.0%
Minnesota	1,994,754	112,747	5.7%
Mississippi	1,097,592	134,790	12.3%
Missouri	2,217,997	85,800	3.9%
Montana	379,228	47,148	12.4%
Nebraska	678,736	48,833	7.2%
Nevada	809,411	0	0.0%
New Hampshire	523,968	30,006	5.7%
New Jersey	3,262,561	269,354	8.3%
New Mexico	698,282	82,183	11.8%
New York	7,294,127	707,314	9.7%
North Carolina	3,217,678	355,125	11.0%
North Dakota	275,725	33,726	12.2%
Ohio	4,595,674	347,706	7.6%
Oklahoma	1,366,274	156,058	11.4%
Oregon	1,366,819	0	0.0%
Pennsylvania	4,863,997	259,911	5.3%
Rhode Island	428,672	38,998	9.1%
South Carolina	1,574,457	161,435	10.3%
South Dakota	308,026	22,859	7.4%
Tennessee	2,307,548	20,150	0.9%
Texas	7,493,242	160,328	2.1%
Utah	716,224	0	0.0%
Vermont	259,765	0	0.0%
Virginia	2,759,677	219,268	7.9%
Washington	2,397,497	183,007	7.6%
West Virginia	759,332	102,247	13.5%
Wisconsin	2,181,649	122,718	5.6%
Wyoming	196,973	15,284	7.8%
Nationwide	109,388,768	7,357,000	6.7%

1 States that already have a 1.33 or a 1.50 PGC would not see increased Lifeline subscribership.

Note: Some numbers in this table have been rounded.

Section 2: Change to baseline: effects from the new policy
Table 2.B
Estimated additional Lifeline-eligible households using a nationwide 1.35 PGC (Year 2005)

	a (Table 1.B)	b (Table 2.A)	c=a*b
State	Forecasted Households in 2005	Additional households (%) that would qualify with a 1.35 PGC	Additional households that would qualify with a 1.35 PGC
Alabama	1,766,868	12.3%	217,031
Alaska	236,684	6.2%	14,595
Arizona	2,185,979	9.6%	208,885
Arkansas	1,117,248	11.2%	125,495
California	11,675,997	0.0%	0
Colorado	1,853,209	11.0%	204,571
Connecticut	1,560,766	6.5%	100,670
Delaware	353,960	5.6%	19,679
DC	328,431	0.0%	0
Florida	7,875,457	11.9%	938,473
Georgia	3,588,499	10.2%	364,372
Hawaii	430,831	11.9%	51,105
Idaho	521,070	0.0%	0
Illinois	5,322,880	6.4%	339,486
Indiana	2,881,893	10.0%	289,098
Iowa	1,188,981	7.5%	88,629
Kansas	1,169,256	11.6%	135,622
Kentucky	1,644,539	9.7%	158,809
Louisiana	1,777,645	13.5%	239,314
Maine	720,589	8.3%	59,954
Maryland	2,258,191	11.4%	256,934
Massachusetts	2,801,968	8.1%	228,078
Michigan	4,386,888	0.0%	0
Minnesota	2,269,978	5.7%	128,303
Mississippi	1,204,582	12.3%	147,929
Missouri	2,302,085	3.9%	89,053
Montana	420,615	12.4%	52,294
Nebraska	724,145	7.2%	52,100
Nevada	1,068,492	0.0%	0
New Hampshire	639,804	5.7%	36,640
New Jersey	3,671,381	8.3%	303,106
New Mexico	752,325	11.8%	88,544
New York	7,759,204	9.7%	752,412
North Carolina	3,731,543	11.0%	411,839
North Dakota	311,615	12.2%	38,116
Ohio	4,729,065	7.6%	357,799
Oklahoma	1,423,636	11.4%	162,610
Oregon	1,412,789	0.0%	0
Pennsylvania	5,221,614	5.3%	279,020
Rhode Island	508,546	9.1%	46,265
South Carolina	1,629,353	10.3%	167,064
South Dakota	358,305	7.4%	26,591
Tennessee	2,621,206	0.9%	22,889
Texas	7,593,412	2.1%	162,471
Utah	785,443	0.0%	0
Vermont	296,953	0.0%	0
Virginia	2,956,550	7.9%	234,910
Washington	2,565,534	7.6%	195,834
West Virginia	764,140	13.5%	102,895
Wisconsin	2,471,029	5.6%	138,995
Wyoming	204,196	7.8%	15,844
Nationwide	118,045,768	6.7%	8,054,000

Note: Some numbers in this table have been rounded.

Section 2: Change to baseline: effects from the new policy
Table 2.C
Regression analysis: Would Lifeline take rates[1] increase due to a nationwide implementation of a 1.35 PGC?

Regression Model

Dependent variable: Lifeline take rate	Specification 1 (Low Range)		Specification 2 (High Range)	
Independent variables	Coefficient	t-statistic	Coefficient	t-statistic
Amount that state's PGC is above 1.25[3]	0.554	1.78	0.612	1.99
California	0.990	5.95	0.992	5.96
Total support	0.010	1.02		
Constant	0.082	0.88	0.173	7.69
Sample size: 51 R^2 =	0.5636		0.5539	

Conclusion: Yes, for both specifications, the coefficient on "Amount that state's PGC is above 1.25" is positive and statistically significant.

Result

Q: If a state without a PGC (or a state with a PGC below 1.35) added a 1.35 PGC, how much would the take rate increase?

	Coefficient	Amount 1.35 PGC is above 1.25	Increase in portion that would take Lifeline[4]
Low range:	0.554	0.1	0.055
High range:	0.612	0.1	0.061

A: The take rate would rise by 5.5 to 6.1 percentage points.

Notes:

[1] The Lifeline take rate is the number of households that take Lifeline divided by the number of households with income at or below 1.5 times the federal poverty guidelines. For more information on the regression, including why the number of households at or below 1.5 times the federal poverty guidelines is used, *see* "Additional Information on regression specification" in Technical Appendix 1.

[2] Significant at the 10% level in a two-tailed test.

[3] For instance, if a state has a 1.5 poverty guidelines criterion, then the variable has a value of .25 (=1.5 - 1.25). If a state has no poverty guidelines criteria, or if the state's poverty guidelines criteria is at or below 1.25, then the variable has a value of 0.

[4] This means that if a state raised its PGC from 1.25 to 1.35, then, on average, the percentage of poor households that take Lifeline would rise by 5.5 to 6.1 percentage points. Similarly, on average, a state adding a 1.35 PGC where no PGC existed would increase its Lifeline take rate by 5.5 to 6.1 percentage points.

Section 2: Change to baseline: effects from the new policy
Table 2.D
Estimated additional Lifeline subscribership with a nationwide 1.35 PGC

	a (CPSH data)	b (Table 2.C)	c=a*b
	Households with incomes at or below 1.5 times the poverty guidelines in states with 1.33 or lower PGCs (Year 2002)[1]	Additional households that would take Lifeline due to 1.35 PGC	Additional Lifeline takers due to 1.35 PGC[2]
Low range:	19,232,000	5.5%	1,066,000
High range:	19,232,000	6.1%	1,180,000

Q: Of the households that would become eligible to take Lifeline because of a 1.35 PGC, what percentage would do so only because of the 1.35 PGC?

	A (Column c, above)	B (Table 2.A)	C=A/B
	Additional households that would have taken Lifeline due to a 1.35 PGC	Additional households that would have become eligible due to a 1.35 PGC	Percentage of newly eligible households that would take Lifeline with a 1.35 PGC
Low range:	1,066,000	7,357,000	14.5%
High range:	1,180,000	7,357,000	16.0%

A: 14.5% to 16.0% of the households that would become eligible for Lifeline would subscribe.

Notes:

[1] The regression analysis presented in Table 2.C examined Lifeline take rates among households with incomes at or below 1.5 times the federal poverty guidelines. This value includes households in states without a poverty guidelines criterion for Lifeline. For more information on the regression, including why the number of households at or below 1.5 times the federal poverty guidelines is used, *see* "Additional Information on regression specification" in Technical Appendix 1.

[2] Assumes that states with a Lifeline criterion of 1.5 PGC do not change their criteria. Also assumes that states with 1.33 PGCs see no measurable effect from implementing a 1.35 PGC.

Source: Current Population Survey of Households (CPSH) March 2002 data.

Section 2: Change to baseline: effects from the new policy

Table 2.E

Estimated state-by-state additional Lifeline subscribers using a 1.35 PGC (Year 2002)

		Low range		High range	
	a (Table 2.A)	b (Table 2.D)	c=a*b	d (Table 2.D)	e=a*d
State	Additional HH that would qualify if 1.35 PGC were added	Take rate among HH that qualify due to 1.35 PGC	Additional LL takers due to 1.35 PGC	Take rate among HH that qualify due to 1.35 PGC	Additional LL takers due to 1.35 PGC
Alabama	215,207	14.5%	31,183	16.0%	34,517
Alaska	13,844	14.5%	2,006	16.0%	2,220
Arizona	185,330	14.5%	26,854	16.0%	29,725
Arkansas	118,958	14.5%	17,237	16.0%	19,080
California	0	14.5%	0	16.0%	0
Colorado	186,613	14.5%	27,039	16.0%	29,931
Connecticut	89,134	14.5%	12,915	16.0%	14,296
Delaware	17,289	14.5%	2,505	16.0%	2,773
DC	0	14.5%	0	16.0%	0
Florida	796,448	14.5%	115,402	16.0%	127,744
Georgia	322,103	14.5%	46,671	16.0%	51,663
Hawaii	49,646	14.5%	7,193	16.0%	7,963
Idaho	0	14.5%	0	16.0%	0
Illinois	308,489	14.5%	44,699	16.0%	49,479
Indiana	250,921	14.5%	36,358	16.0%	40,246
Iowa	86,702	14.5%	12,563	16.0%	13,906
Kansas	126,285	14.5%	18,298	16.0%	20,255
Kentucky	152,902	14.5%	22,155	16.0%	24,524
Louisiana	224,683	14.5%	32,556	16.0%	36,037
Maine	47,531	14.5%	6,887	16.0%	7,624
Maryland	237,109	14.5%	34,356	16.0%	38,030
Massachusetts	210,387	14.5%	30,484	16.0%	33,744
Michigan	0	14.5%	0	16.0%	0
Minnesota	112,747	14.5%	16,337	16.0%	18,084
Mississippi	134,790	14.5%	19,530	16.0%	21,619
Missouri	85,800	14.5%	12,432	16.0%	13,762
Montana	47,148	14.5%	6,832	16.0%	7,562
Nebraska	48,833	14.5%	7,076	16.0%	7,832
Nevada	0	14.5%	0	16.0%	0
New Hampshire	30,006	14.5%	4,348	16.0%	4,813
New Jersey	269,354	14.5%	39,028	16.0%	43,202
New Mexico	82,183	14.5%	11,908	16.0%	13,182
New York	707,314	14.5%	102,487	16.0%	113,447
North Carolina	355,125	14.5%	51,456	16.0%	56,959
North Dakota	33,726	14.5%	4,887	16.0%	5,409
Ohio	347,706	14.5%	50,381	16.0%	55,769
Oklahoma	156,058	14.5%	22,612	16.0%	25,030
Oregon	0	14.5%	0	16.0%	0
Pennsylvania	259,911	14.5%	37,660	16.0%	41,687
Rhode Island	38,998	14.5%	5,651	16.0%	6,255
South Carolina	161,435	14.5%	23,391	16.0%	25,893
South Dakota	22,859	14.5%	3,312	16.0%	3,666
Tennessee	20,150	14.5%	2,920	16.0%	3,232
Texas	160,328	14.5%	23,231	16.0%	25,715
Utah	0	14.5%	0	16.0%	0
Vermont	0	14.5%	0	16.0%	0
Virginia	219,268	14.5%	31,771	16.0%	35,169
Washington	183,007	14.5%	26,517	16.0%	29,353
West Virginia	102,247	14.5%	14,815	16.0%	16,400
Wisconsin	122,718	14.5%	17,781	16.0%	19,683
Wyoming	15,284	14.5%	2,215	16.0%	2,451
Nationwide	7,357,000	14.5%	1,066,000	16.0%	1,180,000

Note: Some numbers in this table have been rounded.

Section 2: Change to baseline: effects from the new policy

Table 2.F

Estimated state-by-state additional Lifeline subscribers using a 1.35 PGC (Year 2005)

		Low range		High range	
	a (Table 2.B)	b (Table 2.D)	c=a*b	d (Table 2.D)	e=a*d
State	Additional HH that would qualify if 1.35 PGC were added	Take rate among HH that qualify due to 1.35 PGC	Additional LL takers due to 1.35 PGC	Take rate among HH that qualify due to 1.35 PGC	Additional LL takers due to 1.35 PGC
Alabama	217,031	14.5%	31,447	16.0%	34,810
Alaska	14,595	14.5%	2,115	16.0%	2,341
Arizona	208,885	14.5%	30,267	16.0%	33,503
Arkansas	125,495	14.5%	18,184	16.0%	20,128
California	0	14.5%	0	16.0%	0
Colorado	204,571	14.5%	29,641	16.0%	32,811
Connecticut	100,670	14.5%	14,587	16.0%	16,147
Delaware	19,679	14.5%	2,851	16.0%	3,156
DC	0	14.5%	0	16.0%	0
Florida	938,473	14.5%	135,981	16.0%	150,523
Georgia	364,372	14.5%	52,796	16.0%	58,442
Hawaii	51,105	14.5%	7,405	16.0%	8,197
Idaho	0	14.5%	0	16.0%	0
Illinois	339,486	14.5%	49,190	16.0%	54,451
Indiana	289,098	14.5%	41,889	16.0%	46,369
Iowa	88,629	14.5%	12,842	16.0%	14,215
Kansas	135,622	14.5%	19,651	16.0%	21,753
Kentucky	158,809	14.5%	23,011	16.0%	25,472
Louisiana	239,314	14.5%	34,676	16.0%	38,384
Maine	59,954	14.5%	8,687	16.0%	9,616
Maryland	256,934	14.5%	37,229	16.0%	41,210
Massachusetts	228,078	14.5%	33,048	16.0%	36,582
Michigan	0	14.5%	0	16.0%	0
Minnesota	128,303	14.5%	18,591	16.0%	20,579
Mississippi	147,929	14.5%	21,434	16.0%	23,726
Missouri	89,053	14.5%	12,903	16.0%	14,283
Montana	52,294	14.5%	7,577	16.0%	8,387
Nebraska	52,100	14.5%	7,549	16.0%	8,356
Nevada	0	14.5%	0	16.0%	0
New Hampshire	36,640	14.5%	5,309	16.0%	5,877
New Jersey	303,106	14.5%	43,919	16.0%	48,616
New Mexico	88,544	14.5%	12,830	16.0%	14,202
New York	752,412	14.5%	109,022	16.0%	120,680
North Carolina	411,839	14.5%	59,674	16.0%	66,055
North Dakota	38,116	14.5%	5,523	16.0%	6,113
Ohio	357,799	14.5%	51,844	16.0%	57,388
Oklahoma	162,610	14.5%	23,562	16.0%	26,081
Oregon	0	14.5%	0	16.0%	0
Pennsylvania	279,020	14.5%	40,429	16.0%	44,752
Rhode Island	46,265	14.5%	6,704	16.0%	7,420
South Carolina	167,064	14.5%	24,207	16.0%	26,796
South Dakota	26,591	14.5%	3,853	16.0%	4,265
Tennessee	22,889	14.5%	3,317	16.0%	3,671
Texas	162,471	14.5%	23,541	16.0%	26,059
Utah	0	14.5%	0	16.0%	0
Vermont	0	14.5%	0	16.0%	0
Virginia	234,910	14.5%	34,038	16.0%	37,678
Washington	195,834	14.5%	28,376	16.0%	31,410
West Virginia	102,895	14.5%	14,909	16.0%	16,503
Wisconsin	138,995	14.5%	20,140	16.0%	22,294
Wyoming	15,844	14.5%	2,296	16.0%	2,541
Nationwide	8,054,000	14.5%	1,167,000	16.0%	1,292,000

Note: Some numbers in this table have been rounded.

