Testimony of
Billy Jack Gregg
Universal Consulting
Hurricane, West Virginia

Before the
Communications & Technology Subcommittee
Energy & Commerce Committee
United States House of Representatives
April 25, 2013

"Options for Managing Growth in the Federal Low-Income Fund For Telecommunications"

My name is Billy Jack Gregg and I am the principal in a consulting firm located in Hurricane, West Virginia. I provide services in the areas of energy and telecommunications, with an emphasis on universal service, intercarrier compensation and broadband. Prior to my current position I was the Director of the West Virginia Consumer Advocate Division for 26 years, charged with the responsibility of representing West Virginia utility ratepayers in state and federal proceedings which affected rates for electricity, gas, telephone and water service. I have previously served as a member of the Board of Directors of the Universal Service Administrative Company (USAC) and the Federal-State Joint Board on Universal Service. I greatly appreciate the opportunity to testify at this legislative hearing on the challenges currently facing the Federal Universal Service Fund's Low-Income Fund, more commonly known as Lifeline.

I. Background

The Lifeline program was created by the FCC in 1985 to increase low-income telecommunications subscribership and to ensure that higher local rates resulting from the break-up of the Bell System and subsequent imposition of end-user access charges did not result in low-income consumers being forced off of the national telecommunications network. In 1996 Congress enshrined universal service principles in the Telecommunications Act, and established the goals that telecommunications services should be available at "affordable" rates and that "consumers in all regions of the Nation, including low-income consumers …, should have access to telecommunications and information services…."[1] As a result, the Lifeline program was expanded and federal support for low-income customers increased. In 1999 the Low Income Fund provided benefits to 5 million low-income customers and paid out $479 million in support. By 2012 the number of Lifeline recipients had grown to 17 million and Low Income support had swelled to $2.2 billion. Most of the growth in the Low Income Fund has occurred during the last three years. The most important issue facing the Low-Income Fund today is managing the growth of the Fund in a manner which minimizes opportunities for fraud, waste and abuse, but which also promotes full participation by beneficiaries and equity among the States.

Between 1999 and 2009, there were repeated state and federal efforts to increase customer participation in the Lifeline program. In spite of these efforts, the Fund did not grow substantially. A 2004 study by the FCC staff indicated that only a third of eligible customers actually subscribed to Lifeline service.[2] As part of these Lifeline promotion efforts, in 2005 the FCC approved a forbearance order that allowed pre-paid wireless carriers to become "eligible telecommunications carriers" (ETCs) for purposes of the Low Income Fund only.[3] As a result of this decision, and the subsequent approval of pre-paid wireless carriers at ETCs in numerous states, the Low Income Fund

---

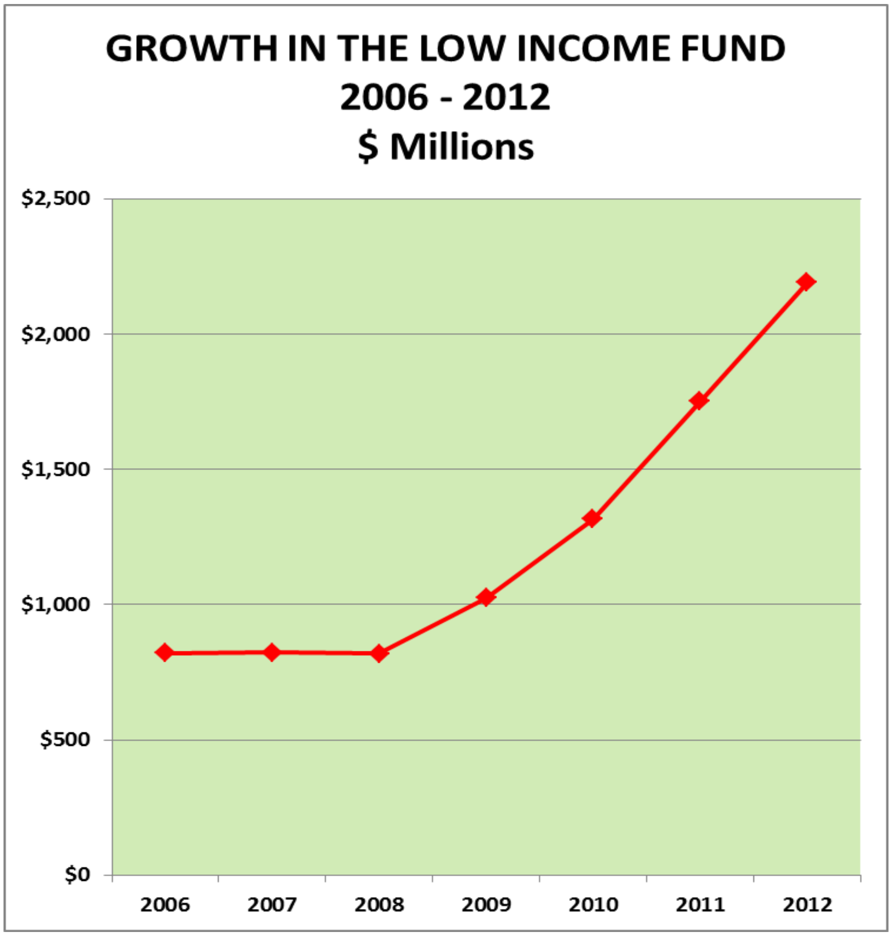
[1] 47 USC 254(b)(1) & (3).

[2] *In the matter of Lifeline and Link Up*, WC Docket No. 03-109, "Report and Order and Further Notice of Proposed Rulemaking," FCC 04-87 (April 29, 2004), Appendix K, Table 1.B.

[3] *Petition of Tracfone Wireless, Inc. for Forbearance*, CC Docket No. 96-45, "Order," 20 FCC Rcd 15095 (Sept. 8, 2005). Tracfone was conditionally granted ETC status in 2008 and began offering Lifeline service

simply exploded.

As shown graphically below, payments from the Low Income Fund have soared from $823 million in 2007 to $2.189 billion in 2012, an increase of 266%.[4]



While the recession obviously was a factor, the increase in the size of the Low Income Fund has been caused primarily by growth in support payments to pre-paid wireless providers. In 2007 there were no payments to pre-paid wireless providers. By the second quarter of 2012, payments to pre-paid wireless ETCs constituted 60% of the Low Income Fund.[5] While Low Income Fund

---

thereafter. *TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the State of New York, et al.*, CC Docket No. 96-45, Order, 23 FCC Rcd 6206 (April 11, 2008).

[4] Universal Service Administrative Company (USAC), Annual Reports, 2007 & 2012.

[5] Based on data in USAC's quarterly projections of USF demand for the second quarter of 2012, total

payments more than doubled in the five-year period between 2007 and 2012, payments from the other three funds that make up the Federal Universal Service Fund (USF) grew by only 6%. Set forth below are the disbursements from each of these funds in 2007 and 2012.