Section 2: Change to baseline: effects from the new policy

Table 2.G

Estimated increase in Lifeline expenditures (Year 2005)

		Low range		High range	
	a (Table 1.C)	b (Table 2.F)	c=a*b	d (Table 2.F)	e=a*d
State	Annual federal support per Lifeline subscriber	Forecasted additional HH taking Lifeline	Forecasted increased federal Lifeline expenditures	Forecasted additional HH taking Lifeline	Forecasted increased federal Lifeline expenditures
Alabama	$120.00	31,447	$3,773,626	34,810	$4,177,184
Alaska	$120.00	2,115	$253,772	2,341	$280,911
Arizona	$99.67	30,267	$3,016,523	33,503	$3,339,116
Arkansas	$99.00	18,184	$1,800,188	20,128	$1,992,704
California	$100.02	0	$0	0	$0
Colorado	$120.00	29,641	$3,556,976	32,811	$3,937,366
Connecticut	$96.26	14,587	$1,404,187	16,147	$1,554,353
Delaware	$98.04	2,851	$279,548	3,156	$309,443
DC	$87.84	0	$0	0	$0
Florida	$120.00	135,981	$16,317,721	150,523	$18,062,768
Georgia	$120.00	52,796	$6,335,533	58,442	$7,013,066
Hawaii	$99.00	7,405	$733,088	8,197	$811,486
Idaho	$118.92	0	$0	0	$0
Illinois	$89.01	49,190	$4,378,232	54,451	$4,846,448
Indiana	$89.39	41,889	$3,744,574	46,369	$4,145,026
Iowa	$83.48	12,842	$1,072,049	14,215	$1,186,696
Kansas	$105.87	19,651	$2,080,563	21,753	$2,303,063
Kentucky	$118.29	23,011	$2,722,020	25,472	$3,013,118
Louisiana	$99.00	34,676	$3,432,915	38,384	$3,800,037
Maine	$119.19	8,687	$1,035,426	9,616	$1,146,156
Maryland	$109.33	37,229	$4,070,235	41,210	$4,505,513
Massachusetts	$119.04	33,048	$3,934,001	36,582	$4,354,710
Michigan	$98.54	0	$0	0	$0
Minnesota	$84.44	18,591	$1,569,863	20,579	$1,737,748
Mississippi	$120.00	21,434	$2,572,113	23,726	$2,847,179
Missouri	$84.97	12,903	$1,096,380	14,283	$1,213,629
Montana	$120.00	7,577	$909,256	8,387	$1,006,493
Nebraska	$113.15	7,549	$854,199	8,356	$945,549
Nevada	$94.49	0	$0	0	$0
New Hampshire	$98.08	5,309	$520,691	5,877	$576,375
New Jersey	$95.45	43,919	$4,192,190	48,616	$4,640,511
New Mexico	$120.00	12,830	$1,539,560	14,202	$1,704,203
New York	$117.99	109,022	$12,863,739	120,680	$14,239,411
North Carolina	$116.61	59,674	$6,958,802	66,055	$7,702,989
North Dakota	$120.00	5,523	$662,744	6,113	$733,619
Ohio	$87.99	51,844	$4,561,810	57,388	$5,049,659
Oklahoma	$93.36	23,562	$2,199,741	26,081	$2,434,986
Oregon	$120.00	0	$0	0	$0
Pennsylvania	$108.32	40,429	$4,379,192	44,752	$4,847,511
Rhode Island	$119.04	6,704	$797,991	7,420	$883,330
South Carolina	$119.72	24,207	$2,898,061	26,796	$3,207,985
South Dakota	$98.47	3,853	$379,405	4,265	$419,980
Tennessee	$118.70	3,317	$393,658	3,671	$435,757
Texas	$106.81	23,541	$2,514,529	26,059	$2,783,437
Utah	$119.22	0	$0	0	$0
Vermont	$119.20	0	$0	0	$0
Virginia	$113.22	34,038	$3,853,841	37,678	$4,265,978
Washington	$115.40	28,376	$3,274,503	31,410	$3,624,684
West Virginia	$111.00	14,909	$1,654,941	16,503	$1,831,923
Wisconsin	$92.68	20,140	$1,866,563	22,294	$2,066,177
Wyoming	$120.00	2,296	$275,487	2,541	$304,949
Nationwide	Not applicable	1,167,000	$127,000,000	1,292,000	$140,000,000

Note: Some numbers in this table have been rounded.

Section 2: Change to baseline: effects from the new policy
Table 2.H
Logit regression results: Would a 1.35 poverty guidelines criterion for Lifeline increase telephone penetration?

Logistic regression analysis[1]

Dependent side variable: Does the household have telephone service?

Independent side variables	Coefficient value	Wald statistic	P-Value	Statistically significant
State has 1.35 or higher poverty guidelines criterion for Lifeline	0.179	3.37	0.07	Yes
Income (000s)	0.035	69.99	0.00	Yes
Household is a mobile home	-0.757	71.65	0.00	Yes
Household is owned, not rented	0.975	203.71	0.00	Yes
Percentage of householders who have lived there one year	0.463	51.65	0.00	Yes
Someone in the household is on food stamps	-0.245	17.20	0.00	Yes
Household is in a state with a Medicaid criterion	-0.269	3.48	0.06	Yes[2]
Household is in a state with a food stamp criterion	-0.101	0.52	0.47	Yes[2]
Household is in a state with a TANF criterion	0.105	3.03	0.08	Yes[2]
Household is in a state with a LIHEAP criterion	0.160	3.19	0.07	Yes[2]
Household is in a state with a Public Housing criterion	-0.077	1.12	0.29	Yes[2]
Household is in a state with a National School Lunch criterion	0.019	0.01	0.91	Yes[2]
Household is in a state with an SSI criterion	0.060	0.35	0.56	Yes[2]
California	0.495	6.87	0.01	Yes
Constant	1.241	90.62	0.00	Yes

Conclusion: Yes, the coefficient on "State has 1.35 poverty guidelines criterion for Lifeline" is statistically significant.

[1] For more information on the logistic regression, see Technical Appendix 2.

[2] Although some criteria variables are not significant by themselves, the variables as a set are significant. The nature of these variables is such that they should all be used together, or not at all. Because they are significant as a set, they should all be included in the logit regression.

Section 2: Change to baseline: effects from the new policy
Table 2.I
Using the logit regression results: Calculating the number of households that would have taken telephone service with a nationwide 1.35 PGC

Variable	a (Table 2.G) Coefficient value	b (CPSH) Means for households with income less than 1.35 PLG	c=a*b Partial effect	d (CPSH) Means (Same as column b except assumes all states adopt 1.35 PGC[1])	e=a*d Partial effect if all states implement 1.35 PGC for Lifeline
State has 1.35 criteria for LL	0.179	0.180	0.032	1.000	0.179
Income (dollar values in 000s)	0.035	11.208	0.397	11.208	0.397
Lives in a mobile home	-0.757	0.086	-0.065	0.086	-0.065
Owns home	0.975	0.440	0.429	0.440	0.429
Percent HH lived there one year	0.463	0.820	0.380	0.820	0.380
On food stamps	-0.245	0.265	-0.065	0.265	-0.065
Medicaid criterion	-0.269	0.823	-0.221	0.823	-0.221
Food stamp criterion	-0.101	0.781	-0.079	0.781	-0.079
TANF criterion	0.105	0.450	0.047	0.450	0.047
Energy Assistance criterion	0.160	0.642	0.103	0.642	0.103
Public? Criterion	-0.077	0.423	-0.033	0.423	-0.033
Hot lunch criterion	0.019	0.028	0.001	0.028	0.001
SSI criterion	0.060	0.770	0.046	0.770	0.046
California	0.495	0.075	0.037	0.075	0.037
Constant	1.241	1.000	1.241	1.000	1.241
Z = Sum of partial effects			2.250		2.396
Penetration among HH with incomes below 1.35 PGC = $1/(1+e^{-z})$:			90.5%		91.7%
Increase in penetration among HH at or below 1.35 times the poverty line = (90.5% - 91.7%)				1.2%	A
Year 2002: Households below 1.35 times the poverty level.				19,230,000	B (CPSH)
Year 2002: Households that would have taken phone service due to Lifeline change:				229,000	C=A*B
Year 2005: Households below 1.35 times the poverty level.[2]				20,710,000	D (CPSH)
Year 2005: Households that would have taken phone service due to Lifeline change:				247,000	E=A*D

Notes:

[1] Assumes that states with 1.5 PGC criteria keep it.

[2] Forecasted using CPSH data.

Section 2: Change to baseline: effects from the new policy
Section 2: Estimate changes from new policy
Table 2.J
Breakdown of Lifeline subscribers with a nationwide 1.35 PGC (Year 2002)

	a (Table 2.E)	b (Table 2.H)	c=a-b
	Households that would sign up for Lifeline service due to 1.35 PGC	Households new to telephone service due to 1.35 PGC	Households with telephone service that would sign up for Lifeline due to 1.35 PGC
Low range:	1,066,000	229,000	837,000
High range:	1,180,000	229,000	951,000

Section 2: Change to baseline: effects from the new policy
Table 2.K
Breakdown of Lifeline subscribers with a nationwide 1.35 PGC (Year 2005)

	a (Table 2.F)	b (Table 2.H)	c=a-b
	Households that would sign up for Lifeline service due to 1.35 PGC	Households new to telephone service due to 1.35 PGC	Households with telephone service that would sign up for Lifeline due to 1.35 PGC
Low range:	1,167,000	247,000	920,000
High range:	1,292,000	247,000	1,045,000

Section 3: New policy: new levels resulting from a 1.35 PGC (as of July 1, 2005)

Table 3.A

Forecasted new Lifeline subscribers (Year 2005)

			Low range		High range	
	a (Table 1.B)	b (Table 1.B)	c (Table 2.F)	d=b+c	e (Table 2.F)	f=b+e
State	Forecasted households	Forecasted baseline households taking Lifeline	Additional LL takers due to 1.35 PGC	New total households taking Lifeline	Additional LL takers due to 1.35 PGC	New total households taking Lifeline
Alabama	1,766,868	25,618	31,447	57,065	34,810	60,428
Alaska	236,684	24,567	2,115	26,681	2,341	26,908
Arizona	2,185,979	82,488	30,267	112,755	33,503	115,991
Arkansas	1,117,248	10,655	18,184	28,839	20,128	30,783
California	11,675,997	3,162,324	0	3,162,324	0	3,162,324
Colorado	1,853,209	32,568	29,641	62,209	32,811	65,379
Connecticut	1,560,766	65,570	14,587	80,156	16,147	81,716
Delaware	353,960	2,390	2,851	5,242	3,156	5,547
DC	328,431	16,638	0	16,638	0	16,638
Florida	7,875,457	167,936	135,981	303,917	150,523	318,459
Georgia	3,588,499	77,224	52,796	130,021	58,442	135,667
Hawaii	430,831	14,539	7,405	21,944	8,197	22,736
Idaho	521,070	29,093	0	29,093	0	29,093
Illinois	5,322,880	95,948	49,190	145,139	54,451	150,399
Indiana	2,881,893	46,461	41,889	88,351	46,369	92,830
Iowa	1,188,981	18,196	12,842	31,038	14,215	32,411
Kansas	1,169,256	14,794	19,651	34,445	21,753	36,546
Kentucky	1,644,539	63,085	23,011	86,096	25,472	88,557
Louisiana	1,777,645	22,650	34,676	57,325	38,384	61,034
Maine	720,589	107,956	8,687	116,643	9,616	117,572
Maryland	2,258,191	4,358	37,229	41,587	41,210	45,568
Massachusetts	2,801,968	178,441	33,048	211,489	36,582	215,023
Michigan	4,386,888	132,031	0	132,031	0	132,031
Minnesota	2,269,978	54,115	18,591	72,706	20,579	74,694
Mississippi	1,204,582	24,766	21,434	46,200	23,726	48,492
Missouri	2,302,085	34,585	12,903	47,489	14,283	48,869
Montana	420,615	17,541	7,577	25,118	8,387	25,928
Nebraska	724,145	16,261	7,549	23,810	8,356	24,617
Nevada	1,068,492	49,112	0	49,112	0	49,112
New Hampshire	639,804	8,856	5,309	14,165	5,877	14,733
New Jersey	3,671,381	52,537	43,919	96,456	48,616	101,153
New Mexico	752,325	51,021	12,830	63,851	14,202	65,223
New York	7,759,204	532,594	109,022	641,616	120,680	653,275
North Carolina	3,731,543	115,402	59,674	175,076	66,055	181,457
North Dakota	311,615	21,729	5,523	27,251	6,113	27,842
Ohio	4,729,065	287,706	51,844	339,550	57,388	345,094
Oklahoma	1,423,636	122,222	23,562	145,783	26,081	148,303
Oregon	1,412,789	37,626	0	37,626	0	37,626
Pennsylvania	5,221,614	101,819	40,429	142,248	44,752	146,572
Rhode Island	508,546	54,795	6,704	61,499	7,420	62,216
South Carolina	1,629,353	22,569	24,207	46,776	26,796	49,365
South Dakota	358,305	31,543	3,853	35,396	4,265	35,808
Tennessee	2,621,206	55,717	3,317	59,034	3,671	59,388
Texas	7,593,412	435,718	23,541	459,259	26,059	461,777
Utah	785,443	21,551	0	21,551	0	21,551
Vermont	296,953	34,193	0	34,193	0	34,193
Virginia	2,956,550	22,209	34,038	56,246	37,678	59,886
Washington	2,565,534	89,167	28,376	117,543	31,410	120,577
West Virginia	764,140	4,936	14,909	19,845	16,503	21,440
Wisconsin	2,471,029	77,397	20,140	97,537	22,294	99,691
Wyoming	204,196	2,204	2,296	4,500	2,541	4,745
Nationwide	118,045,768	6,775,000	1,167,000	7,942,000	1,292,000	8,067,000

Note: Some numbers in this table have been rounded.

Section 3: New policy: new levels resulting from a 1.35 PGC (as of July 1, 2005)
Table 3.B
Forecasted new Lifeline expenditures (Year 2005)