CHANGE IN USF FUNDING MECHANISMS
2007 – 2012

	$ Millions		
USF Fund	**2007**	**2012**	**Change**
High Cost Fund	4,286.7	4,147.1	-139.6
Low Income Fund	822.7	2,189.5	1,366.8
Schools & Libraries Fund	1,808.0	2,218.2	410.2
Rural Health Care Fund	37.4	155.4	118.0
TOTAL	**6,954.8**	**8,710.2**	**1,755.4**

As can be seen, the growth in the USF since 2007 has been caused primarily by the Low Income Fund, which has grown by almost $1.4 billion dollars. The other component funds of the USF have shown modest or negative growth during the same period and, more importantly, do not pose a long term threat to the sustainability of the USF. The Schools and Libraries Fund has been capped at $2.25 billion a year since its inception.[6] The Rural Health Care Fund has likewise been capped at $400 million a year, although annual expenditures have come nowhere near that level. The High Cost Fund, which was the primary factor in the growth of the overall USF between 1999 and 2011, was finally capped by the FCC in 2011 at $4.5 billion a year. The Low Income Fund is the only component fund of the USF that does not presently operate within an annual budget or cap. Not surprisingly, growth in the Low Income Fund has caused the overall size of the USF to increase, and raised the USF contribution factor paid by all Americans.

---

projected demand for the Low Income Fund amounted to $622 million. Of this amount, $374 million went to pre-paid wireless providers, such as Tracfone, Virgin Mobile & Budget Prepay Inc. The second quarter of 2012 was USAC's last quarterly USF projection before the issuance of the FCC's Lifeline Reform Order on January 31, 2012. *In the matter of Lifeline and Link Up Modernization*, WC Docket No. 11-42, "Report and Order and Further Notice of Proposed Rulemaking," FCC 12-11 (Jan. 31, 2012) (hereinafter referred to as the "FCC Lifeline Reform Order").

[6] Since 2010 the Schools & Libraries Fund cap has been allowed to grow based on an annual inflation

III. The FCC's 2012 Reforms of the Low Income Fund

As I said earlier, in the decade between 1999 and 2009 state and federal officials tried repeatedly to find ways to increase participation in the Lifeline program. Without a doubt, the advent of pre-paid wireless providers as Low Income Fund ETCs has been the single greatest success story in increasing low-income participation, boosting Lifeline subscribership far beyond levels anyone hoped imagine. The offer of free cell phones and free air time, coupled with the convenience of mobility, apparently made pre-paid wireless a very attractive product for low-income customers. From 2009 to 2012, Lifeline subscribership more than doubled – from 7.97 million to over 17 million.

Unfortunately, the increase in Lifeline subscribership wrought by the advent of pre-paid wireless offerings also had a flip side: reports surfaced of customers acquiring multiple free pre-paid phones from different providers; of carriers providing phones to multiple customers at the same address; of carriers receiving continued support for phones that were no longer active; and of ineligible customers acquiring Lifeline phones. In response to the unparalleled growth in the Low Income Fund and to the widespread reports of "gaming" of the support system, the FCC issued its Lifeline Reform Order on January 31, 2012, which substantially reformed the Low Income Fund and addressed some of its most obvious abuses. The FCC Order made the following changes in the Low Income Fund:

- Procedures to verify eligibility for Lifeline were streamlined and strengthened;
- A national Lifeline eligibility database was established;
- The one subsidy per household rule was clarified and confirmed;
- The Link Up program was eliminated, except for facilities-based carriers serving

factor. For the current funding year, the Schools & Libraries Fund is capped at $2.495 billion.

tribal areas;

- Toll Limitation Service (TLS) was phased-out;
- The federal Lifeline subsidy was made uniform throughout the nation; and
- Independent audit requirements were imposed on large recipients of Lifeline support.

The reforms began to be implemented on April 1, 2012, and are being completely phased-in over the next two years. In its Order the FCC stated that it expected the reforms to save the Low Income Fund $2 billion over the next three years, including $200 million in 2012. A report released by the FCC's Wireline Competition Bureau in January 2013 estimated that these reforms actually produced $213 million in savings during 2012.[7] The FCC has also estimated that as a result of the reforms, the Low Income Fund will stabilize at $2.2 billion in 2013, and then fall to approximately $2.0 billion in 2014.[8]

IV. A Study of the Potential Size of the Low Income Fund Compared to Actual Payments

As the FCC and interested parties study the effectiveness of the reforms to the Low Income Fund, it is prudent to look ahead to the potential size of the Low Income Fund under current rules and how Lifeline funds are currently distributed among the various states. In 2010 in response to the rapid growth in the Fund beginning in 2009, I prepared a study of the potential size of the Low Income Fund at that time, and made recommendations on alternative methods of distribution of Lifeline funds.[9] Based on U.S. Census Bureau data on low income populations, I determined the

[7] *Wireline Competition Bureau Issues Final Report on Lifeline Program Savings Target*, WC Docket No. 11-42, Public Notice DA13-130 (Jan. 31, 2013).

[8] FCC Lifeline Reform Order ¶357, ftn. 961.

[9] Billy Jack Gregg, "Determining the Potential Size of the Current USF Low Income Fund and a Proposal to Mitigate the Impact of Adding Broadband as a Supported Service" (Feb. 2010). This study was cited as part of the comments of the National Association of State Consumer Advocates (NASUCA) submitted to the Federal-State Joint Board on Universal Service in July 2010. "Comments of NASUCA in Response to Joint Board Request for Comment," CC Docket No. 96-45, WC Docket No. 03-109 (July 15, 2010), p. 4.

number of households at or below 135% of the federal poverty guidelines (FPG) in each state. The 135% FPG level was used as a proxy for the total potential number of participants in the Lifeline program, because households with incomes at or below 135% FPG generally qualify for all of the welfare programs that confer eligibility for Lifeline support. In 2010 the total potential size of the Low Income Fund appeared to be $2.5 billion and payments from the Fund stood at 48% of the potential size of the Fund.

This spring I updated my 2010 study to see what changes had occurred in the three-year interval during which the overall size of the Low Income Fund more than doubled, from approximately $1 billion to $2.2 billion. I have attached a copy of the updated study to my written testimony. Set forth below are several highlights from the update:

- The number of households in the United States increased by 4%, while the number of households at or below 135% of FPG increased by 13.5%, obviously reflecting the impact of the recession;
- The number of Lifeline subscribers more than doubled, from 7.97 million to 17.06 million;
- In spite of the doubling of Lifeline subscribers, going-forward, non-tribal Lifeline support has only increased by 46%;
- Because of the increase in low-income households, the potential size of the Low Income Fund has risen from $2.5 billion to $2.97 billion; and
- Payments from the Fund increased to 58% of its potential maximum size.

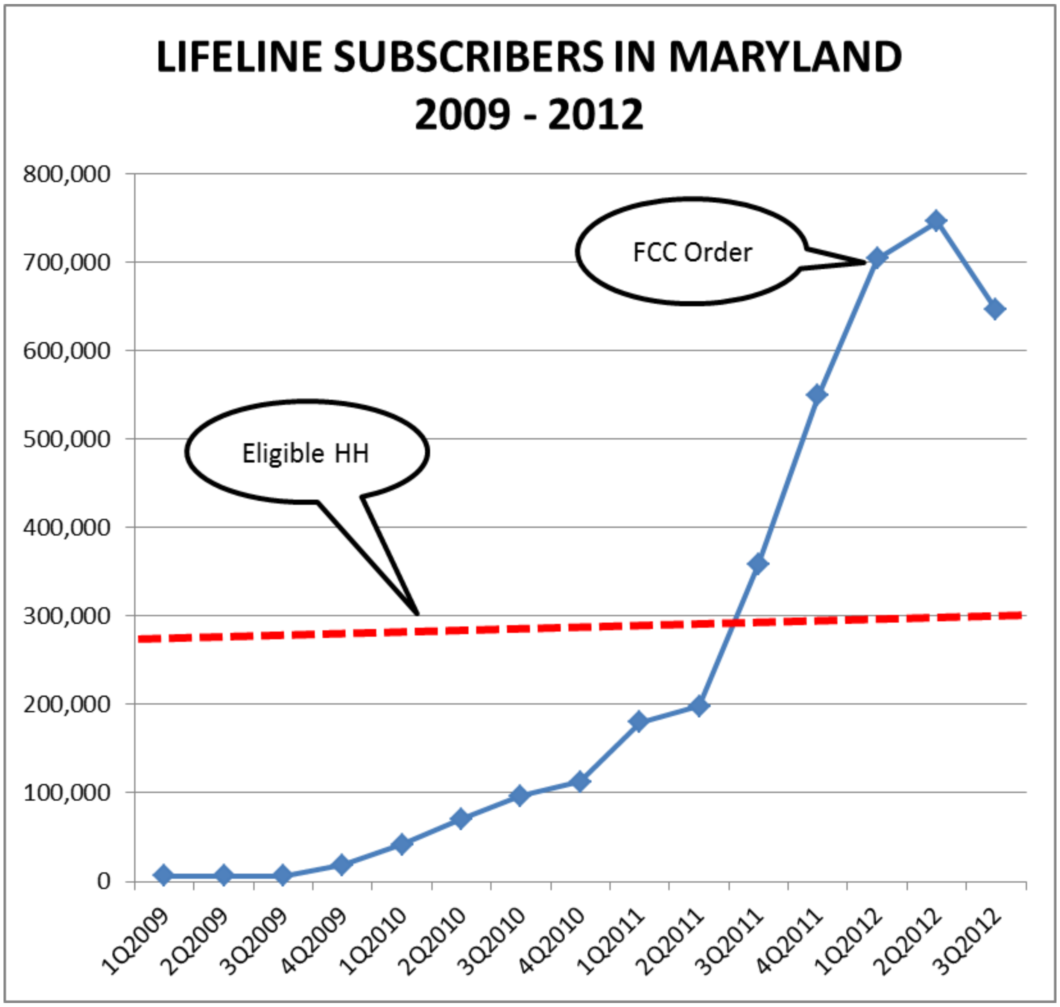
Even though payments from the Fund average 58% of its potential maximum size, payments to the states vary widely. Six states currently receive more in Low Income support than the potential maximum indicated by the number of households in those states with income at or below 135% of FPG, as shown in the table below.

	Total Potential Federal Support $000	Total Adjusted Federal Support $000	Difference $000	Actual As % of Potential Support
Oklahoma	$35,106	$75,924	$40,818	216.27%
Maryland	$33,764	$59,893	$26,129	177.39%
Alaska	$5,155	$6,105	$950	118.43%
Louisiana	$55,329	$62,501	$7,172	112.96%
Arkansas	$35,334	$39,263	$3,929	111.12%
Georgia	$102,551	$108,257	$5,706	105.56%

On the other end of the spectrum, six states currently receive only 10% or less of their potential support based on the number of low-income households.

	Total Potential Federal Support $000	Total Adjusted Federal Support $000	Difference $000	Actual As % of Potential Support
Montana	$11,523	$1,221	($10,302)	10.60%
South Dakota	$7,765	$777	($6,988)	10.01%
Nebraska	$13,130	$1,299	($11,831)	9.89%
Colorado	$41,470	$2,314	($39,156)	5.58%
Hawaii	$9,433	$413	($9,020)	4.38%
Wyoming	$4,422	$193	($4,229)	4.36%

The greatest increase in Lifeline subscribership occurred in Maryland. In the third quarter of 2009, there were only 6,504 Lifeline subscribers in Maryland, representing 2% of the eligible low-income households in that state. By the third quarter of 2012 the number of subscribers in Maryland had risen almost a hundredfold to 645,840. The current number of Lifeline subscribers in Maryland is almost double the number of low-income households in the state, as shown in the graph below.