		Low range		High range	
	a (Table 1.C)	b (Table 2.K)	c=a*b	d (Table 2.K)	e=a*d
	Annual federal	Additional federal	Total federal	Additional federal	Total federal
	Lifeline expenditures	Lifeline expenditures	Lifeline expenditures	Lifeline expenditures	Lifeline expenditures
State	without 1.35 PGC	with 1.35 PGC	with 1.35 PGC	with 1.35 PGC	with 1.35 PGC
Alabama	$3,074,197	$3,773,626	$6,847,823	$4,177,184	$7,251,381
Alaska	$2,948,007	$253,772	$3,201,779	$280,911	$3,228,918
Arizona	$8,221,159	$3,016,523	$11,237,682	$3,339,116	$11,560,275
Arkansas	$1,054,846	$1,800,188	$2,855,034	$1,992,704	$3,047,550
California	$316,308,133	$0	$316,308,133	$0	$316,308,133
Colorado	$3,908,155	$3,556,976	$7,465,132	$3,937,366	$7,845,521
Connecticut	$6,312,049	$1,404,187	$7,716,236	$1,554,353	$7,866,402
Delaware	$234,348	$279,548	$513,896	$309,443	$543,791
DC	$1,461,447	$0	$1,461,447	$0	$1,461,447
Florida	$20,152,282	$16,317,721	$36,470,003	$18,062,768	$38,215,050
Georgia	$9,266,937	$6,335,533	$15,602,470	$7,013,066	$16,280,003
Hawaii	$1,439,387	$733,088	$2,172,474	$811,486	$2,250,872
Idaho	$3,459,726	$0	$3,459,726	$0	$3,459,726
Illinois	$8,540,023	$4,378,232	$12,918,255	$4,846,448	$13,386,471
Indiana	$4,153,300	$3,744,574	$7,897,874	$4,145,026	$8,298,326
Iowa	$1,518,973	$1,072,049	$2,591,022	$1,186,696	$2,705,669
Kansas	$1,566,265	$2,080,563	$3,646,828	$2,303,063	$3,869,327
Kentucky	$7,462,594	$2,722,020	$10,184,614	$3,013,118	$10,475,712
Louisiana	$2,242,338	$3,432,915	$5,675,252	$3,800,037	$6,042,374
Maine	$12,867,569	$1,035,426	$13,902,994	$1,146,156	$14,013,725
Maryland	$476,493	$4,070,235	$4,546,728	$4,505,513	$4,982,006
Massachusetts	$21,241,723	$3,934,001	$25,175,724	$4,354,710	$25,596,434
Michigan	$13,010,610	$0	$13,010,610	$0	$13,010,610
Minnesota	$4,569,718	$1,569,863	$6,139,582	$1,737,748	$6,307,466
Mississippi	$2,971,882	$2,572,113	$5,543,994	$2,847,179	$5,819,061
Missouri	$2,938,649	$1,096,380	$4,035,029	$1,213,629	$4,152,278
Montana	$2,104,915	$909,256	$3,014,171	$1,006,493	$3,111,408
Nebraska	$1,839,924	$854,199	$2,694,123	$945,549	$2,785,472
Nevada	$4,640,695	$0	$4,640,695	$0	$4,640,695
New Hampshire	$868,626	$520,691	$1,389,317	$576,375	$1,445,001
New Jersey	$5,014,836	$4,192,190	$9,207,027	$4,640,511	$9,655,347
New Mexico	$6,122,532	$1,539,560	$7,662,091	$1,704,203	$7,826,735
New York	$62,842,179	$12,863,739	$75,705,918	$14,239,411	$77,081,589
North Carolina	$13,457,472	$6,958,802	$20,416,274	$7,702,989	$21,160,461
North Dakota	$2,607,431	$662,744	$3,270,175	$733,619	$3,341,051
Ohio	$25,315,775	$4,561,810	$29,877,585	$5,049,659	$30,365,434
Oklahoma	$11,410,768	$2,199,741	$13,610,510	$2,434,986	$13,845,754
Oregon	$4,515,156	$0	$4,515,156	$0	$4,515,156
Pennsylvania	$11,028,901	$4,379,192	$15,408,093	$4,847,511	$15,876,412
Rhode Island	$6,522,833	$797,991	$7,320,824	$883,330	$7,406,163
South Carolina	$2,702,025	$2,898,061	$5,600,085	$3,207,985	$5,910,009
South Dakota	$3,106,151	$379,405	$3,485,556	$419,980	$3,526,131
Tennessee	$6,613,430	$393,658	$7,007,088	$435,757	$7,049,187
Texas	$46,540,253	$2,514,529	$49,054,782	$2,783,437	$49,323,690
Utah	$2,569,386	$0	$2,569,386	$0	$2,569,386
Vermont	$4,075,759	$0	$4,075,759	$0	$4,075,759
Virginia	$2,514,557	$3,853,841	$6,368,398	$4,265,978	$6,780,534
Washington	$10,289,790	$3,274,503	$13,564,293	$3,624,684	$13,914,475
West Virginia	$547,914	$1,654,941	$2,202,855	$1,831,923	$2,379,837
Wisconsin	$7,173,137	$1,866,563	$9,039,700	$2,066,177	$9,239,314
Wyoming	$264,475	$275,487	$539,963	$304,949	$569,424
Nationwide	$706,000,000	$127,000,000	$833,000,000	$140,000,000	$846,000,000

Note: Some numbers in this table have been rounded.

Analysis II:
Examination of a 1.50 PGC

Introduction

The Joint Board recommended the FCC add an income-based criterion to the federal eligibility criteria for Lifeline. The Joint Board also recommended that the income-based criterion be set at 1.35 times the Federal Poverty Guidelines. Thus, households with incomes at or below 1.35 times the Federal Poverty Guidelines would be eligible for Lifeline.

Some commenters suggest raising the criterion to 1.50 times the Federal Poverty Guidelines (FPG), based on the observation that LIHEAP uses a criterion of 1.50 times the FPG. The commenters argue that it would be logically inconsistent to use 1.35 for Lifeline directly, but 1.50 indirectly, through LIHEAP.[10] This analysis examines the costs and benefits of a nationwide implementation of a 1.50 PGC. This study uses the same steps as the analysis of a 1.35 PGC.

It is possible to calculate the number of additional Lifeline subscribers resulting from a 1.50 FPG with just a few tables, but this analysis includes the same tables as the preceding study on the effects of a 1.35 PGC so that the two analyses can be more easily compared. The nature of the telephone subscribership model is such that it must be rerun to examine whether a 1.50 FPG would increase telephone subscribership over a 1.35 FPG. The methodology used to examine the effects of a 1.50 FPG criterion for Lifeline remains the same.

Step 1: Create Baselines

The tables in this section examine the number of Lifeline subscribers, the number of households that are eligible for Lifeline, and the Lifeline subscription rate. These tables in Step 1 are the same as the tables in the main staff analysis.

Baseline Lifeline subscription rates for Year 2002. Nationally, 17.8% of households are estimated to have been eligible for Lifeline. Of these eligible households, an estimated 33.7% subscribed to Lifeline. (*See* Table 1.A).

Forecasted Baseline Lifeline subscription rates for 2005. There will be an estimated 118.0 million households in 2005, and 6.8 million of those households are expected to take Lifeline under existing rules. (*See* Table 1.B).

Forecasted Baseline federal Lifeline expenditures for 2005. Forecasted federal Lifeline expenditures under existing rules in 2005 are $706 million. (*See* Table 1.C).

[10] Consumer Coalition Comments at 2; Commissioner Wilson Pa PUC Reply Comments at 2-3; TOPC Comments at 5-6; USCCB Comments at 4-5.

Step 2: Estimate Changes due to New Policy

This section quantifies the number of additional households that would become eligible for Lifeline, the number of households that would subscribe to Lifeline, and the number of additional households that would subscribe to telephone service due to the nationwide implementation of a 1.50 PGC. (This analysis assumes that states without a PGC for Lifeline and states with a PGC below 1.50 adopt a 1.50 PGC.) This section then calculates the increased federal Lifeline expenditures resulting from the increased number of households taking Lifeline due to the 1.50 PGC. CPSH data are used to determine the number of additional households that would become eligible for Lifeline. Two regression analyses are used to determine the number of additional households that would subscribe to Lifeline and the number of households that would take telephone service due to a 1.50 PGC.

Change to Lifeline eligibility in 2002 and 2005 resulting from a 1.50 PGC. We predict that an additional 8.7 percent of total households would qualify for Lifeline under the 1.50 PGC, and this would qualify an additional 10.4 million households in 2005.

The demographic data from each household in 2002 CPSH data are examined to determine eligibility with and without a 1.50 PGC. For 2002, the number of households that would have become eligible with a 1.50 PGC is calculated. These estimates are then used to determine the number of households that would become eligible for Lifeline with a 1.50 PGC in 2005. Table 2.A presents the information for 2002 and 2.B presents the information for the Year 2005.

Change to Lifeline eligibility in 2002 and 2005 resulting from a 1.50 PGC. We predict that an additional 6.7 percent of total households would qualify for Lifeline under the 1.50 PGC. This translates into 7.4 million households in 2002 and 8.1 million households in 2005.

The demographic data from each household in the CPSH data are examined to determine whether it was eligible for Lifeline in 2002 under existing rules, and whether it would have become eligible for Lifeline with a 1.50 PGC. This allows us to estimate the increase in Lifeline eligibility that results from a 1.50 PGC for 2002, which in turn, allows us to estimate the effects for 2005. Table 2.A presents the information for 2002 and 2.B presents the information for 2005.

Change to Lifeline subscribership in 2002 and 2005 resulting from a 1.50 PGC. We predict that if states without a PGC (and states with PGCs at 1.33 or lower) adopted a 1.50 PGC, there would be a significant increase in the number of low-income households that would take Lifeline. Nationwide, for 2002, the number of additional Lifeline takers would be between 2.67 million and 2.94 million. For 2005, the number of additional Lifeline subscribers would be between 2.91 million and 3.22 million.

Change to federal Lifeline expenditures for 2005 is forecasted. We predict that federal Lifeline expenditures would increase by $316 million to $348 million if all states implemented a 1.50 PGC.

The forecasted change to federal Lifeline expenditures is calculated by multiplying the forecasted increase in the number of Lifeline subscribers in each state by the expected federal

expenditures per Lifeline subscriber in that state. The sum of state-by-state changes in the amount of federal expenditures forms the national total. (*See* Table 2.G).

Forecasted change to telephone subscribership for 2005. Unlike the regression model predicting the increase in Lifeline subscribership, the results from the model predicting the increase in telephone subscribership cannot be directly used to estimate increased telephone subscribership with a 1.50 PGC. The model must be rerun with slightly different variables.

If a 1.50 PGC will increase telephone subscribership more than a 1.35 PGC, then it must do so for those households with incomes between 1.35 and 1.50 times the FPG. This study therefore examines whether households in that income range are more likely to take telephone service if they are in a state with a 1.50 PGC. This study uses the same methodology as is used in the preceding section. There are only three differences between this model and the one in the preceding section. First, the sample for this study is those households with incomes between 1.35 and 1.50 times the FPG.[11] Second, the variable "State has 1.50 poverty guidelines criterion" was used in lieu of "state has 1.33 or higher poverty guidelines criterion for Lifeline." Third, some variables were excluded from this model. The eligibility variables were excluded because, as a whole, they were not statistically significant. The California variable was also excluded because the variable of interest, "State has 1.50 poverty guidelines criterion," was negative when the variable "California" was included. As that result is implausible, the variable "California" was omitted.[12]

Table 2.H shows the results of the model. The variable "State has 1.50 poverty guidelines criterion for Lifeline" is not significant. This suggests that raising the PGC criterion from 1.35 to 1.50 would not result in a statistically significant increase in the number of households that take telephone service. This result is somewhat surprising. A 1.50 FPG lowers the cost of telephone service to these households, so logically, more of these households should take telephone service. The result suggests that the number of these households with incomes between 1.35 and 1.50 times the FPG that would newly take telephone service because of the new availability of Lifeline is too small to be measured.

Because the logit-regression model indicates that no additional households would newly take telephone service due to a wide-spread adoption of a 1.50 PGC, Tables 2.I and 2.J, which would calculate the number of additional households taking telephone service due to the change, were not computed.

[11] The model in the preceding section used households with incomes below 1.35 times the FPG.

[12] The variable "California" was significant, however, so a strong case could be made not to drop it. Because neither specification produced a positive and statistically significant result on the variable "State has a 1.50 PGC", the issue is essentially moot. The only reason it is not entirely moot is that some might be inclined to attempt to use the coefficient on "State has a 1.50 PGC" as a best guess to calculate the number of additional households that might take telephone service with a 1.50 PGC. This would be incorrect, because when the variable "California" is included the coefficient on "State has a 1.50 PGC" is negative, another indication that there is no benefit to a 1.50 PGC over a 1.35 PGC.

Step 3: Apply Changes to Baselines to Compute New Program Levels

The new levels of Lifeline subscribership and federal expenditures are shown in two tables. First, the new total of Lifeline subscribers is calculated, and then the increased federal Lifeline expenditures are calculated.

Forecasted New Policy Levels for Lifeline subscribership in 2005. We predict that if all states implement a 1.50 PGC for Lifeline, an estimated 10 million households would subscribe to Lifeline.

Here the forecasted increase in Lifeline subscribers is added to the forecasted baseline number of subscribers to create the new forecasted number of Lifeline subscribers in 2005 with the 1.35 PGC. (*See* Table 3.A).

Forecasted New Policy Levels for federal Lifeline expenditures. We predict that if all states implement a 1.50 PGC for Lifeline, federal Lifeline expenditures are forecasted to be in the range of $1.02 billion to $1.05 billion.

Here the forecasted increase in federal Lifeline expenditures is added to the forecasted baseline federal Lifeline expenditures to create the new forecasted federal Lifeline expenditures in 2005 with the 1.50 PGC. (*See* Table 3.B).

Section 1: Baseline Information
Table 1.A
Baseline Lifeline subscription information (Year 2002)

State	a (CPSH data) Households in 2002	b (CPSH data) Percentage of HH that would qualify for Lifeline (LL) under existing rules	c=a*b Households that would qualify for Lifeline under existing rules	d (USAC data) Households that took Lifeline in 2002	e=d/c Percentage of households that took Lifeline in 2002
Alabama	1,752,018	17.0%	297,228	25,403	8.5%
Alaska	224,499	23.2%	52,146	23,302	44.7%
Arizona	1,939,473	14.4%	279,334	73,186	26.2%
Arkansas	1,059,049	23.0%	243,997	10,100	4.1%
California	11,935,960	20.5%	2,451,057	3,232,732	131.9%
Colorado	1,690,526	2.7%	45,808	29,709	64.9%
Connecticut	1,381,915	13.7%	188,857	58,056	30.7%
Delaware	310,968	10.9%	33,946	2,100	6.2%
DC	269,356	23.5%	63,327	13,645	21.5%
Florida	6,683,618	15.8%	1,052,902	142,521	13.5%
Georgia	3,172,213	14.3%	452,827	68,266	15.1%
Hawaii	418,526	8.6%	36,185	14,124	39.0%
Idaho	495,397	25.3%	125,089	27,660	22.1%
Illinois	4,836,881	16.4%	793,394	87,188	11.0%
Indiana	2,501,325	12.4%	309,568	40,326	13.0%
Iowa	1,163,128	14.6%	170,241	17,800	10.5%
Kansas	1,088,752	12.3%	133,747	13,775	10.3%
Kentucky	1,583,371	21.0%	332,295	60,739	18.3%
Louisiana	1,668,964	17.2%	287,759	21,265	7.4%
Maine	571,277	22.5%	128,698	85,587	66.5%
Maryland	2,083,956	2.8%	57,849	4,022	7.0%
Massachusetts	2,584,626	16.4%	423,706	164,600	38.8%
Michigan	3,947,084	26.2%	1,032,526	118,794	11.5%
Minnesota	1,994,754	14.0%	278,453	47,554	17.1%
Mississippi	1,097,592	29.7%	326,524	22,566	6.9%
Missouri	2,217,997	14.6%	324,392	33,322	10.3%
Montana	379,228	14.2%	53,704	15,815	29.4%
Nebraska	678,736	13.1%	89,251	15,241	17.1%
Nevada	809,411	19.8%	160,611	37,204	23.2%
New Hampshire	523,968	12.3%	64,338	7,253	11.3%
New Jersey	3,262,561	13.3%	435,283	46,687	10.7%
New Mexico	698,282	21.7%	151,749	47,356	31.2%
New York	7,294,127	21.6%	1,578,737	500,671	31.7%
North Carolina	3,217,678	19.2%	616,817	99,510	16.1%
North Dakota	275,725	13.7%	37,712	19,226	51.0%
Ohio	4,595,674	15.8%	726,907	279,591	38.5%
Oklahoma	1,366,274	17.7%	241,259	117,297	48.6%
Oregon	1,366,819	25.0%	341,162	36,402	10.7%
Pennsylvania	4,863,997	12.0%	584,754	94,846	16.2%
Rhode Island	428,672	18.2%	78,185	46,189	59.1%
South Carolina	1,574,457	18.4%	289,051	21,809	7.5%
South Dakota	308,026	17.6%	54,211	27,117	50.0%
Tennessee	2,307,548	33.1%	764,595	49,050	6.4%
Texas	7,493,242	25.4%	1,901,378	429,970	22.6%
Utah	716,224	22.2%	159,072	19,652	12.4%
Vermont	259,765	32.9%	85,439	29,911	35.0%
Virginia	2,759,677	11.3%	312,574	20,730	6.6%
Washington	2,397,497	16.4%	393,513	83,327	21.2%
West Virginia	759,332	19.8%	150,381	4,905	3.3%
Wisconsin	2,181,649	11.5%	250,155	68,333	27.3%
Wyoming	196,973	15.0%	29,449	2,126	7.2%
Nationwide	109,388,768	17.8%	19,472,000	6,558,560	33.7%

Note: Some numbers in this table have been rounded.
Source: Current Population Survey of Households (CPSH) March 2002 data.

Section 1: Baseline Information

Table 1.B

Baseline Lifeline subscription information (Year 2005)

	a (Table 1.A)	b (CPSH)	c=a*b	d=a+c	e (Table 1.A)	f=d*e	g (Table 1.A)	h=f*g
State	Households 2002	Growth (loss) 1/2002 - 7/2005 based on 1/2000 - 1/2002[1]	New (fewer) households in 2005	Expected total households July 2005	Percentage of HH that would qualify for LL under existing rules	Households that would qualify for Lifeline under existing rules	Lifeline take rate for HH that qualify under existing rules	Expected HH that would take Lifeline under existing rules
Alabama	1,752,018	0.8%	14,849	1,766,868	17.0%	299,747	8.5%	25,618
Alaska	224,499	5.4%	12,185	236,684	23.2%	54,977	44.7%	24,567
Arizona	1,939,473	12.7%	246,506	2,185,979	14.4%	314,837	26.2%	82,488
Arkansas	1,059,049	5.5%	58,199	1,117,248	23.0%	257,406	4.1%	10,655
California	11,935,960	-2.2%	-259,963	11,675,997	20.5%	2,397,673	131.9%	3,162,324
Colorado	1,690,526	9.6%	162,683	1,853,209	2.7%	50,216	64.9%	32,568
Connecticut	1,381,915	12.9%	178,850	1,560,766	13.7%	213,300	30.7%	65,570
Delaware	310,968	13.8%	42,992	353,960	10.9%	38,639	6.2%	2,390
DC	269,356	21.9%	59,075	328,431	23.5%	77,216	21.5%	16,638
Florida	6,683,618	17.8%	1,191,839	7,875,457	15.8%	1,240,658	13.5%	167,936
Georgia	3,172,213	13.1%	416,286	3,588,499	14.3%	512,251	15.1%	77,224
Hawaii	418,526	2.9%	12,305	430,831	8.6%	37,249	39.0%	14,539
Idaho	495,397	5.2%	25,673	521,070	25.3%	131,572	22.1%	29,093
Illinois	4,836,881	10.0%	485,999	5,322,880	16.4%	873,112	11.0%	95,948
Indiana	2,501,325	15.2%	380,568	2,881,893	12.4%	356,667	13.0%	46,461
Iowa	1,163,128	2.2%	25,853	1,188,981	14.6%	174,025	10.5%	18,196
Kansas	1,088,752	7.4%	80,504	1,169,256	12.3%	143,636	10.3%	14,794
Kentucky	1,583,371	3.9%	61,169	1,644,539	21.0%	345,132	18.3%	63,085
Louisiana	1,668,964	6.5%	108,680	1,777,645	17.2%	306,498	7.4%	22,650
Maine	571,277	26.1%	149,312	720,589	22.5%	162,335	66.5%	107,956
Maryland	2,083,956	8.4%	174,235	2,258,191	2.8%	62,685	7.0%	4,358
Massachusetts	2,584,626	8.4%	217,343	2,801,968	16.4%	459,336	38.8%	178,441
Michigan	3,947,084	11.1%	439,803	4,386,888	26.2%	1,147,575	11.5%	132,031
Minnesota	1,994,754	13.8%	275,225	2,269,978	14.0%	316,872	17.1%	54,115
Mississippi	1,097,592	9.7%	106,991	1,204,582	29.7%	358,353	6.9%	24,766
Missouri	2,217,997	3.8%	84,088	2,302,085	14.6%	336,690	10.3%	34,585
Montana	379,228	10.9%	41,387	420,615	14.2%	59,565	29.4%	17,541
Nebraska	678,736	6.7%	45,409	724,145	13.1%	95,222	17.1%	16,261
Nevada	809,411	32.0%	259,081	1,068,492	19.8%	212,021	23.2%	49,112
New Hampshire	523,968	22.1%	115,836	639,804	12.3%	78,561	11.3%	8,856
New Jersey	3,262,561	12.5%	408,819	3,671,381	13.3%	489,827	10.7%	52,537
New Mexico	698,282	7.7%	54,043	752,325	21.7%	163,494	31.2%	51,021
New York	7,294,127	6.4%	465,077	7,759,204	21.6%	1,679,398	31.7%	532,594
North Carolina	3,217,678	16.0%	513,866	3,731,543	19.2%	715,324	16.1%	115,402
North Dakota	275,725	13.0%	35,890	311,615	13.7%	42,621	51.0%	21,729
Ohio	4,595,674	2.9%	133,391	4,729,065	15.8%	748,006	38.5%	287,706
Oklahoma	1,366,274	4.2%	57,363	1,423,636	17.7%	251,388	48.6%	122,222
Oregon	1,366,819	3.4%	45,970	1,412,789	25.0%	352,636	10.7%	37,626
Pennsylvania	4,863,997	7.4%	357,618	5,221,614	12.0%	627,747	16.2%	101,819
Rhode Island	428,672	18.6%	79,874	508,546	18.2%	92,753	59.1%	54,795
South Carolina	1,574,457	3.5%	54,896	1,629,353	18.4%	299,129	7.5%	22,569
South Dakota	308,026	16.3%	50,279	358,305	17.6%	63,060	50.0%	31,543
Tennessee	2,307,548	13.6%	313,658	2,621,206	33.1%	868,524	6.4%	55,717
Texas	7,493,242	1.3%	100,170	7,593,412	25.4%	1,926,796	22.6%	435,718
Utah	716,224	9.7%	69,218	785,443	22.2%	174,445	12.4%	21,551
Vermont	259,765	14.3%	37,188	296,953	32.9%	97,670	35.0%	34,193
Virginia	2,759,677	7.1%	196,873	2,956,550	11.3%	334,873	6.6%	22,209
Washington	2,397,497	7.0%	168,037	2,565,534	16.4%	421,094	21.2%	89,167
West Virginia	759,332	0.6%	4,808	764,140	19.8%	151,333	3.3%	4,936
Wisconsin	2,181,649	13.3%	289,380	2,471,029	11.5%	283,336	27.3%	77,397
Wyoming	196,973	3.7%	7,223	204,196	15.0%	30,529	7.2%	2,204
Nationwide	109,388,768	7.7%	8,657,000	118,045,768	17.8%	21,013,000	33.7%	6,775,000

[1] 1.75 times the 2-year growth (2000-2002) equals the growth over 3.5 years.

Note: Some numbers in this table have been rounded.

Source: Current Population Survey of Households (CPSH) March 2000 and 2002 data.

Section 1: Baseline Information
Table 1.C
Forecasted baseline Lifeline expenditures (Year 2005)

	a (staff estimate)[1]	b=a*12	c (Table 1.B)	d=b*c
State	Monthly federal support per line in 2005	Annual federal support per line	Expected Households taking Lifeline under existing rules	Forecasted Lifeline expenditures under existing rules
Alabama	$10.00	$120.00	25,618	$3,074,197
Alaska	$10.00	$120.00	24,567	$2,948,007
Arizona	$8.31	$99.67	82,488	$8,221,159
Arkansas	$8.25	$99.00	10,655	$1,054,846
California	$8.34	$100.02	3,162,324	$316,308,133
Colorado	$10.00	$120.00	32,568	$3,908,155
Connecticut	$8.02	$96.26	65,570	$6,312,049
Delaware	$8.17	$98.04	2,390	$234,348
DC	$7.32	$87.84	16,638	$1,461,447
Florida	$10.00	$120.00	167,936	$20,152,282
Georgia	$10.00	$120.00	77,224	$9,266,937
Hawaii	$8.25	$99.00	14,539	$1,439,387
Idaho	$9.91	$118.92	29,093	$3,459,726
Illinois	$7.42	$89.01	95,948	$8,540,023
Indiana	$7.45	$89.39	46,461	$4,153,300
Iowa	$6.96	$83.48	18,196	$1,518,973
Kansas	$8.82	$105.87	14,794	$1,566,265
Kentucky	$9.86	$118.29	63,085	$7,462,594
Louisiana	$8.25	$99.00	22,650	$2,242,338
Maine	$9.93	$119.19	107,956	$12,867,569
Maryland	$9.11	$109.33	4,358	$476,493
Massachusetts	$9.92	$119.04	178,441	$21,241,723
Michigan	$8.21	$98.54	132,031	$13,010,610
Minnesota	$7.04	$84.44	54,115	$4,569,718
Mississippi	$10.00	$120.00	24,766	$2,971,882
Missouri	$7.08	$84.97	34,585	$2,938,649
Montana	$10.00	$120.00	17,541	$2,104,915
Nebraska	$9.43	$113.15	16,261	$1,839,924
Nevada	$7.87	$94.49	49,112	$4,640,695
New Hampshire	$8.17	$98.08	8,856	$868,626
New Jersey	$7.95	$95.45	52,537	$5,014,836
New Mexico	$10.00	$120.00	51,021	$6,122,532
New York	$9.83	$117.99	532,594	$62,842,179
North Carolina	$9.72	$116.61	115,402	$13,457,472
North Dakota	$10.00	$120.00	21,729	$2,607,431
Ohio	$7.33	$87.99	287,706	$25,315,775
Oklahoma	$7.78	$93.36	122,222	$11,410,768
Oregon	$10.00	$120.00	37,626	$4,515,156
Pennsylvania	$9.03	$108.32	101,819	$11,028,901
Rhode Island	$9.92	$119.04	54,795	$6,522,833
South Carolina	$9.98	$119.72	22,569	$2,702,025
South Dakota	$8.21	$98.47	31,543	$3,106,151
Tennessee	$9.89	$118.70	55,717	$6,613,430
Texas	$8.90	$106.81	435,718	$46,540,253
Utah	$9.94	$119.22	21,551	$2,569,386
Vermont	$9.93	$119.20	34,193	$4,075,759
Virginia	$9.44	$113.22	22,209	$2,514,557
Washington	$9.62	$115.40	89,167	$10,289,790
West Virginia	$9.25	$111.00	4,936	$547,914
Wisconsin	$7.72	$92.68	77,397	$7,173,137
Wyoming	$10.00	$120.00	2,204	$264,475
Nationwide	Not applicable	Not applicable	6,775,000	$706,000,000

[1] Estimate of monthly federal expenditures includes the Subscriber Line Charge (SLC), $1.75, and any federal matching funds for that state. SLC amounts were estimated on a company-by-company basis, and are based on rules established by the CALLS and MAG proceedings. The SLC for each state is a weighted average based on the number of Lifeline subscribers served by each carrier in the state.

Note: Some numbers in this table have been rounded.

Section 2: Change to baseline: effects from the new policy

Table 2.A

Estimated additional Lifeline-eligible households using a nationwide 1.50 PGC (Year 2002)

	a (Table 1.A)	b (CPSH data)	c=b/a
State	Households in 2002	Additional households that would qualify with a 1.5 PGC	Additional households (%) that would qualify with a 1.5 PGC
Alabama	1,752,018	256,491	14.6%
Alaska	224,499	16,090	7.2%
Arizona	1,939,473	235,401	12.1%
Arkansas	1,059,049	154,167	14.6%
California	11,935,960	0	0.0%
Colorado	1,690,526	222,464	13.2%
Connecticut	1,381,915	110,365	8.0%
Delaware	310,968	22,559	7.3%
DC	269,356	0	0.0%
Florida	6,683,618	981,969	14.7%
Georgia	3,172,213	401,966	12.7%
Hawaii	418,526	62,311	14.9%
Idaho	495,397	19,115	3.9%
Illinois	4,836,881	414,479	8.6%
Indiana	2,501,325	334,218	13.4%
Iowa	1,163,128	114,108	9.8%
Kansas	1,088,752	148,384	13.6%
Kentucky	1,583,371	203,808	12.9%
Louisiana	1,668,964	278,378	16.7%
Maine	571,277	58,443	10.2%
Maryland	2,083,956	277,035	13.3%
Massachusetts	2,584,626	272,646	10.5%
Michigan	3,947,084	0	0.0%
Minnesota	1,994,754	137,500	6.9%
Mississippi	1,097,592	178,003	16.2%
Missouri	2,217,997	132,829	6.0%
Montana	379,228	60,091	15.8%
Nebraska	678,736	62,530	9.2%
Nevada	809,411	0	0.0%
New Hampshire	523,968	39,079	7.5%
New Jersey	3,262,561	347,871	10.7%
New Mexico	698,282	101,850	14.6%
New York	7,294,127	831,139	11.4%
North Carolina	3,217,678	425,055	13.2%
North Dakota	275,725	43,283	15.7%
Ohio	4,595,674	429,961	9.4%
Oklahoma	1,366,274	202,226	14.8%
Oregon	1,366,819	29,048	2.1%
Pennsylvania	4,863,997	365,771	7.5%
Rhode Island	428,672	51,691	12.1%
South Carolina	1,574,457	177,234	11.3%
South Dakota	308,026	27,625	9.0%
Tennessee	2,307,548	61,918	2.7%
Texas	7,493,242	364,564	4.9%
Utah	716,224	19,425	2.7%
Vermont	259,765	0	0.0%
Virginia	2,759,677	270,158	9.8%
Washington	2,397,497	236,432	9.9%
West Virginia	759,332	126,545	16.7%
Wisconsin	2,181,649	167,455	7.7%
Wyoming	196,973	21,734	11.0%
Nationwide	109,388,768	9,495,000	8.7%

Note: Some numbers in this table have been rounded.

Section 2: Change to baseline: effects from the new policy
Table 2.B
Estimated additional Lifeline-eligible households using a nationwide 1.50 PGC (Year 2005)

	a (Table 1.B)	b (Table 2.A)	c=a*b
State	Forecasted Households in 2005	Additional households (%) that would qualify with a 1.5 PGC	Additional households that would qualify with a 1.5 PGC
Alabama	1,766,868	14.6%	258,665
Alaska	236,684	7.2%	16,963
Arizona	2,185,979	12.1%	265,320
Arkansas	1,117,248	14.6%	162,639
California	11,675,997	0.0%	0
Colorado	1,853,209	13.2%	243,872
Connecticut	1,560,766	8.0%	124,648
Delaware	353,960	7.3%	25,677
DC	328,431	0.0%	0
Florida	7,875,457	14.7%	1,157,077
Georgia	3,588,499	12.7%	454,716
Hawaii	430,831	14.9%	64,143
Idaho	521,070	3.9%	20,106
Illinois	5,322,880	8.6%	456,124
Indiana	2,881,893	13.4%	385,069
Iowa	1,188,981	9.8%	116,644
Kansas	1,169,256	13.6%	159,356
Kentucky	1,644,539	12.9%	211,682
Louisiana	1,777,645	16.7%	296,506
Maine	720,589	10.2%	73,718
Maryland	2,258,191	13.3%	300,198
Massachusetts	2,801,968	10.5%	295,573
Michigan	4,386,888	0.0%	0
Minnesota	2,269,978	6.9%	156,472
Mississippi	1,204,582	16.2%	195,354
Missouri	2,302,085	6.0%	137,865
Montana	420,615	15.8%	66,649
Nebraska	724,145	9.2%	66,713
Nevada	1,068,492	0.0%	0
New Hampshire	639,804	7.5%	47,718
New Jersey	3,671,381	10.7%	391,462
New Mexico	752,325	14.6%	109,732
New York	7,759,204	11.4%	884,133
North Carolina	3,731,543	13.2%	492,937
North Dakota	311,615	15.7%	48,917
Ohio	4,729,065	9.4%	442,441
Oklahoma	1,423,636	14.8%	210,716
Oregon	1,412,789	2.1%	30,025
Pennsylvania	5,221,614	7.5%	392,664
Rhode Island	508,546	12.1%	61,322
South Carolina	1,629,353	11.3%	183,413
South Dakota	358,305	9.0%	32,135
Tennessee	2,621,206	2.7%	70,334
Texas	7,593,412	4.9%	369,437
Utah	785,443	2.7%	21,303
Vermont	296,953	0.0%	0
Virginia	2,956,550	9.8%	289,431
Washington	2,565,534	9.9%	253,003
West Virginia	764,140	16.7%	127,347
Wisconsin	2,471,029	7.7%	189,667
Wyoming	204,196	11.0%	22,531
Nationwide	118,045,768	8.7%	10,382,000

Note: Some numbers in this table have been rounded.

Section 2: Change to baseline: effects from the new policy
Table 2.C
Regression analysis: Would Lifeline take rates[1] increase due to a nationwide implementation of a 1.50 PGC?

Regression Model

Dependent variable: Lifeline take rate	Specification 1 (Low Range)		Specification 2 (High Range)	
Independent variables	Coefficient	t-statistic	Coefficient	t-statistic
Amount that state's PGC is above 1.253	0.554	1.78	0.612	1.99
California	0.990	5.95	0.992	5.96
Total support	0.010	1.02		
Constant	0.082	0.88	0.173	7.69
Sample size: 51 $R^2 =$	0.5636		0.5539	

Conclusion: Yes, for both specifications, the coefficient on "Amount that state's PGC is above 1.25" is positive and statistically significant.

Result

Q: If a state without a PGC (or a state with a PGC below 1.5) added a 1.5 PGC, how much would the take rate increase?