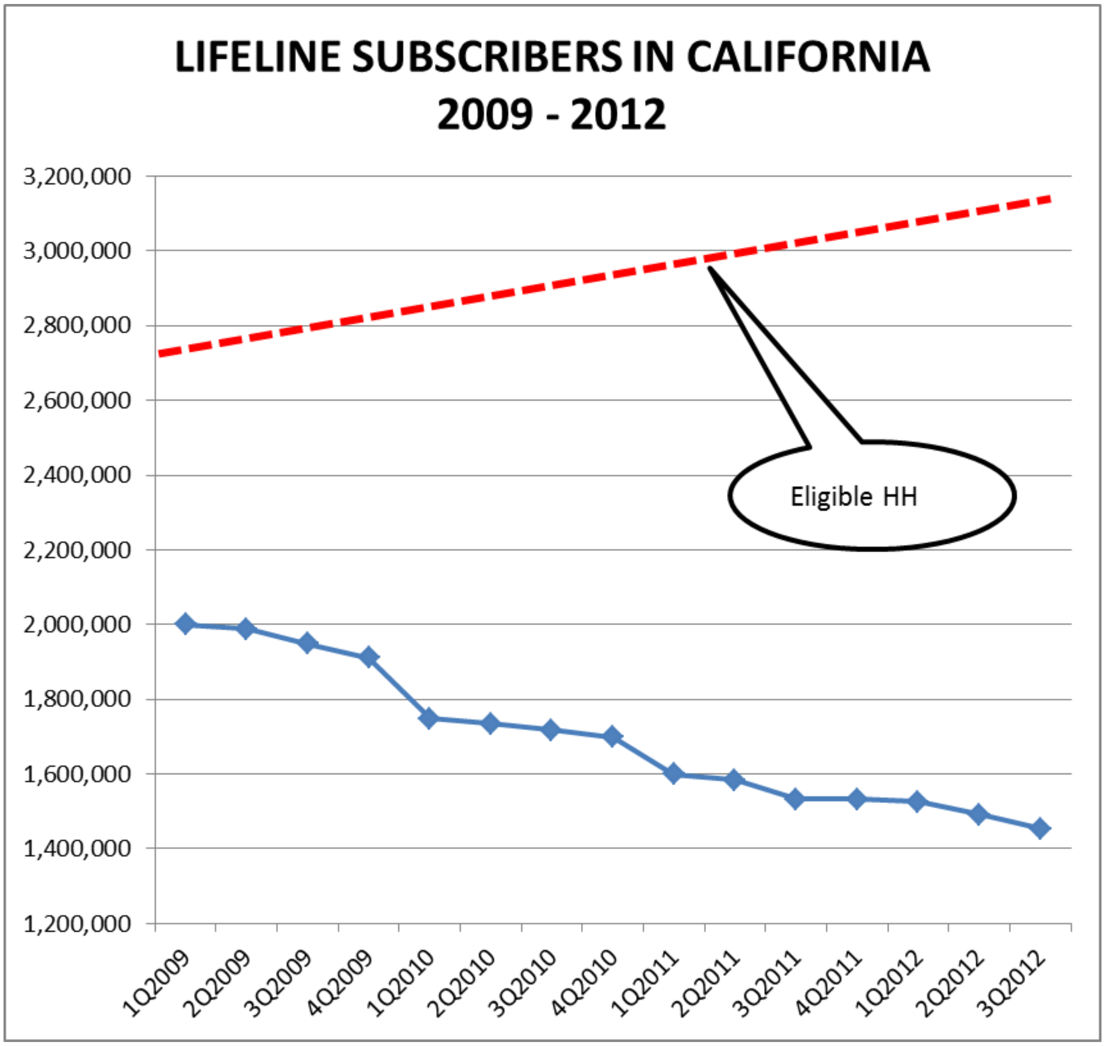
It should be pointed out that subscribership in Maryland peaked at 745,712 in the second quarter of 2012. In the third quarter of 2012 ETCs began implementing the new FCC rules on verification of Lifeline eligibility, which resulted in a decline of 100,000 in the number of reported Lifeline subscribers in only one quarter. As time goes on, we can expect the number of Lifeline subscribers in Maryland to continue to decline until it approximates the number of low-income households.

In spite of the nationwide increase in Lifeline subscribers over the past three years, the number of subscribers in eleven states actually declined, with the largest drop occurring in California, traditionally one of the largest recipients of Lifeline support. This data is shown in the table below.

	Lifeline Subscribers		
	2013 **000**	**2010** **000**	**Difference** **000**
California	1,455	1,947	(492)
Alaska	55	73	(18)
Texas	873	888	(15)
South Dakota	7	16	(9)
North Dakota	12	19	(7)
Nebraska	13	19	(6)
Idaho	23	28	(5)
Montana	11	16	(5)
Vermont	19	23	(4)
Hawaii	4	5	(1)
Wyoming	2	3	(1)

The drop in subscribers in California was apparently caused by the state's implementation of annual verifications of continued customer eligibility for Lifeline as required by an earlier FCC order concerning the Low Income Fund.[10] Over the past three years, California has lost almost half a million Lifeline subscribers; at the same time the number of low-income households in California has risen by over 400,000.

[10] *In the matter of Lifeline and Link Up*, WC Docket No. 03-109, "Report and Order and Further Notice of Proposed Rulemaking," FCC 04-87 (April 29, 2004), ¶¶33-36.



Obviously, more work needs to be done on the Low Income Fund to make it more accessible to customers that are eligible for its benefits, while at the same time creating proper incentives and safeguards against fraud, waste and abuse.

V. Recommendations

In order for the Low Income Fund to be sustainable in the long-term, it must be administered efficiently to achieve the statutory goal of providing low-income consumers access to telecommunications and information services. To this end, I have several recommendations.

- First, like the other constituent funds of the USF, the Low Income Fund must operate within a budget. This budget can be reviewed and adjusted periodically by the FCC based either on an inflation factor or on changes in the number of low-income households.

- The overall budget for the Low Income Fund should be composed of caps on support to individual states. The caps should be based on the number of low-income households within each state, plus a 5% buffer to account for imprecision and lag in data. Caps will prevent individual states from drawing down more support than can be justified by the number of potential eligible Lifeline recipients.
- As with the operation of similar caps imposed on the High Cost Fund, if demand in a particular state exceeds the cap, then payments to ETCs would be proportionately reduced to fit under the cap.
- The FCC should conduct multiple pilot programs to determine whether a required minimum contribution from Lifeline recipients is appropriate, and if so, at what level. While having some "skin in the game" normally evokes more rational economic behavior, chronically low subscribership rates for Lifeline indicate that barriers of any type discourage low-income customers from participating in the Lifeline program. For all their faults, it cannot be denied that the Lifeline offerings of pre-paid wireless ETCs which provide free phones and usage have been the most effective way to get low-income customers enrolled in the Lifeline program and connected to the national telecommunications network.
- The FCC should explore ways to encourage state involvement in providing Lifeline service to as many eligible customers as possible.[11] By establishing a uniform federal

[11] The Tenth Circuit has previously ruled that universal service is a joint undertaking involving both the

Lifeline benefit of $9.25/month and eliminating the requirement for state contributions in order to draw down matching support, the FCC reform order may have had the unintended consequence of eliminating incentives for states to contribute to support of low-income customers. For example, Colorado has recently eliminated its state low-income program, in part because of the perception that the federal USF is now going to pay for the entire cost of low-income telecommunications support.[12] Reinstating state matching requirements in order to draw down supplemental federal support would be entirely appropriate.[13]

- The Low-Income program should continue to focus on the customer rather than the carrier. Lifeline recipients should receive the same level of subsidy regardless of the service they choose - landline, post-paid wireless, pre-paid wireless or broadband. In this way, competition and the market choices of customers will continue to drive the evolution of Lifeline service offerings.
- Federal and state governments should continue to promote participation by low-income customers in the Lifeline program by removing barriers to participation and encouraging automatic enrollment. The adoption of a budget and imposition of state specific caps may actually encourage additional states to allow entry of Lifeline-only ETCs since the fund would be protected from unexpected, runaway growth.