	Coefficient	Amount 1.5 PGC is above 1.25	Increase in portion that would take Lifeline[4]
Low range:	0.554	0.25	0.139
High range:	0.612	0.25	0.153

A: The take rate would rise by 13.9 to 15.3 percentage points.

Notes:

[1] The Lifeline take rate is the number of households that take Lifeline divided by the number of households with income at or below 1.5 times the poverty guidelines. For more information on the regression, see Technical Appendix 1.

[2] Significant at the 10% level in a two-tailed test.

[3] For instance, if a state has a 1.5 poverty guidelines criterion, then the variable has a value of .25 (=1.5 - 1.25). If a state has no poverty guidelines criteria, or if the state's poverty guidelines criteria is at or below 1.25, then the variable has a value of 0.

[4] This means that if a state raised its PGC from 1.25 to 1.50, then, on average, the percentage of poor households that take Lifeline would rise by 13.9 to 15.3 percentage points. Similarly, on average, a state adding a 1.50 PGC where no PGC existed would increase its Lifeline take rate by 13.9 to 15.3 percentage points.

Section 2: Change to baseline: effects from the new policy
Table 2.D
Estimated additional Lifeline subscribership with a nationwide 1.50 PGC

	a (CPSH data)	b (Table 2.C)	c=a*b
	Households with incomes at or below 1.50 times the poverty guidelines in states with 1.33 or lower PGCs (Year 2002)[1]	Additional households that would take Lifeline due to 1.50 PGC	Additional Lifeline takers due to 1.50 PGC
Low range:	19,232,000	13.9%	2,665,000
High range:	19,232,000	15.3%	2,940,000

Q: Of the households that would become eligible to take Lifeline because of a 1.5 PGC, what percentage would do so only because of the 1.5 PGC?

	A (Column c, above)	B (Table 2.A)	C=A/B
	Additional households that would have taken Lifeline due to a 1.5 PGC	Additional households that would have become eligible due to a 1.5 PGC	Percentage of newly eligible households that would take Lifeline with a 1.5 PGC
Low range:	2,665,000	9,495,000	28.1%
High range:	2,940,000	9,495,000	31.0%

A: 28.1% to 31.0% of the households that would become eligible for Lifeline would subscribe.

Notes

[1] The regression analysis presented in Table 2.C examined Lifeline take rates among households with incomes at or below 1.5 times the federal poverty guidelines. This value includes households in states without a poverty level criterion for Lifeline.

Source: Current Population Survey of Households (CPSH) March 2002 data.

Section 2: Change to baseline: effects from the new policy
Table 2.E
Estimated state-by-state additional Lifeline subscribers using a 1.50 PGC (Year 2002)

		Low range		High range	
	a (Table 2.A)	b (Table 2.D)	c=a*b	d (Table 2.D)	e=a*d
State	Additional HH that would qualify if 1.5 PGC were added	Take rate among HH that qualify due to 1.5 PGC	Additional LL takers due to 1.5 PGC	Take rate among HH that qualify due to 1.5 PGC	Additional LL takers due to 1.5 PGC
Alabama	256,491	28.1%	71,990	31.0%	79,419
Alaska	16,090	28.1%	4,516	31.0%	4,982
Arizona	235,401	28.1%	66,071	31.0%	72,889
Arkansas	154,167	28.1%	43,271	31.0%	47,736
California	0	28.1%	0	31.0%	0
Colorado	222,464	28.1%	62,440	31.0%	68,883
Connecticut	110,365	28.1%	30,977	31.0%	34,173
Delaware	22,559	28.1%	6,332	31.0%	6,985
DC	0	28.1%	0	31.0%	0
Florida	981,969	28.1%	275,613	31.0%	304,054
Georgia	401,966	28.1%	112,821	31.0%	124,463
Hawaii	62,311	28.1%	17,489	31.0%	19,294
Idaho	19,115	28.1%	5,365	31.0%	5,919
Illinois	414,479	28.1%	116,333	31.0%	128,338
Indiana	334,218	28.1%	93,806	31.0%	103,486
Iowa	114,108	28.1%	32,027	31.0%	35,332
Kansas	148,384	28.1%	41,648	31.0%	45,945
Kentucky	203,808	28.1%	57,204	31.0%	63,106
Louisiana	278,378	28.1%	78,134	31.0%	86,196
Maine	58,443	28.1%	16,403	31.0%	18,096
Maryland	277,035	28.1%	77,757	31.0%	85,780
Massachusetts	272,646	28.1%	76,525	31.0%	84,421
Michigan	0	28.1%	0	31.0%	0
Minnesota	137,500	28.1%	38,593	31.0%	42,575
Mississippi	178,003	28.1%	49,961	31.0%	55,116
Missouri	132,829	28.1%	37,282	31.0%	41,129
Montana	60,091	28.1%	16,866	31.0%	18,606
Nebraska	62,530	28.1%	17,551	31.0%	19,362
Nevada	0	28.1%	0	31.0%	0
New Hampshire	39,079	28.1%	10,968	31.0%	12,100
New Jersey	347,871	28.1%	97,638	31.0%	107,714
New Mexico	101,850	28.1%	28,587	31.0%	31,536
New York	831,139	28.1%	233,279	31.0%	257,351
North Carolina	425,055	28.1%	119,302	31.0%	131,613
North Dakota	43,283	28.1%	12,148	31.0%	13,402
Ohio	429,961	28.1%	120,679	31.0%	133,132
Oklahoma	202,226	28.1%	56,760	31.0%	62,616
Oregon	29,048	28.1%	8,153	31.0%	8,994
Pennsylvania	365,771	28.1%	102,662	31.0%	113,256
Rhode Island	51,691	28.1%	14,508	31.0%	16,005
South Carolina	177,234	28.1%	49,745	31.0%	54,878
South Dakota	27,625	28.1%	7,754	31.0%	8,554
Tennessee	61,918	28.1%	17,379	31.0%	19,172
Texas	364,564	28.1%	102,324	31.0%	112,882
Utah	19,425	28.1%	5,452	31.0%	6,015
Vermont	0	28.1%	0	31.0%	0
Virginia	270,158	28.1%	75,826	31.0%	83,651
Washington	236,432	28.1%	66,360	31.0%	73,208
West Virginia	126,545	28.1%	35,518	31.0%	39,183
Wisconsin	167,455	28.1%	47,000	31.0%	51,850
Wyoming	21,734	28.1%	6,100	31.0%	6,730
Nationwide	9,495,000	28.1%	2,665,000	31.0%	2,940,000

Note: Some numbers in this table have been rounded.

Section 2: Change to baseline: effects from the new policy

Table 2.F

Estimated state-by-state additional Lifeline subscribers using a 1.50 PGC (Year 2005)

		Low range		High range	
	a (Table 2.B)	b (Table 2.D)	c=a*b	d (Table 2.D)	e=a*d
State	Additional HH that would qualify if 1.5 PGC were added	Take rate among HH that qualify due to 1.5 PGC	Additional LL takers due to 1.5 PGC	Take rate among HH that qualify due to 1.5 PGC	Additional LL takers due to 1.5 PGC
Alabama	258,665	28.1%	72,600	31.0%	80,092
Alaska	16,963	28.1%	4,761	31.0%	5,252
Arizona	265,320	28.1%	74,468	31.0%	82,153
Arkansas	162,639	28.1%	45,649	31.0%	50,359
California	0	28.1%	0	31.0%	0
Colorado	243,872	28.1%	68,449	31.0%	75,512
Connecticut	124,648	28.1%	34,986	31.0%	38,596
Delaware	25,677	28.1%	7,207	31.0%	7,951
DC	0	28.1%	0	31.0%	0
Florida	1,157,077	28.1%	324,761	31.0%	358,273
Georgia	454,716	28.1%	127,627	31.0%	140,797
Hawaii	64,143	28.1%	18,003	31.0%	19,861
Idaho	20,106	28.1%	5,643	31.0%	6,226
Illinois	456,124	28.1%	128,022	31.0%	141,233
Indiana	385,069	28.1%	108,079	31.0%	119,231
Iowa	116,644	28.1%	32,739	31.0%	36,117
Kansas	159,356	28.1%	44,727	31.0%	49,342
Kentucky	211,682	28.1%	59,414	31.0%	65,544
Louisiana	296,506	28.1%	83,222	31.0%	91,809
Maine	73,718	28.1%	20,691	31.0%	22,826
Maryland	300,198	28.1%	84,258	31.0%	92,952
Massachusetts	295,573	28.1%	82,960	31.0%	91,520
Michigan	0	28.1%	0	31.0%	0
Minnesota	156,472	28.1%	43,918	31.0%	48,449
Mississippi	195,354	28.1%	54,831	31.0%	60,489
Missouri	137,865	28.1%	38,695	31.0%	42,688
Montana	66,649	28.1%	18,707	31.0%	20,637
Nebraska	66,713	28.1%	18,725	31.0%	20,657
Nevada	0	28.1%	0	31.0%	0
New Hampshire	47,718	28.1%	13,393	31.0%	14,775
New Jersey	391,462	28.1%	109,873	31.0%	121,211
New Mexico	109,732	28.1%	30,799	31.0%	33,977
New York	884,133	28.1%	248,153	31.0%	273,760
North Carolina	492,937	28.1%	138,355	31.0%	152,631
North Dakota	48,917	28.1%	13,730	31.0%	15,147
Ohio	442,441	28.1%	124,182	31.0%	136,996
Oklahoma	210,716	28.1%	59,143	31.0%	65,245
Oregon	30,025	28.1%	8,427	31.0%	9,297
Pennsylvania	392,664	28.1%	110,210	31.0%	121,583
Rhode Island	61,322	28.1%	17,212	31.0%	18,988
South Carolina	183,413	28.1%	51,479	31.0%	56,791
South Dakota	32,135	28.1%	9,019	31.0%	9,950
Tennessee	70,334	28.1%	19,741	31.0%	21,778
Texas	369,437	28.1%	103,691	31.0%	114,391
Utah	21,303	28.1%	5,979	31.0%	6,596
Vermont	0	28.1%	0	31.0%	0
Virginia	289,431	28.1%	81,236	31.0%	89,618
Washington	253,003	28.1%	71,011	31.0%	78,339
West Virginia	127,347	28.1%	35,743	31.0%	39,431
Wisconsin	189,667	28.1%	53,235	31.0%	58,728
Wyoming	22,531	28.1%	6,324	31.0%	6,976
Nationwide	10,382,000	28.1%	2,914,000	31.0%	3,215,000

Note: Some numbers in this table have been rounded.

Section 2: Change to baseline: effects from the new policy
Table 2.G
Estimated increase in Lifeline expenditures (Year 2005)

		Low range		High range	
	a (Table 1.C)	b (Table 2.F)	c=a*b	d (Table 2.F)	e=a*d
State	Annual federal support per Lifeline subscriber	Forecasted additional HH taking Lifeline	Forecasted increased federal Lifeline expenditures	Forecasted additional HH taking Lifeline	Forecasted increased federal Lifeline expenditures
Alabama	$120.00	72,600	$8,712,054	80,092	$9,611,046
Alaska	$120.00	4,761	$571,334	5,252	$630,290
Arizona	$99.67	74,468	$7,421,900	82,153	$8,187,762
Arkansas	$99.00	45,649	$4,519,194	50,359	$4,985,527
California	$100.02	0	$0	0	$0
Colorado	$120.00	68,449	$8,213,836	75,512	$9,061,418
Connecticut	$96.26	34,986	$3,367,877	38,596	$3,715,406
Delaware	$98.04	7,207	$706,571	7,951	$779,481
DC	$87.84	0	$0	0	$0
Florida	$120.00	324,761	$38,971,362	358,273	$42,992,797
Georgia	$120.00	127,627	$15,315,227	140,797	$16,895,598
Hawaii	$99.00	18,003	$1,782,313	19,861	$1,966,229
Idaho	$118.92	5,643	$671,075	6,226	$740,323
Illinois	$89.01	128,022	$11,394,798	141,233	$12,570,621
Indiana	$89.39	108,079	$9,661,413	119,231	$10,658,369
Iowa	$83.48	32,739	$2,733,047	36,117	$3,015,069
Kansas	$105.87	44,727	$4,735,469	49,342	$5,224,119
Kentucky	$118.29	59,414	$7,028,232	65,544	$7,753,471
Louisiana	$99.00	83,222	$8,238,980	91,809	$9,089,156
Maine	$119.19	20,691	$2,466,169	22,826	$2,720,651
Maryland	$109.33	84,258	$9,211,947	92,952	$10,162,523
Massachusetts	$119.04	82,960	$9,875,552	91,520	$10,894,605
Michigan	$98.54	0	$0	0	$0
Minnesota	$84.44	43,918	$3,708,590	48,449	$4,091,278
Mississippi	$120.00	54,831	$6,579,710	60,489	$7,258,667
Missouri	$84.97	38,695	$3,287,844	42,688	$3,627,115
Montana	$120.00	18,707	$2,244,788	20,637	$2,476,427
Nebraska	$113.15	18,725	$2,118,733	20,657	$2,337,364
Nevada	$94.49	0	$0	0	$0
New Hampshire	$98.08	13,393	$1,313,584	14,775	$1,449,132
New Jersey	$95.45	109,873	$10,487,737	121,211	$11,569,961
New Mexico	$120.00	30,799	$3,695,875	33,977	$4,077,250
New York	$117.99	248,153	$29,280,261	273,760	$32,301,676
North Carolina	$116.61	138,355	$16,134,077	152,631	$17,798,944
North Dakota	$120.00	13,730	$1,647,578	15,147	$1,817,590
Ohio	$87.99	124,182	$10,926,961	136,996	$12,054,508
Oklahoma	$93.36	59,143	$5,521,621	65,245	$6,091,394
Oregon	$120.00	8,427	$1,011,274	9,297	$1,115,627
Pennsylvania	$108.32	110,210	$11,937,808	121,583	$13,169,664
Rhode Island	$119.04	17,212	$2,048,864	18,988	$2,260,285
South Carolina	$119.72	51,479	$6,163,141	56,791	$6,799,113
South Dakota	$98.47	9,019	$888,163	9,950	$979,812
Tennessee	$118.70	19,741	$2,343,169	21,778	$2,584,960
Texas	$106.81	103,691	$11,075,569	114,391	$12,218,451
Utah	$119.22	5,979	$712,838	6,596	$786,395
Vermont	$119.20	0	$0	0	$0
Virginia	$113.22	81,236	$9,197,758	89,618	$10,146,870
Washington	$115.40	71,011	$8,194,635	78,339	$9,040,235
West Virginia	$111.00	35,743	$3,967,545	39,431	$4,376,954
Wisconsin	$92.68	53,235	$4,933,780	58,728	$5,442,894
Wyoming	$120.00	6,324	$758,866	6,976	$837,173
Nationwide	Not applicable	2,914,000	$316,000,000	3,215,000	$348,000,000

Note: Some numbers in this table have been rounded.

Section 2: Change to baseline: effects from the new policy
Table 2.H
Logit regression results: Would a 1.50 Poverty Guidelines Criterion for Lifeline increase telephone penetration?

Logistic regression analysis[1]

Dependent side variable: Does the household have telephone service?

Independent side variables	Coefficient value	Wald statistic	P-Value	Statistically significant
State has 1.50 poverty guidelines criterion for Lifeline	0.110	0.21	0.65	No
Income (000s)	0.027	4.90	0.03	Yes
Household is a mobile home	-1.137	24.10	0.00	Yes
Household is owned, not rented	0.962	26.60	0.00	Yes
Percentage of householders who have lived there one year	0.784	17.66	0.00	Yes
Someone in the household is on food stamps	-0.456	3.51	0.06	Yes
Constant	1.195	18.23	0.00	Yes

Conclusion: No, the coefficient on "State has 1.5 poverty guidelines criterion for Lifeline" is not statistically significant.

[1] For more information on the logistic regression, see Technical Appendix 2.

Section 3: New policy: new levels resulting from a 1.50 PGC (as of July 1, 2005)
Table 3.A
Forecasted new Lifeline subscribers (Year 2005)

			Low range		High range	
	a (Table 1.B)	b (Table 1.B)	c (Table 2.F)	d=b+c	e (Table 2.F)	f=b+e
State	Forecasted households	Forecasted baseline households taking Lifeline	Additional LL takers due to 1.5 PGC	New total households taking Lifeline	Additional LL takers due to 1.5 PGC	New total households taking Lifeline
Alabama	1,766,868	25,618	72,600	98,219	80,092	105,710
Alaska	236,684	24,567	4,761	29,328	5,252	29,819
Arizona	2,185,979	82,488	74,468	156,956	82,153	164,641
Arkansas	1,117,248	10,655	45,649	56,304	50,359	61,014
California	11,675,997	3,162,324	0	3,162,324	0	3,162,324
Colorado	1,853,209	32,568	68,449	101,017	75,512	108,080
Connecticut	1,560,766	65,570	34,986	100,555	38,596	104,165
Delaware	353,960	2,390	7,207	9,597	7,951	10,341
DC	328,431	16,638	0	16,638	0	16,638
Florida	7,875,457	167,936	324,761	492,697	358,273	526,209
Georgia	3,588,499	77,224	127,627	204,851	140,797	218,021
Hawaii	430,831	14,539	18,003	32,542	19,861	34,400
Idaho	521,070	29,093	5,643	34,737	6,226	35,319
Illinois	5,322,880	95,948	128,022	223,971	141,233	237,181
Indiana	2,881,893	46,461	108,079	154,540	119,231	165,693
Iowa	1,188,981	18,196	32,739	50,935	36,117	54,313
Kansas	1,169,256	14,794	44,727	59,521	49,342	64,136
Kentucky	1,644,539	63,085	59,414	122,499	65,544	128,630
Louisiana	1,777,645	22,650	83,222	105,871	91,809	114,459
Maine	720,589	107,956	20,691	128,647	22,826	130,782
Maryland	2,258,191	4,358	84,258	88,616	92,952	97,310
Massachusetts	2,801,968	178,441	82,960	261,401	91,520	269,962
Michigan	4,386,888	132,031	0	132,031	0	132,031
Minnesota	2,269,978	54,115	43,918	98,033	48,449	102,565
Mississippi	1,204,582	24,766	54,831	79,597	60,489	85,255
Missouri	2,302,085	34,585	38,695	73,280	42,688	77,273
Montana	420,615	17,541	18,707	36,248	20,637	38,178
Nebraska	724,145	16,261	18,725	34,985	20,657	36,918
Nevada	1,068,492	49,112	0	49,112	0	49,112
New Hampshire	639,804	8,856	13,393	22,250	14,775	23,632
New Jersey	3,671,381	52,537	109,873	162,410	121,211	173,748
New Mexico	752,325	51,021	30,799	81,820	33,977	84,998
New York	7,759,204	532,594	248,153	780,747	273,760	806,354
North Carolina	3,731,543	115,402	138,355	253,756	152,631	268,033
North Dakota	311,615	21,729	13,730	35,458	15,147	36,875
Ohio	4,729,065	287,706	124,182	411,888	136,996	424,702
Oklahoma	1,423,636	122,222	59,143	181,364	65,245	187,467
Oregon	1,412,789	37,626	8,427	46,054	9,297	46,923
Pennsylvania	5,221,614	101,819	110,210	212,030	121,583	223,402
Rhode Island	508,546	54,795	17,212	72,007	18,988	73,783
South Carolina	1,629,353	22,569	51,479	74,049	56,791	79,361
South Dakota	358,305	31,543	9,019	40,563	9,950	41,493
Tennessee	2,621,206	55,717	19,741	75,458	21,778	77,495
Texas	7,593,412	435,718	103,691	539,409	114,391	550,109
Utah	785,443	21,551	5,979	27,530	6,596	28,147
Vermont	296,953	34,193	0	34,193	0	34,193
Virginia	2,956,550	22,209	81,236	103,445	89,618	111,827
Washington	2,565,534	89,167	71,011	160,179	78,339	167,506
West Virginia	764,140	4,936	35,743	40,679	39,431	44,367
Wisconsin	2,471,029	77,397	53,235	130,631	58,728	136,125
Wyoming	204,196	2,204	6,324	8,528	6,976	9,180
Nationwide	118,045,768	6,775,000	2,914,000	9,689,000	3,215,000	9,990,000

Note: Some numbers in this table have been rounded.

Section 3: New policy: new levels resulting from a 1.50 PGC (as of July 1, 2005)
Table 3.B
Forecasted new Lifeline expenditures (Year 2005)

		Low range		High range	
	a (Table 1.C)	b (Table 2.K)	c=a*b	d (Table 2.K)	e=a*d
	Annual federal	Additional federal	Total federal	Additional federal	Total federal
	Lifeline expenditures	Lifeline expenditures	Lifeline expenditures	Lifeline expenditures	Lifeline expenditures
State	without 1.5 PGC	with 1.5 PGC	with 1.5 PGC	with 1.5 PGC	with 1.5 PGC
Alabama	$3,074,197	$8,712,054	$11,786,251	$9,611,046	$12,685,243
Alaska	$2,948,007	$571,334	$3,519,341	$630,290	$3,578,296
Arizona	$8,221,159	$7,421,900	$15,643,060	$8,187,762	$16,408,922
Arkansas	$1,054,846	$4,519,194	$5,574,040	$4,985,527	$6,040,373
California	$316,308,133	$0	$316,308,133	$0	$316,308,133
Colorado	$3,908,155	$8,213,836	$12,121,991	$9,061,418	$12,969,573
Connecticut	$6,312,049	$3,367,877	$9,679,926	$3,715,406	$10,027,455
Delaware	$234,348	$706,571	$940,918	$779,481	$1,013,829
DC	$1,461,447	$0	$1,461,447	$0	$1,461,447
Florida	$20,152,282	$38,971,362	$59,123,644	$42,992,797	$63,145,079
Georgia	$9,266,937	$15,315,227	$24,582,164	$16,895,598	$26,162,535
Hawaii	$1,439,387	$1,782,313	$3,221,699	$1,966,229	$3,405,615
Idaho	$3,459,726	$671,075	$4,130,801	$740,323	$4,200,049
Illinois	$8,540,023	$11,394,798	$19,934,821	$12,570,621	$21,110,644
Indiana	$4,153,300	$9,661,413	$13,814,713	$10,658,369	$14,811,669
Iowa	$1,518,973	$2,733,047	$4,252,020	$3,015,069	$4,534,042
Kansas	$1,566,265	$4,735,469	$6,301,733	$5,224,119	$6,790,384
Kentucky	$7,462,594	$7,028,232	$14,490,826	$7,753,471	$15,216,065
Louisiana	$2,242,338	$8,238,980	$10,481,318	$9,089,156	$11,331,494
Maine	$12,867,569	$2,466,169	$15,333,737	$2,720,651	$15,588,220
Maryland	$476,493	$9,211,947	$9,688,440	$10,162,523	$10,639,016
Massachusetts	$21,241,723	$9,875,552	$31,117,276	$10,894,605	$32,136,329
Michigan	$13,010,610	$0	$13,010,610	$0	$13,010,610
Minnesota	$4,569,718	$3,708,590	$8,278,308	$4,091,278	$8,660,996
Mississippi	$2,971,882	$6,579,710	$9,551,592	$7,258,667	$10,230,549
Missouri	$2,938,649	$3,287,844	$6,226,493	$3,627,115	$6,565,764
Montana	$2,104,915	$2,244,788	$4,349,703	$2,476,427	$4,581,342
Nebraska	$1,839,924	$2,118,733	$3,958,657	$2,337,364	$4,177,288
Nevada	$4,640,695	$0	$4,640,695	$0	$4,640,695
New Hampshire	$868,626	$1,313,584	$2,182,210	$1,449,132	$2,317,758
New Jersey	$5,014,836	$10,487,737	$15,502,573	$11,569,961	$16,584,798
New Mexico	$6,122,532	$3,695,875	$9,818,407	$4,077,250	$10,199,782
New York	$62,842,179	$29,280,261	$92,122,439	$32,301,676	$95,143,854
North Carolina	$13,457,472	$16,134,077	$29,591,549	$17,798,944	$31,256,416
North Dakota	$2,607,431	$1,647,578	$4,255,009	$1,817,590	$4,425,022
Ohio	$25,315,775	$10,926,961	$36,242,736	$12,054,508	$37,370,283
Oklahoma	$11,410,768	$5,521,621	$16,932,389	$6,091,394	$17,502,162
Oregon	$4,515,156	$1,011,274	$5,526,430	$1,115,627	$5,630,783
Pennsylvania	$11,028,901	$11,937,808	$22,966,709	$13,169,664	$24,198,565
Rhode Island	$6,522,833	$2,048,864	$8,571,697	$2,260,285	$8,783,118
South Carolina	$2,702,025	$6,163,141	$8,865,166	$6,799,113	$9,501,137
South Dakota	$3,106,151	$888,163	$3,994,314	$979,812	$4,085,963
Tennessee	$6,613,430	$2,343,169	$8,956,599	$2,584,960	$9,198,389
Texas	$46,540,253	$11,075,569	$57,615,822	$12,218,451	$58,758,704
Utah	$2,569,386	$712,838	$3,282,223	$786,395	$3,355,781
Vermont	$4,075,759	$0	$4,075,759	$0	$4,075,759
Virginia	$2,514,557	$9,197,758	$11,712,315	$10,146,870	$12,661,427
Washington	$10,289,790	$8,194,635	$18,484,425	$9,040,235	$19,330,025
West Virginia	$547,914	$3,967,545	$4,515,460	$4,376,954	$4,924,869
Wisconsin	$7,173,137	$4,933,780	$12,106,917	$5,442,894	$12,616,031
Wyoming	$264,475	$758,866	$1,023,341	$837,173	$1,101,648
Nationwide	$706,000,000	$316,000,000	$1,022,000,000	$348,000,000	$1,054,000,000

Note: Some numbers in this table have been rounded.

Technical Appendix 1

Background information for Table 2.C (Would Lifeline take rates increase due to a nationwide implementation of a 1.35 PGC?)

Below are the two regression results that are used to determine the effect that a nationwide implementation of a 1.35 poverty guideline criterion would have on Lifeline subscribership.

Regression 1 – Lifeline specification 1.

The regression model calculated from the data is

%HHBelow15OnLL=
0.08 + 0.55 x IncElgAbv125 + 0.99 x California + 0.01 x TotSup.

Explanation of variables for Lifeline regression specification 1.

The dependent variable is the number of households taking Lifeline divided by the number of households that are at or below 1.50 times the federal poverty guidelines.[13] This variable is abbreviated as "%HHBelow15OnLL" in the regressions below. For example, Texas had 429,970 Lifeline subscribers in 2002, and 1,789,726 households at or below 1.50 times the poverty line. The dependent variable data point for Texas therefore equals 0.24 (=429,970/1,789,726).

The first Independent Variable is IncEligAbv125. For each state, IncEligAbv125 equals that state's income eligibility level (if it has one) minus 1.25. So, for California, which has an income eligibility criterion of 1.50 times the poverty guidelines, IncEligAbv125 equals 0.25 (= 1.5 – 1.25). For states with an income eligibility criterion at or below 1.25 times the poverty guidelines, or for states without an income criterion, IncEligAbv125 equals 0. So, for Texas, which has an income eligibility criterion of 1.25 times the poverty guidelines, IncEligAbv125 equals 0. The coefficient on this variable allows us to predict the percentage increase in the number of households that would take Lifeline if a 1.35 PGC were adopted.

[13] The Department of Health and Human Services establishes the federal poverty guidelines, which is based on the number of people living in the household, and whether the household is in the mainland United States, Alaska, or Hawaii.

So for Texas, and other states with a 1.25 PGC (and for states without an income-based criterion), the new policy would increase the independent variable from 0.25 to 0.35, or by 0.1, and the dependent variable would increase 5.5 percentage points. The percentage point increase in percentage of households at or below 1.50 times the poverty guidelines that take Lifeline because of a 1.35 PGC were implemented would be 5.5%.

$$= 0.55 * 0.1 = 0.055 \text{ or } 5.5\%.$$ [14]

The second Independent Variable is "California". In statistical terms, this is called a "dummy" variable, and equals 1 if the state is California, and is 0 otherwise. A dummy variable is often used in regression analysis to quantify specific effects. California is the only state using self-certification with an income-based criterion, and it appears to have more households taking Lifeline than the CPSH data would indicate are eligible for it. Therefore, singling out California with a dummy variable to measure a California-specific effect is warranted.

The variable "TotSup" is the amount of monthly telephone service support that Lifeline subscribers in each state receive (TotSup). The amount of total support that households receive varies with the local telephone carrier. For each state, TotSup is the amount of support from the largest carrier in that state. For example, in Texas, Lifeline subscribers pay $11.35 per month less for telephone service than regular telephone subscribers. Therefore, the TotSup datapoint for Texas is $11.35. The more support that eligible households can receive, the more incentive they have to take Lifeline.

[14] The coefficient 0.58 is used to calculate the number of additional households that would take Lifeline with a 1.35 PGC. It is multiplied by the number of households at or below 1.50 times the poverty guidelines (i.e., from 0.0 to 1.50 times the poverty guidelines). Even though those households between 1.35 and 1.50 times the poverty guidelines would not actually qualify for Lifeline, the model coefficient is estimated in such a way that a correct prediction is made.

Regression 2 – Lifeline specification 2.

%HHBelow15OnLL =
0.17 + 0.61 x IncElgAbv125 + 0.99 x California

When comparing the two specifications, this one suggests that more households would take Lifeline because the coefficient 0.61 is greater than the 0.55 coefficient in Regression 1. So for Texas, and other states with a 1.25 PGC, and for states without an income criterion, the percentage point increase in the percentage of households at or below 1.50 times the poverty guidelines that would take Lifeline because of a 1.35 PGC is 6.1%.

= 0.61 *x 0.1 = 0.061 or 6.1%.

Additional information about Lifeline regression specifications 1 and 2:

Data sources.

The data are from the Current Population Survey of Households (CPSH) (March 2002 data), USAC, *Universal Service Monitoring Report* (October 2002), and <www.lifelinesupport.org>. The CPSH data are used to determine demographic data about households and whether they have telephone service. USAC provided data on the number of Lifeline subscribers in each state for 2002. The *Universal Service Monitoring Report* was used to determine the total support (number of dollars) that Lifeline subscribers received in each state. USAC's website <www.lifelinesupport.org> was used to determine which states had income criteria for Lifeline in 2002, and the multiple of the Federal Poverty Guidelines that was required to be eligible for Lifeline in those states.

Data are aggregated to the state level.

CPSH has data for thousands of households, including whether the household has telephone service or not. If it were possible to do so, it would be best to conduct the analysis at the household level to maximize the number of observations and to account for several demographic factors. Unfortunately, CPSH data do not report whether the household is receiving the Lifeline subsidy. Therefore, individual data observations could not directly be used for the estimation. The number of Lifeline subscribers for each state is available from the USAC, so the CPSH data are aggregated to the state level to match the USAC data. Thus, there is a single data point constructed for each state. The number of households that are at or below 1.50 times the poverty guidelines in a particular state is determined by summing the statistical weight of each household at or below 1.50 times the poverty guidelines (the statistical weight for each household is determined by the Bureau of Labor Statistics), and dividing by 100. (The statistical weights add up to 100 times the number of households in the state, so dividing by 100 is a necessary step.)

Additional information on regression specification

The dependent variable: ***% HHBelow15OnLL.***

As mentioned above, the dependent variable is the number of households taking Lifeline divided by the number of households that are at or below 1.50 times the poverty guidelines. The dependent variable should be a measure of participation rate, and this requires a measure of takers and a measure of eligibility. An ideal measure would have been the number of households taking Lifeline divided by the total number of households that are eligible. Obtaining a precise measure of number of eligible households in each state is not possible, as will be explained below, so a surrogate measure "number of households that are at or below 1.50 times the poverty guidelines" is used in its place. As long as the resulting surrogate participation rate is consistent across states, and used properly, the resulting analysis is correct.

The surrogate is necessary because of a measurement problem. There are several states where it is difficult to measure the number of households that are eligible for Lifeline. This happens most often when states use state-specific programs as eligibility criteria. Because the CPSH survey does not ask about every possible welfare program, the CPSH data cannot always be used to determine if a household is eligible for Lifeline or not.