As it is with all of the support mechanisms that make up the Universal Service Fund, so it is with the Low-Income Fund: the limited resources of the fund must be properly distributed and

---

federal and state governments. The Court stated: "…[T]he FCC may not simply assume that the states will act on their own to preserve and advance universal service. It remains obligated to create some inducement – a 'carrot' or a 'stick,' for example, or a binding cooperative agreement with the states – for the states to assist in implementing the goals of universal service." *Qwest Corp. v. FCC*, 258 F.3d 1191, 1204 (10th Cir. 2001).

[12] See, Colorado Senate Bill 13-194, enacted April 1, 2013.

[13] In the attached study, I have included such a proposal for joint federal-state support of Lifeline which

targeted to carry out the purposes of the Act. In order to continue the public policy success of the Universal Service Fund, we must continue to support access, not excess.

allows matching funds from the states to draw down supplemental funds from the federal USF.

Summary of Testimony of
Billy Jack Gregg
Universal Consulting
Hurricane, West Virginia

Before the
Communications & Technology Subcommittee
Energy & Commerce Committee
United States House of Representatives
April 25, 2013

There are two sides to the advent of pre-paid wireless service as a part of Lifeline. On the one the hand, pre-paid wireless service has been the most successful measure ever adopted to expand Lifeline service to low-income consumers. On the other hand, pre-paid wireless service has opened the door to numerous abuses and caused a rapid rise in the cost of the Lifeline program. Some states currently have Lifeline subscribers far in excess of the eligible number of households. At the same time, other states have seen a decline in Lifeline subscribers even though the number of low-income households has risen.

The FCC decisively addressed numerous flaws in the Low Income program in its 2012 Lifeline Reform Order. In order to build on the positive aspects of pre-paid wireless Lifeline service, while at the same time guarding against further abuse of the system, the following additional measures should be adopted:

- The Low Income Fund must operate within a budget.
- The overall budget for the Low Income Fund should be composed of caps on support to individual states.
- If demand in a particular state exceeds the cap, then payments to ETCs would be proportionately reduced to fit under the cap.
- The FCC should conduct multiple pilot programs to determine whether a required minimum contribution from Lifeline recipients is appropriate, and if so, at what level.
- The FCC should explore ways to encourage state involvement in providing Lifeline service to as many eligible customers as possible.
- The Lifeline subsidy should be portable and recipients should receive the same level of subsidy regardless of the service they choose - landline, post-paid wireless, pre-paid wireless or broadband.
- Federal and state governments should continue to promote participation by low-income customers in the Lifeline program by removing barriers to participation and encouraging automatic enrollment.

DETERMINING THE POTENTIAL SIZE OF THE CURRENT USF LOW-INCOME FUND AND A PROPOSAL TO MITIGATE THE IMPACT OF ADDING BROADBAND AS A SUPPORTED SERVICE

February 2010
Billy Jack Gregg
Universal Consulting

Updated March 2013

From 2003 to 2008 demand for support from the federal Universal Service Fund's Low Income Fund ranged between $712 million a year to $818 million a year. In 2008 the FCC approved granting ETC status to prepaid wireless carriers for purposes of the Lifeline program. As more and more prepaid wireless ETCs gained approval, the Low Income Fund grew rapidly. By 2012 the Low Income Fund had more than doubled in size, disbursing almost $2.2 billion.

In February 2012 the FCC adopted reforms to the Low Income Fund which mitigated the rapid growth in the program by eliminating most Link-Up support and tightening verification procedures for Lifeline program participants. These reforms began to be implemented during 2012, and will continue to phase-in over the next two years. In the same Order the FCC also authorized broadband pilot programs as part of the Low Income Fund. The funding for these pilot programs was initially set at approximately $14 million over an 18-month period.

In order to investigate the potential size of the Lifeline fund in light of all these changes, and to study the impact of different alternatives for distributing Low Income support, I have updated a study I did in 2010 based on data contained in the Universal Service Administrative Company's USF demand projections from 2010 and 2013. The study is contained in the attached Excel spreadsheet. There are six tabs on the attached spreadsheet, each of which is described below.

1. The beginning point of the study is the amount of Low Income support to be paid in each state during the second quarter of 2013, as set forth in USAC's latest demand projections. The projections for each state are then annualized. The first tab **"Adjustment for Tribal Support"** adjusts the amount of actual annualized support for each state to remove Link-Up support, and Lifeline support in excess of that paid in non-tribal areas. Tribal support is paid to approximately 838,000 subscribers nationwide; however, because the amounts of tribal support paid in each state are not reported by USAC, it was necessary to rely on estimates in order determine the amounts of tribal and non-tribal Lifeline support paid. Total estimated excess tribal support of $207 million was removed from total annualized Lifeline support to produce an adjusted actual Lifeline total of $1.725 billion.

2. The second tab **"Potential Size"** looks at how big the Lifeline fund could potentially grow. This spreadsheet also contains the raw data for determining each state's relative share of low-income households. I used the number

of households in each state with incomes at or below 135% of the Federal Poverty Guidelines (FPG) as a proxy for the total potential number of participants in the Lifeline program. Households with incomes at or below 135% of the poverty level generally qualify for all of the welfare programs that confer eligibility for Lifeline support. I multiplied the total potential number of participants in each state by the current average annual federal support per participant - $111/year - to determine the maximum potential Lifeline support under current rules. As shown at the bottom of the column labeled "Total Potential Federal Support," full participation by all eligible households would result in a Lifeline fund of $2.967 billion compared to $1.725 billion today. In other words, current participants in the Lifeline program only draw 58% of total potential support. [NOTE: All of my calculations concern the Lifeline program only. The federal Low Income fund also contains Link-Up and Toll Limitation Service (TLS), which currently amount to approximately $3 million annually. I have not included Link-Up and TLS in my study because TLS is being phased-out and Link-Up now applies only to tribal lands.]

The "Difference" column compares (a) the total potential Lifeline support which could be received by a state based on the number of low-income households in that state, and (b) the support currently received in that state. Positive numbers indicate that a state is currently receiving support in excess of its total potential support; negative numbers that a state is receiving less than its total potential support. Even though nationwide participation in Lifeline is only 58%, six states – Alaska, Arkansas, Georgia, Louisiana, Maryland and Oklahoma - currently receive support that exceeds the potential maximum for those states. Two of these states – Alaska and Oklahoma – contain 88% of total tribal Lifeline subscribers, so it is possible that additional tribal support is responsible for the high level of actual support in those states. However, the other four states do not have a substantial tribal presence.

3. The third tab **"Reallocated Current"** uses the allocators for each state developed in the first tab (based on total low-income households in each state compared to the national total) and applies the allocators to the existing $1.725 billion Lifeline fund. Positive numbers indicate that a state is receiving more than its allocated share of current support. Twenty states are currently receiving more under current rules than they would if Low Income funds were allocated based on the percentage of low-income households in each state. Thirty states and Puerto Rico receive less than their allocated share of current support.

4. The fourth tab **"Basic & Supplemental"** investigates a potential approach to mitigate concerns about the growth of the Low Income Fund and the potential impact of adding broadband as a service supported by the Low Income Fund. The data in this tab assumes basic (Tier 1) federal support of $2.0 billion for Lifeline, with $0.5 billion in supplemental (Tier 2) federal support available based on a one-to-one match by states. According to Appendix LI08 in USAC's most recent projections, there were approximately 17 million Lifeline subscribers as of the third quarter of 2012. Basic federal support of $2.0 billion could provide $111 annual support to 18 million Lifeline subscribers (approximately 67% of total low-

income households) who could use the support to subsidize purchase of basic landline service, wireless service, or broadband service from ETCs, at the Lifeline customer's option. However, the federal subsidy would only apply to one service per household. (Any extra support for customers on tribal lands would be over and above tier 1 and 2 support, and should be subject to its own budget.) The tier 2 supplemental federal support of $0.5 billion would potentially draw another $0.5 billion in support from the states, resulting in the $3.0 billion necessary to provide full support to all low-income households. (However, it should be remembered that 100% program participation is highly unlikely.) The supplemental support could either be in the form of a set per line amount, or the states could be given flexibility in how the supplemental funds were used. For example, some states could choose to enroll more participants with the supplemental support, while other states could increase the amount of support going to existing participants.

Except for the fact that the separate funding components discussed above equal the funding requirement needed to cover all low-income households, there is nothing magic about the $2.0 billion and $0.5 billion tier 1 and 2 funding levels I have assumed. I used them because they are close to where the fund seems to be heading under current rules. The basic funds (Tier 1) would not be block-granted to the states. The funds would merely be available to the state based on the share of low-income households in that state. Actual disbursements would be based on the actual number of participants. If the number of participants in a particular state exceeded available funding, then going- forward support to that state would be pro-rated, as has been done with capped high-cost support. On the other hand, supplemental (Tier 2) support could be block-granted to the state based on the amount of support the state provided. While the total amount of Tier 1 and Tier 2 support would be greater than the current size of the Lifeline fund, it is likely that many states would not draw down their maximum allocated share of Lifeline funds, or would take several years to do so. However, regardless of the actual draw on the fund, policy makers would know the maximum size for the Lifeline fund since the budget for each tier would be predetermined. States would also know the share of the Low Income Fund allocated to them, which should provide a strong incentive for states to participate up to the maximum funding allocation. The funding for each tier could be reviewed periodically to ensure that it remained sufficient in light of changes in the nation's demographics.

5. The fifth tab **"HH v LL Subscribers"** compares current Lifeline subscribers to the number of households in each state at or below 135% of FPG. Eight states have more Lifeline subscribers than low-income households – Alaska, Arkansas, Georgia, Louisiana, Maryland, Ohio, Oklahoma & Rhode Island.

6. The sixth tab **"LL Subs 2010 v 2013"** compares the subscribership data presented in USAC's demand projections for the second quarter of 2010 and the second quarter of 2013. Although the total number of Lifeline subscribers more than doubled – from 7.9 million to 17 million – there were eleven states that

actually saw a decline in Lifeline subscribership – Alaska, California, Hawaii, Idaho, Montana, Nebraska, North Dakota, South Dakota, Texas, Vermont & Wyoming.

COMPARISON OF LOW INCOME FUND DATA FROM 2010 AND 2013

The updating of the 2010 study of the Low Income Fund presented an opportunity to see how the fund and the nation's demographics have changed over the past three years. Set forth below are key data points from 2010 and 2013:

	Population 000	Households 000	Population Below 135% 000	Households Below 135% 000
2010	304,997	117,131	61,800	23,561
2013	317,580	121,936	69,982	26,735
Difference	12,583	4,806	8,182	3,174

As can be seen, although the total number of households in the United States increased by 4.8 million, or 4%, the number of households at or below 135% of FPG increased at a faster rate, 13.5%, reflecting the impact of the recession.

	Non-Tribal Subscribers 000	Adj. Actual Support $000	Tribal Subscribers 000	Est. Tribal Support $000	Total Subscribers 000	Total Fed. Support $000
2010	7,594	$1,217,253	378	$110,401	7,972	$1,327,654
2013	16,219	$1,725,453	838	$207,062	17,057	$1,932,515
Difference	8,625	$508,200	460	$96,661	9,085	$604,861

The number of subscribers to both tribal and non-tribal Lifeline more than doubled over the past three years. However, federal Low Income support has only increased by 46%, which is a tribute to the efficacy of the FCC's efforts to control the growth of the Low Income Fund. The biggest increase in subscribership occurred in the state of Maryland. In the third quarter of 2009, there were only 6,504 Lifeline subscribers in Maryland. By the third quarter of 2012 the number of subscribers had risen almost a hundredfold to 645,840. It should also be pointed out that the current number of subscribers in Maryland is almost double the number of low-income households in the state.

	Potential Support $000	Adj. Actual Support $000	Difference $000	Actual as % of Potential Support
2010	$2,521,734	$1,217,253	$1,194,080	48.27%
2013	$2,967,577	$1,725,453	$1,035,062	58.14%
Difference	$445,843	$508,200	-$159,018	9.87%

Because of the increase in the number of households at or below 135% of FPG, the potential size of the federal Low Income fund has risen by $446 million since 2010. Because of the increase in Lifeline subscribership, actual funding as a percentage of the potential size of the fund grew from 48% to 58%.