Therefore, an alternative dependent variable was needed. The number of households below 1.50 times the poverty guidelines is a reasonable proximate measure of support need. So, instead of dividing the number of households taking Lifeline by the number of households eligible for Lifeline, the dependent variable in this analysis is the number of households taking Lifeline divided by the number of households that are at or below 1.50 times the federal poverty guidelines. The 1.50 multiple was chosen because it was the highest poverty guideline criterion used by any state, and it was used by several states.

The principal independent variable: **IncEligAbv125.**

As mentioned above, IncEligAbv125 equals that state's income eligibility level (if it has one) minus 1.25. If the state has no income eligibility criterion, or if it has one that is less than 1.25 times the poverty guidelines, then the datapoint equals zero for that state.

The main objective of the regression analysis is to quantify the number of additional households that will subscribe to Lifeline with the implementation of an income-based eligibility criterion. Generally, states using higher multiples of the poverty guidelines as an eligibility criterion have higher Lifeline participation rates than states using lower multiples of the poverty guidelines criteria (or states using no income based criterion at all). The coefficient on IncEligAbv125 is used to predict the number of households that would take Lifeline due to a 1.35 PGC.

Preliminary modeling indicated that a nationwide implementation of an income criterion set at or below 1.25 times the poverty guidelines would not increase the number of households taking Lifeline by a statistically significant amount. Because some states use lower multiples of the poverty guidelines to determine Lifeline eligibility, one would expect that using a higher multiple of the poverty guidelines would increase the number of households eligible for Lifeline in those states. However, basing this independent variable on lower multiples of the poverty guidelines did not produce statistically significant results.

Discussion

Discussion of independent variables:

The variable "California" is significant in both regressions (indeed, it was significant for all regression specifications in which it is included).

"TotSup" is positive, but is not significant. It has a t-statistic greater than one, however, indicating that it still increases the adjusted R squared. Further, there is strong economic reason to include it, because it measures a household's incentive to take Lifeline, so it should not be eliminated from the model without good reason.

"IncEligAbv125" is significant in both regressions, but the size of the coefficient varies somewhat, and its significance drops somewhat when TotSup is included. Other specifications of the model were run that included whether each state had a particular program as an eligibility criteria. Throughout most of the trial specifications, the coefficient of IncEligAbv125 ranged between the two values presented in this report and remained significant. Therefore, the analyses presented in this report are very robust.

Low-income Home Energy Assistance Program (LIHEAP)

Other regression models using trial variables were tested, but for the reasons listed below, these models are not adopted. However, when the regression included whether the state had LIHEAP as a method for qualifying for Lifeline, the coefficient on IncEligAbv125 dropped 30% and was not significant. This trial regression model is unsound for two reasons.

First, if the results were accurate, it would indicate that there would be no significant additional Lifeline subscribership with the implementation of a 1.35 PGC. This is not plausible, because the logistic regression analysis (see Appendix 2) indicates that a 1.35 PGC would significantly increase the number of households taking telephone service. Because we find strong evidence that a 1.35 PGC would increase telephone subscribership, a similar impact on Lifeline subscribership is also expected.

Second, if the coefficient on IncEligAbv125 from the Lifeline Regression were inserted into the model, it would indicate that just 10% of those households that would become eligible would take Lifeline service, which seems far too low. Currently, well over 30% of eligible households take Lifeline service. While the percentage of eligible households that would take Lifeline would surely decrease as eligibility requirements were eased, there is no reason to believe that it

would drop by more than 2/3. Thus, adding a variable quantifying whether the state has LIHEAP as an eligibility requirement leads to irrational results. That trial regression is therefore not used.[15]

Given that the coefficient on IncEligAbv125 ranges between 0.554 and 0.612 in most trial regressions without the LIHEAP variable, that range is used in this study. Table 2.D uses the results from the regression analysis to quantify the number of households that would take Lifeline as a result of a 1.35 PGC.

The statistical computer program Stata 8.0 was used to run the OLS regressions. The regression outputs (below) show the significance of each coefficient.

[15] We note that there is some multicollinearity between the LIHEAP variable and TotSup. As a practical matter, if energy assistance is included in the regression and TotSup is removed, then the coefficient on IncElgAbv125 returns to normal levels and is significant.

```
reg  HHBelow15onLL  totsup california incelgabv125

      Source |       SS       df       MS              Number of obs =      51
-------------+------------------------------           F(  3,    47) =   20.24
       Model |  1.36519991     3  .455066636           Prob > F      =  0.0000
    Residual |  1.05697291    47  .022488785           R-squared     =  0.5636
-------------+------------------------------           Adj R-squared =  0.5358
       Total |  2.42217282    50  .048443456           Root MSE      =  .14996

------------------------------------------------------------------------------
Variables    |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
    constant |   .0818321    .092501     0.88   0.381    -.1042558      .26792
incelgabv125 |   .5543479   .3122355     1.78   0.082    -.0737889    1.182485
  california |   .9900143   .1665154     5.95   0.000     .6550286       1.325
      totsup |   .0095577   .0093566     1.02   0.312    -.0092652    .0283807
------------------------------------------------------------------------------

reg  %hhbelow15onll  california incelgabv125

      Source |       SS       df       MS              Number of obs =      51
-------------+------------------------------           F(  2,    48) =   29.80
       Model |  1.34173373     2  .670866866           Prob > F      =  0.0000
    Residual |  1.08043909    48  .022509148           R-squared     =  0.5539
-------------+------------------------------           Adj R-squared =  0.5354
       Total |  2.42217282    50  .048443456           Root MSE      =  .15003

------------------------------------------------------------------------------
Variables    |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
    constant |   .1734751   .0225442     7.69   0.000     .1281469    .2188033
incelgabv125 |   .6119323   .3072435     1.99   0.052    -.0058221    1.229687
  california |   .9924552   .1665736     5.96   0.000     .6575366    1.327374
------------------------------------------------------------------------------
```

Technical Appendix 2
Background information for Table 2.G
(Would a 1.35 PGC for Lifeline increase telephone penetration?)

Below are the results of two logistic regressions. They show the effects that a 1.35 PGC for Lifeline has on telephone subscribership. Logistic regression 1 was used for the study. Logistic regression 2 was used to test whether the Lifeline eligibility variables were necessary.

Logistic regression 1 — Telephone Specification 1:

$$Y = 1 / (1 + e^{-[1.24 + 0.179*X1 + 0.035*X2 - 0.575*X3 + 0.975*X4 + 0.463*X5 - 0.245*X6 - 0.269*X7 - 0.101*X8 + 0.105*X9 + 0.160*X10 - 0.070*X11 + 0.019*X12 + 0.060*X13 + 0.495*X14]})$$

Explanation of variables for Telephone Specification 1.

Dependent variable:

Does the household have telephone service? (Y = H_TELHHD)

The dependent variable is whether the low-income household has telephone service. The data point for a household equals one if the household has telephone service, and equals zero otherwise. The dataset is comprised of data from only those households with incomes at or below 1.50 times the poverty guidelines.

Independent variables:

Is the household in a state with a 1.35 or less restrictive poverty guideline criterion? (X_1 = SH135ORB)

If the household is in a state that uses a 1.35 PGC for Lifeline (or if the state uses a higher multiple of the poverty guidelines), then SH135ORB equals one for that data point; otherwise, it equals zero. Because the sample is restricted to only those households that are at or below 1.35 times the poverty guidelines, all data points for this variable will be either a "0" or "1". Of these low-income households, 18 percent live in a state with a 1.35 to 1.50 PGC, and the independent variable SH135ORB equals 1 for these households. For the other 82 percent, the independent variable SH135ORB value equals 0.

This is the only independent variable used in the cost/benefit analysis, and therefore the accuracy of its coefficient is of most concern. The coefficient on this variable (0.179) is later used to quantify the increased probability that a low-income household will take telephone service (or fraction of) as the result of a 1.35 PGC.[16]

This quantification is accomplished as follows: When X_1 is changed, Y will change. For an individual household, the change of X_1 from 0 to 1 models the effect of implementing a 1.35 PGC for that particular household. When modeling the change nationally, X_1 is changed from .18 (18%, which reflects the fact that 18 percent of the sample households already live in a state with a 1.35 PGC) to 1.[17] As a result, Y changes according to Logistic regression 1 above (Y is interpreted as a percentage—or probability—of households with telephone subscribership, and ranges from 0 to 1). When we change the "baseline" 18 percent of low-income households (living in a state with a 1.35 PGC) to the "new policy" 100 percent, then predicted telephone subscribership among sample households increases from 90.5 percent to 91.7 percent.

Total value of household income (X_2 = HTOTVAL)

The data points for each household equal the household's entire annual income, including any cash payments.

Is the household a mobile home? (X_3 = MOBILEH)

If the household is a mobile home, then the MOBHOME equals one for that datapoint; otherwise, it equals zero.

Is the household owned by the householders? (X_4 = OWNHOME)

If the householders own the home themselves, then OWNHOME for that data point equals 1; otherwise, it equals zero.

Percentage of households who lived at that address for at least one year. (X_5 = PCTONEYEAR)

The data points for PCTONEYEAR equal the percentage of the adults in that household that have lived at that address for at least one year.

[16] The numbers used in actual calculations are carried out to 6 significant digits. For ease of viewing, however, the data in Table 2.H are displayed to only 3 significant digits.

[17] This number represents the portion of low income households that live in a state with a 1.33 or 1.50 PGC for Lifeline. It should not be confused with the logistic regression coefficient of .179. The similarity of numbers is purely coincidental.

Is someone in the household on Food Stamps? (X_6 = HFOODSP)

If someone in the household is on Food Stamps, then HFOODSP equals one for that data point; otherwise, it equals zero.

Variables X_7 through X_{13}:

X_7 = State has Medicaid criterion
X_8 = State has Food Stamp criterion
X_9 = State has TANF criterion
X_{10} = State has LIHEAP criterion
X_{11} = State has FRHA (Section 8)
X_{12} = State has National free lunch program criterion
X_{13} = State has SSI criterion

These variables indicate whether the household is in a state that uses a particular Lifeline eligibility criterion. If the state uses that criterion, then the data point equals 1; otherwise, it equals zero. For example, if a household is in a state that allows households in the LIHEAP program to qualify for Lifeline, then the data point for variable X_{10} equals 1. If the state does not use LIHEAP as a criterion, then the data point equals 0.

Is the household in California (X_{14} =CALIFORNI)

If the household is in California, then California equals one for that data point; otherwise, it equals zero.

For the results of this specification, see page XX, below.

Logistic regression 2 — Telephone Specification 2:

Telephone Specification 2 includes all the variables from specification 1, except for the variables tracking state Lifeline eligibility requirements. This specification was run to determine if these variables, as a group, were significant. They are.[18]

For the results of this specification, see page XX, below.

Additional information about specifications 1 and 2

[18] The significance of the eligibility requirements variables was determined using a chi squared test. The test is performed as follows. The logistic regression is run with the eligibility variables, and then without. The "-2*log likelihood" for both models are then compared. If the difference is greater than the chi squared critical value, then the variables are significant. The difference in the "-2*log likelihood" is 15.92. The critical value for a chi squared test at the 5% level for 7 degrees of freedom (the number of eligibility variables) is 14.07. The difference is greater than the critical value, so we conclude that the eligibility variables are significant.

Price

None of the logistic regression specifications include the price of telephone service. This is because the price that each household faces is unknown. Different carriers offer service at different prices, and even within the same carrier, the price of telephone service varies from city to city. Because the carrier that would serve each household is unknown, price cannot be included in the logistic regressions. Earlier research has shown that omitting the price of telephone service does not affect the coefficients of the other variables in this logistic regression. This is because the coefficient on price would be tiny, so any "missing variable" bias would also be tiny.[19]

Data sources

The data in this analysis are from the Current Population Survey of Households (CPSH) from March 2002. CPSH data contain information on over 70,000 households. From these data, the relevant demographic information are extracted for analysis, including: 1) whether the household has telephone service, 2) household's total income (including the value of transfer payments), 3) the state the household lives in, 4) whether the household dwelling is owned or rented, 5) whether the household is a mobile home, 6) the number of adult members that live in the household for at least one year, 7) the number of adults living in the household, and 8) the list of subsidies the household receives, which included Federal Public Housing Assistance (Section 8), Food Stamps, LIHEAP, Medicaid, and Supplemental Security Income.

Household-level data are used

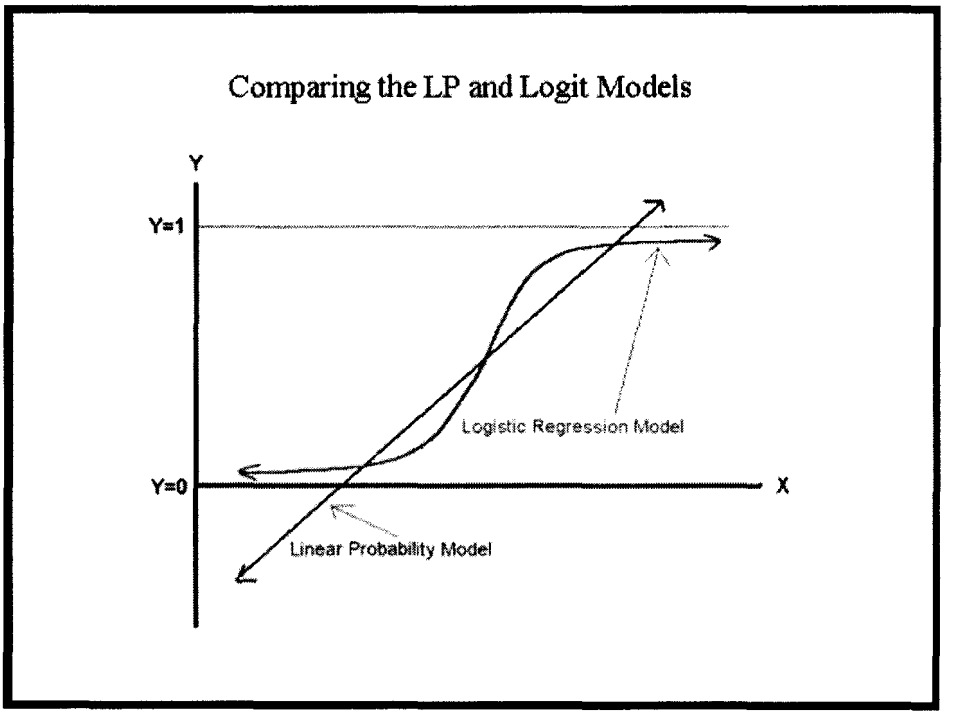
All the information is available for each household, so the analysis is conducted at the household level; aggregating to the state level is unnecessary.

Logistic regression preferred to "standard" OLS regression

Because the dependent variable is binary (a household either has telephone service and is thereby assigned a values of one (1), or it does not and is thereby assigned a value of 0 (zero), logistic regression analysis is preferred to a Linear Probability model using Ordinary Least Squares (OLS). With binary dependent variables, linear regressions can produce erroneous results, such as a household having more than a 100% probability of taking telephone service, or a household

[19] The formula for calculating the missing variable bias can be found in many textbooks, including William H. Greene, Econometric Analysis, at 402 (3rd ed. 1997). Observation of the equation shows that if the missing variable is uncorrelated with an independent variable, then the coefficient on that independent variable is unbiased. A regression was run to see if telephone prices are correlated with the variable SH135ORB. The weighted average price for each of the 41 states for which price data are available was created. The variable price was then regressed on the variable SH135ORB. There was no correlation. (*See* Industry Analysis and Technology Division, Wireline Competition Bureau, Federal Communications Commission, *Reference Book,* at 7-8 (2002).

having a negative probability of taking telephone service. Both of these situations are impossible. Logistic regression analysis avoids this problem, and is appropriate for measuring saturation concepts such as telephone penetration. The following graph illustrates the difference between the two approaches. In the following graph (taken from the Internet), "linear probability model" refers to OLS regression results, and Y (ranging from 0 to 1) refers to probability.[20]



Unfortunately, logistic regressions produce coefficients that are more difficult to interpret than the coefficients that OLS produces. A few additional computations are needed to use the coefficients in the cost-benefit analysis. Therefore, Table 2.H is created, which uses the coefficients from the logistic regression to determine the number of households that would have taken phone service in 2002 and 2005 if a 1.35 poverty guideline criterion were instituted nationally. The number of households that would take telephone service because of a 1.35 PGC is then compared to the number of households that would take Lifeline in Table 2.I.