ADJUSTMENT TO REMOVE EXCESS TRIBAL LOW-INCOME SUPPORT

UPDATED MARCH 2013

	Total Actual Federal Support $000	Less Link Up $000	Less Excess Tribal LL $000	Adjusted Actual Support $000
Alabama	$33,484	$12	$0	$33,472
Alaska	$7,259	$3	$1,151	$6,105
Arizona	$29,414	$11	$8,646	$20,757
Arkansas	$39,277	$14	$0	$39,263
California	$154,697	$43	$0	$154,654
Colorado	$2,315	$1	$0	$2,314
Connecticut	$12,620	$5	$0	$12,615
Delaware	$4,203	$2	$0	$4,201
D.C.	$5,084	$2	$0	$5,082
Florida	$108,009	$40	$0	$107,969
Georgia	$108,297	$40	$0	$108,257
Hawaii	$413	$0	$0	$413
Idaho	$2,406	$1	$0	$2,405
Illinois	$80,257	$29	$0	$80,228
Indiana	$21,906	$8	$0	$21,898
Iowa	$9,388	$3	$0	$9,385
Kansas	$8,592	$3	$0	$8,589
Kentucky	$24,935	$9	$0	$24,926
Louisiana	$62,524	$23	$0	$62,501
Maine	$9,461	$3	$0	$9,458
Maryland	$59,915	$22	$0	$59,893
Massachusetts	$33,526	$12	$0	$33,514
Michigan	$68,963	$25	$0	$68,938
Minnesota	$9,776	$4	$0	$9,772
Mississippi	$24,398	$9	$0	$24,389
Missouri	$25,543	$9	$0	$25,534
Montana	$2,336	$1	$1,114	$1,221
Nebraska	$1,299	$0	$0	$1,299
Nevada	$13,518	$5	$0	$13,513
New Hampshire	$2,614	$1	$0	$2,613
New Jersey	$41,542	$15	$0	$41,527
New Mexico	$11,865	$4	$3,314	$8,547
New York	$131,441	$48	$0	$131,393
North Carolina	$61,461	$23	$0	$61,438
North Dakota	$1,456	$46	$78	$1,332
Ohio	$99,448	$37	$0	$99,411
Oklahoma	$266,130	$98	$190,108	$75,924
Oregon	$4,508	$2	$0	$4,506
Pennsylvania	$57,913	$21	$0	$57,892
Rhode Island	$9,385	$3	$0	$9,382
South Carolina	$26,622	$10	$0	$26,612
South Dakota	$985	$0	$208	$777
Tennessee	$43,545	$16	$0	$43,529
Texas	$82,990	$30	$0	$82,960
Utah	$4,419	$2	$0	$4,417
Vermont	$1,898	$0	$0	$1,898
Virginia	$27,567	$10	$0	$27,557
Washington	$25,246	$9	$1,705	$23,532
West Virginia	$14,162	$5	$0	$14,157
Wisconsin	$19,435	$7	$0	$19,428
Wyoming	$193	$0	$0	$193
United States	$1,898,640	$726	$206,324	$1,691,590
Puerto Rico	$33,875	$12	$0	$33,863
TOTAL	$1,932,515	$738	$206,324	$1,725,453

Sources: Universal Service Administrative Company, Appendices LI01, LI02 & LI08, 2Q2013

Total actual federal support determined by annualizing total low income support for 2Q2013
Total adjusted federal support determined by removing tribal support amounts above normal federal support
Insular areas - Guam, American Samoa, Virgin Islands & Northern Marianas - not included because of limited poverty data

POTENTIAL SIZE OF LIFELINE FUND
COMPARED TO ACTUAL CURRENT SUPPORT
UPDATED MARCH 2013

	Population 000	Households 000	Below 135% of Poverty Population 000	Below 135% of Poverty Households 000	Annual Federal Support	Total Potential Federal Support $000	Total Adjusted Federal Support $000	Difference $000	Actual As % of Potential Support
Alabama	4,822	1,906	1,024	405	$111.00	$44,926	$33,472	($11,454)	74.50%
Alaska	731	274	124	46	$111.00	$5,155	$6,105	$950	118.43%
Arizona	6,553	2,482	1,639	621	$111.00	$68,913	$20,757	($48,156)	30.12%
Arkansas	2,949	1,175	799	318	$111.00	$35,334	$39,263	$3,929	111.12%
California	38,041	13,073	9,258	3,181	$111.00	$353,140	$154,654	($198,486)	43.79%
Colorado	5,188	2,075	934	374	$111.00	$41,470	$2,314	($39,156)	5.58%
Connecticut	3,590	1,419	514	203	$111.00	$22,551	$12,615	($9,936)	55.94%
Delaware	917	353	177	68	$111.00	$7,557	$4,201	($3,356)	55.59%
D.C.	632	297	151	71	$111.00	$7,869	$5,082	($2,787)	64.58%
Florida	19,318	7,546	4,350	1,699	$111.00	$188,613	$107,969	($80,644)	57.24%
Georgia	9,920	3,701	2,476	924	$111.00	$102,551	$108,257	$5,706	105.56%
Hawaii	1,392	475	249	85	$111.00	$9,433	$413	($9,020)	4.38%
Idaho	1,596	605	379	144	$111.00	$15,935	$2,405	($13,530)	15.09%
Illinois	12,875	4,914	2,626	1,002	$111.00	$111,254	$80,228	($31,026)	72.11%
Indiana	6,537	2,584	1,395	551	$111.00	$61,204	$21,898	($39,306)	35.78%
Iowa	3,074	1,276	508	211	$111.00	$23,398	$9,385	($14,013)	40.11%
Kansas	2,886	1,159	591	237	$111.00	$26,346	$8,589	($17,757)	32.60%
Kentucky	4,380	1,759	1,070	430	$111.00	$47,699	$24,926	($22,773)	52.26%
Louisiana	4,602	1,770	1,296	498	$111.00	$55,329	$62,501	$7,172	112.96%
Maine	1,329	568	256	109	$111.00	$12,144	$9,458	($2,686)	77.88%
Maryland	5,885	2,238	800	304	$111.00	$33,764	$59,893	$26,129	177.39%
Massachusetts	6,646	2,669	1,048	421	$111.00	$46,718	$33,514	($13,204)	71.74%
Michigan	9,883	3,906	2,057	813	$111.00	$90,248	$68,938	($21,310)	76.39%
Minnesota	5,379	2,187	757	308	$111.00	$34,157	$9,772	($24,385)	28.61%
Mississippi	2,985	1,131	750	284	$111.00	$31,534	$24,389	($7,145)	77.34%
Missouri	6,022	2,448	1,353	550	$111.00	$61,050	$25,534	($35,516)	41.82%
Montana	1,005	426	245	104	$111.00	$11,523	$1,221	($10,302)	10.60%
Nebraska	1,856	754	291	118	$111.00	$13,130	$1,299	($11,831)	9.89%
Nevada	2,759	1,033	605	227	$111.00	$25,152	$13,513	($11,639)	53.73%
New Hampshire	1,321	533	149	60	$111.00	$6,669	$2,613	($4,056)	39.18%
New Jersey	8,865	3,296	1,447	538	$111.00	$59,709	$41,527	($18,182)	69.55%
New Mexico	2,086	796	604	231	$111.00	$25,589	$8,547	($17,042)	33.40%
New York	19,570	7,556	4,386	1,693	$111.00	$187,971	$131,393	($56,578)	69.90%
North Carolina	9,752	3,901	2,220	888	$111.00	$98,568	$61,438	($37,130)	62.33%
North Dakota	700	304	96	42	$111.00	$4,633	$1,332	($3,301)	28.75%
Ohio	11,544	4,693	2,448	995	$111.00	$110,459	$99,411	($11,048)	90.00%
Oklahoma	3,815	1,514	797	316	$111.00	$35,106	$75,924	$40,818	216.27%
Oregon	3,899	1,585	816	332	$111.00	$36,820	$4,506	($32,314)	12.24%
Pennsylvania	12,766	5,168	2,383	965	$111.00	$107,090	$57,892	($49,198)	54.06%
Rhode Island	1,050	427	208	85	$111.00	$9,385	$9,382	($3)	99.96%
South Carolina	4,724	1,875	1,276	506	$111.00	$56,205	$26,612	($29,593)	47.35%
South Dakota	833	343	170	70	$111.00	$7,765	$777	($6,988)	10.01%
Tennessee	6,456	2,582	1,493	597	$111.00	$66,289	$43,529	($22,760)	65.67%
Texas	26,059	9,340	6,511	2,334	$111.00	$259,040	$82,960	($176,080)	32.03%
Utah	2,855	933	539	176	$111.00	$19,552	$4,417	($15,135)	22.59%
Vermont	626	268	107	46	$111.00	$5,076	$1,898	($3,178)	37.39%
Virginia	8,186	3,185	1,288	501	$111.00	$55,630	$27,557	($28,073)	49.54%
Washington	6,897	2,759	1,372	549	$111.00	$60,917	$23,532	($37,385)	38.63%
West Virginia	1,855	763	469	193	$111.00	$21,423	$14,157	($7,266)	66.08%
Wisconsin	5,726	2,366	1,080	446	$111.00	$49,537	$19,428	($30,109)	39.22%
Wyoming	576	234	98	40	$111.00	$4,422	$193	($4,229)	4.36%
United States	313,913	120,622	67,679	25,909	$111.00	$2,875,952	$1,691,590	##########	58.82%
Puerto Rico	3,667	1,314	2,303	825	$111.00	$91,625	$33,863	($57,762)	36.96%
TOTAL	317,580	121,936	69,982	26,735	$111.00	$2,967,577	$1,725,453	##########	58.14%