[20] For more information on logistic regression analysis, *see* Damodar Gujarati, Basic Econometrics at 481-491 (2nd ed. 1998).

Quantifying logistic regression coefficients

In a standard regression analysis, the effect that a change in the independent variable has on the dependent variable is relatively easy to measure because it is linear. When using standard linear regression, a model is often expressed as follows: Y = a + b*X. In this equation, Y represents the dependent variable, "a" represents a constant, and "b" is the coefficient from the regression which is multiplied by the size of the independent variable X. The symbol Δ is often used to represent the change in a variable.

The change in Y caused by a change in X is then represented like this:
$\Delta Y = b*\Delta X$. Thus, the change in Y for a change in an independent variable is simply the coefficient on the independent variable times the amount of the change in that independent variable.

Because logistic regression analysis is not linear, however, the above calculation cannot be made directly. Instead, two intermediate calculations must be made. The first calculation quantifies the dependent variable using the mean values of the independent variables. The second calculation quantifies the dependent variable using the same means as in the first calculation, except that one of the independent variables is set to the new policy level. The second calculation replaces the mean of the independent of the variable in question (e.g., a policy variable) with an appropriate value representing the change in the variable. If all states adopted a 1.35 PGC, then the percentage of low income households living in a state with a 1.35 PGC would move from 18% to 100%. So, in this case, the mean of SH135ORB (which equals 0.180) would be replaced with 1.00.

For both calculations, Y is calculated by the following equation:

$$Y = 1 / (1 + e^{-[1.24 + 0.179*X1 + 0.035*X2 - 0.757*X3 + 0.975*X4 + 0.463*X5 - 0.245*X6 - 0.269*X7 - 0.101*X8 + 0.105*X9 + 0.160*X10 - 0.070*X11 + 0.019*X12 + 0.060*X13 + 0.495*X14]})$$

Table 2.H explains the calculations. The coefficient values from the logistic regression are in column a. The means of the independent variables are in column b. Column c multiplies columns a and b. These products are often called the "partial effects". The partial effects are then summed to create a Z score. The Z score is simply a shorthand way of representing a +b1*x1 + b2*x2 + ... When evaluating the independent variables at their mean values, the Z score equals 2.250. Y (the probability that a household will take telephone service) is then calculated: $Y = 1/(1+e^{-Z})$, which equals 90.5%. This means that, nationwide, households with incomes below 1.35 times the poverty guidelines have an 90.5% chance of having telephone service.

The second calculation is identical to the first, with one exception. Instead of using the mean value of SH135ORB, the mean is replaced by a 1. As discussed above, this would be the case if all states have a 1.35 PGC. Just as before, the coefficients (column a) are multiplied by the means (column d) to produce the new partial effect. Notice that for SH135ORB, the mean value of 0.18 was replaced with 1.00. The new partial effects are listed in column E. These partial effects are then summed to form the new Z score, which equals 2.396. This new Z score is then

used in the calculation as before: $Y= =1/(1+e^{-Z})$. The new value for Y is 91.7%. This means that if all states adopted a 1.35 PGC, then 91.7% of households with incomes at or below 1.35 times the poverty guidelines would have telephone service. This represents a 1.2 percentage point increase (91.7% - 90.5%) in telephone subscription rates.

To determine the number of households in 2005 that would take phone service due to a 1.35 PGC, the difference in the Y's (1.2%) is multiplied by the number of households that are at or below 1.35 times the poverty guidelines. Projections made using the CPSH data indicate that in 2005, there will be 20,710,000 households at or below 1.35 times the poverty guidelines. Thus, multiplying 1.2% (which equals 0.012) times 20,710,000 households equals 249,000 households. Thus, the model indicates that 249,000 households would take telephone service due to a 1.35 PGC in 2005.

Restricted use of observations and variables

The logistic regression analyses uses only selected observations and variables for good reason. One reason is to address a specific policy proposal from the Joint Board. The Joint Board is recommending using a 1.35 PGC. In order to determine how such a plan would affect households at or below 1.35 times the poverty guidelines, only those households with incomes at or below 1.35 times the poverty guidelines are included in this analysis.[21] There are 13,828 usable observations.

The number of state specific variables that can be included in the analysis is limited because only 8 states have SH135ORB equal to one. Therefore, including additional state specific variables reduces the accuracy of the coefficient SH135ORB, the important policy variable used to quantify costs and benefits.

Discussion of variables in the specifications

Assumption that effects of a 1.33 PGC are indistinguishable from a 1.35 PGC

As mentioned earlier, this study assumes that the effects of a 1.33 PGC are statistically indistinguishable from a 1.35 PGC. Therefore, SH135ORB equals one for the states that have 1.33 or 1.50 PGCs. There is no alternative to measuring the effect of a 1.35 PGC because no states use a 1.35 PGC.

[21] Alternatively, the sample could be restricted to households at or below 1.33 times the FPG because there are three states that have a 1.33 PGC. By including households at 1.34 and 1.35 times the FPG, we are implicitly assuming that those households are eligible for Lifeline even though they just miss qualifying for it. On the other hand, restricting the sample to households at or below 1.33 times the poverty line would exclude many more households from the sample in other states with a 1.50 PGC. It is not clear whether a 1.33 FPG restriction is better than a 1.35 FPG. Fortunately, the results are the same in either case. For both models, the coefficient on SH135ORB is virtually identical with either sample restriction.

Further, the fact that this analysis treats states with a 1.50 PGC the same as states with a 1.33 PGC is not problematic. This is because the households in the sample are restricted to those that are at or below 1.35 times the poverty guidelines. Thus, all the households in the sample will make the same economic choice whether the state in which they live has a 1.33 (or 1.35) or 1.50 PGC, because the households qualify for Lifeline under either criterion.

Inclusion of independent variables

As was done in the first staff study, HFOODSP was included because it captures the concept of "poverty" in a way that income alone does not. Participation in the Food Stamps Program is an indicator of special household needs.

CALIFORNIA-Unique Effects.

The CALIFORNI (California) variable was included as a separate variable in the regression model because it was included in the Lifeline Model. The results indicate that a household in California is more likely to take telephone service. The same variable was not significant when the analysis was performed on year 2000 data, so it is unclear why it is significant when using 2002 data.

The logistic regressions were run using the statistical computer program SPSS version 10. The regression analysis computer printouts are displayed below:

Logistic Regression

Case Processing Summary

Unweighted Cases[a]		N	Percent
Selected Cases	Included in Analysis	13828	100.0
	Missing Cases	0	.0
	Total	13828	100.0
Unselected Cases		0	.0
Total		13828	100.0

a. If weight is in effect, see classification table for the total number of cases.

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	617.340	14	.000
	Block	617.340	14	.000
	Model	617.340	14	.000

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	9123.395	.044	.086

Classification Table[a]

			Predicted		
			H_TELHHD		Percentage Correct
	Observed		.00	1.00	
Step 1	H_TELHHD	.00	1	1558	.1
		1.00	0	12269	100.0
	Overall Percentage				88.7

a. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	SH133ORB	.178692	.097	3.365	1	.067	1.196
	HTOTVAL	.000035	.000	69.991	1	.000	1.000
	MOBILEH	-.756729	.089	71.653	1	.000	.469
	OWNHOME	.974900	.068	203.709	1	.000	2.651
	PCTONEYR	.463240	.064	51.652	1	.000	1.589
	HFOODSP	-.245187	.059	17.204	1	.000	.783
	SHMCAID	-.268743	.144	3.477	1	.062	.764
	SHFOODSP	-.101100	.140	.523	1	.470	.904
	SHAFDCH	.104803	.060	3.031	1	.082	1.110
	SHENGAST	.159704	.089	3.191	1	.074	1.173
	SHPUBLIC	-.077088	.073	1.121	1	.290	.926
	SHHFLUNC	.019298	.175	.012	1	.912	1.019
	SHSSI	.060251	.102	.349	1	.555	1.062
	CALIFORN	.495371	.189	6.874	1	.009	1.641
	Constant	1.241	.130	90.623	1	.000	3.461

a. Variable(s) entered on step 1: SH133ORB, HTOTVAL, MOBILEH, OWNHOME, PCTONEYR, HFOODSP, SHMCAID, SHFOODSP, SHAFDCH, SHENGAST, SHPUBLIC, SHHFLUNC, SHSSI, CALIFORN.

Case Processing Summary

Unweighted Cases[a]		N	Percent
Selected Cases	Included in Analysis	13828	100.0
	Missing Cases	0	.0
	Total	13828	100.0
Unselected Cases		0	.0
Total		13828	100.0

a. If weight is in effect, see classification table for the total number of cases.

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	602.148	7	.000
	Block	602.148	7	.000
	Model	602.148	7	.000

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	9138.587	.043	.084

Classification Table[a]

			Predicted		
			H_TELHHD		Percentage Correct
	Observed		.00	1.00	
Step 1	H_TELHHD	.00	0	1559	.0
		1.00	0	12269	100.0
	Overall Percentage				88.7

a. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	SH133ORB	.161	.093	3.008	1	.083	1.175
	HTOTVAL	.000	.000	69.963	1	.000	1.000
	MOBILEH	-.783	.088	78.773	1	.000	.457
	OWNHOME	.962	.068	200.282	1	.000	2.617
	PCTONEYR	.476	.064	54.902	1	.000	1.610
	HFOODSP	-.254	.059	18.562	1	.000	.776
	CALIFORN	.658	.165	15.975	1	.000	1.931
	Constant	1.094	.072	231.366	1	.000	2.985

a. Variable(s) entered on step 1: SH133ORB, HTOTVAL, MOBILEH, OWNHOME, PCTONEYR, HFOODSP, CALIFORN.

STATEMENT OF CHAIRMAN MICHAEL K. POWELL

Today's Order will help improve the ability of low-income consumers to make and receive basic telephone calls from their homes. If estimates prove correct, the expanded eligibility criteria we adopt today should make telephone service more affordable for approximately 1.17 to 1.29 million Americans – roughly 234,000 of whom will have never had basic telephone service before in their lives.

Since its inception, our Lifeline/Link-Up programs have made basic telephone service affordable to millions of low-income consumers. These support measures – though often extremely modest on an individual level – have improved people's lives by making everything from jobs, to healthcare to emergency services available to program participants. And while overall telephone penetration in the United States remains extremely high, too many people, particularly on tribal lands and in rural areas, forgo this essential connection.

By expanding federal default eligibility criteria and encouraging greater community outreach, today's Order improves the administration of the program. While this is an important step, we must remain vigilant to ensure that our statutory goals are met and that states utilize appropriate certification and verification requirements. In the future, the Commission must remain watchful for abuses of the self-certification rule and require underlying documentation where such abuse is demonstrated.

This item could not have been possible but for the diligence and insight of the federal and state members of the Joint Board. I am confident that we will soon see the fruits of your efforts in the form of greater access to basic telephone service across America.

STATEMENT OF COMMISSIONER KATHLEEN Q. ABERNATHY

The Lifeline/Link-Up program, together with the Commission's other universal service support mechanisms, has helped ensure that the vast majority of Americans — nearly 95 percent — have access to telecommunications services at affordable rates. As successful as this program has been, however, there is room for improvement. Congress expressly directed the Commission to facilitate network access for low-income consumers, and an obvious way to promote that goal is to allow consumers to qualify for Lifeline and Link-Up support based on proof of low income. Our program-based eligibility standards remain useful, but the addition of an income-based standard should significantly improve our ability to target support to needy recipients.

While I support expansion of the eligibility criteria, I have also been a strong proponent of measures to prevent waste, fraud, and abuse. In particular, we must balance the desire to boost enrollment against the need to impose appropriate certification and verification requirements. Especially with respect to income-based eligibility, where self-certification can lend itself to abuse, we must require supporting documentation. I am confident that the requirements we impose in this Order will protect the integrity of the program, yet are sufficiently flexible to avoid placing undue burdens on program participants. We have also taken steps to ensure that consumers are removed from the Lifeline rolls once they are no longer eligible, while establishing safeguards to prevent benefits from being denied erroneously.

I appreciate the hard work of the Joint Board on Universal Service, which laid the groundwork for this Order.

STATEMENT OF COMMISSIONER MICHAEL J. COPPS

Congress defined universal service as an "evolving level of telecommunications services." As times change, so must the Commission's efforts to ensure that all Americans have access to services at just, reasonable and affordable rates. True to statutory intent, today we adjust and recalibrate some of our policies to improve the effectiveness of our low-income support mechanism.

I support this action. I am pleased that for the first time we expand the federal default eligibility criteria to include income-based criterion. This should make it easier for households that no longer participate in qualifying assistance programs to participate in Lifeline and Link-Up. It also should make it simpler for households that are subject to the time limits associated with several federal public assistance programs under the Personal Responsibility and Work Opportunity Reconciliation Act.

The potential of our Lifeline and Link-Up programs is bound closely to the combined outreach efforts of carriers, states and the Commission. Only one-third of the households currently eligible for Lifeline and Link-Up assistance subscribe to these programs. Although we enjoy a national telephone penetration rate of just below 95 percent, some areas of this country—especially tribal lands—have penetration rates that are inexcusably lower. And we must never forget that there are households in this country without access to basic telephone service. We are bound by the statute to do more. The enhanced guidelines for outreach provided by the Order are a good first step. And I am pleased that the Further Notice of Proposed Rulemaking seeks comment on the need for additional outreach requirements that would further strengthen the Lifeline and Link-Up programs. At present, the Commission's rules require carriers to publicize the availability of these programs "in a manner reasonably designed to reach those likely to qualify for the service." I worry that such a broad requirement is difficult to monitor, hard to enforce and puts beyond the reach of publicity those who would benefit most from these programs.

The Joint Board's Recommendation underlies the critical changes we make today. I thank them for their hard work and valuable efforts to ensure that Lifeline and Link-Up continue to play a role in keeping America connected.

STATEMENT OF COMMISSIONER KEVIN J. MARTIN

Today the Commission takes steps to update and improve the effectiveness of its low-income support mechanism. The Commission's statutory charge is to ensure that all Americans have access to quality services at just, reasonable and affordable rates. Because of policies like the Lifeline and Link-Up programs, today more than 95% of all U.S. households have basic telephone services. By expanding the Federal default eligibility criteria today, we make it easier for many households to participate and make support more easily available for thousands of Americans in need.

STATEMENT OF COMMISSIONER JONATHAN S. ADELSTEIN

I am pleased to support this Order because it strengthens and enhances the Commission's Lifeline and Link-Up programs. Together, the Lifeline and Link-Up programs form the backbone of our efforts to promote universal telephone service for low-income consumers. By providing discounts on telephone installation and monthly telephone service to low-income consumers, the Lifeline and Link-Up programs have been instrumental in helping us achieve extraordinarily high levels of telephone penetration in the U.S. Overall, more than 95 percent of households in the U.S. have telephone service.

Indeed, for most of us, living without telephone service is almost unimaginable. Telephone service is considered a necessity for daily modern life. It is a link to our jobs, to commerce, to healthcare and emergency services, not to mention friends and family. Increasingly, telephone service is a baseline, upon which we are building a national communications infrastructure capable of supporting services that are transforming our economy and way of life.

Despite our progress, consumers in over 5 million U.S. households lack even the most basic connectivity. For many of these consumers, the cost of activating and maintaining telephone service is prohibitively expensive, keeping even the most basic connections out of reach. This is particularly so for low income consumers, who are much less likely to have access to telephone service. So, I am pleased that this order strikes at that gap by introducing for the first time federal income-based criteria for the Lifeline and Link-Up programs. This Order recognizes that poverty rates are increasing, while participation in many public assistance programs is decreasing. I hope that the income-based criteria that we adopt in this Order will allow our valuable programs to reach more of the consumers who truly need this assistance, and I look forward to exploring the broader criteria proposed in the attached Notice.

I am also pleased that this Order encourages states and carriers to do more to increase participation by eligible consumers. With less than half of all eligible households participating in these programs, it appears that many low income consumers are unaware that assistance is available to them. One significant step in this Order is the conclusion that we must do more to reach out to non-English speaking consumers. Through this approach, we recognize and foster the diversity of our communities.

I would like to thank the members of the Federal-State Joint Board on Universal Service for their contributions on this issue. Their recommendations form the basis for this decision. I would also like to recognize our colleagues in the state public utility commissions who continue to work hard to implement these programs as efficiently and effectively as possible. All of us benefit from their efforts and success.