Sources: Census Bureau, Current Population Survey, POC46: Poverty Status by State 2011
Census Bureau, State and County QuickFacts
Universal Service Administrative Company, Appendices LI01 & LI02, 2Q2013

2012 population estimate divided by average number of persons per household to derive current nu Quickfacts
2012 poverty by state divided by average persons per HH to determine HHs at or below 135% poverty level
Total adjusted actual federal support determined by annualizing total low income support for 2Q2013 and removing excess tribal support
Insular areas - Guam, American Samoa, Virgin Islands & Northern Marianas - not included because of limited poverty data

CURRENT TOTAL LIFELINE SUPPORT
REALLOCATED BASED ON NUMBER OF LOW-INCOME HOUSEHOLDS
Updated March 2013

	Population 000	Households 000	Below 135% of Poverty Population 000	Below 135% of Poverty Households 000	Allocator	Reallocated Federal Support $000	Total Adjusted Federal Support $000	Difference $000	Actual As % of Realloc. Support
Alabama	4,822	1,906	1,024	405	1.51%	$26,122	$33,472	$7,350	128.14%
Alaska	731	274	124	46	0.17%	$2,997	$6,105	$3,108	203.68%
Arizona	6,553	2,482	1,639	621	2.32%	$40,068	$20,757	($19,311)	51.80%
Arkansas	2,949	1,175	799	318	1.19%	$20,545	$39,263	$18,718	191.11%
California	38,041	13,073	9,258	3,181	11.90%	$205,328	$154,654	($50,674)	75.32%
Colorado	5,188	2,075	934	374	1.40%	$24,112	$2,314	($21,798)	9.60%
Connecticut	3,590	1,419	514	203	0.76%	$13,112	$12,615	($497)	96.21%
Delaware	917	353	177	68	0.25%	$4,394	$4,201	($193)	95.62%
D.C.	632	297	151	71	0.27%	$4,575	$5,082	$507	111.07%
Florida	19,318	7,546	4,350	1,699	6.36%	$109,666	$107,969	($1,697)	98.45%
Georgia	9,920	3,701	2,476	924	3.46%	$59,627	$108,257	$48,630	181.56%
Hawaii	1,392	475	249	85	0.32%	$5,485	$413	($5,072)	7.53%
Idaho	1,596	605	379	144	0.54%	$9,265	$2,405	($6,860)	25.96%
Illinois	12,875	4,914	2,626	1,002	3.75%	$64,687	$80,228	$15,541	124.02%
Indiana	6,537	2,584	1,395	551	2.06%	$35,586	$21,898	($13,688)	61.54%
Iowa	3,074	1,276	508	211	0.79%	$13,604	$9,385	($4,219)	68.99%
Kansas	2,886	1,159	591	237	0.89%	$15,318	$8,589	($6,729)	56.07%
Kentucky	4,380	1,759	1,070	430	1.61%	$27,734	$24,926	($2,808)	89.88%
Louisiana	4,602	1,770	1,296	498	1.86%	$32,170	$62,501	$30,331	194.28%
Maine	1,329	568	256	109	0.41%	$7,061	$9,458	$2,397	133.95%
Maryland	5,885	2,238	800	304	1.14%	$19,632	$59,893	$40,261	305.08%
Massachusetts	6,646	2,669	1,048	421	1.57%	$27,164	$33,514	$6,350	123.38%
Michigan	9,883	3,906	2,057	813	3.04%	$52,473	$68,938	$16,465	131.38%
Minnesota	5,379	2,187	757	308	1.15%	$19,860	$9,772	($10,088)	49.20%
Mississippi	2,985	1,131	750	284	1.06%	$18,335	$24,389	$6,054	133.02%
Missouri	6,022	2,448	1,353	550	2.06%	$35,497	$25,534	($9,963)	71.93%
Montana	1,005	426	245	104	0.39%	$6,700	$1,221	($5,479)	18.22%
Nebraska	1,856	754	291	118	0.44%	$7,635	$1,299	($6,336)	17.01%
Nevada	2,759	1,033	605	227	0.85%	$14,624	$13,513	($1,111)	92.40%
New Hampshire	1,321	533	149	60	0.22%	$3,878	$2,613	($1,265)	67.39%
New Jersey	8,865	3,296	1,447	538	2.01%	$34,717	$41,527	$6,810	119.62%
New Mexico	2,086	796	604	231	0.86%	$14,879	$8,547	($6,332)	57.45%
New York	19,570	7,556	4,386	1,693	6.33%	$109,293	$131,393	$22,100	120.22%
North Carolina	9,752	3,901	2,220	888	3.32%	$57,311	$61,438	$4,127	107.20%
North Dakota	700	304	96	42	0.16%	$2,694	$1,332	($1,362)	49.45%
Ohio	11,544	4,693	2,448	995	3.72%	$64,224	$99,411	$35,187	154.79%
Oklahoma	3,815	1,514	797	316	1.18%	$20,412	$75,924	$55,512	371.96%
Oregon	3,899	1,585	816	332	1.24%	$21,408	$4,506	($16,902)	21.05%
Pennsylvania	12,766	5,168	2,383	965	3.61%	$62,266	$57,892	($4,374)	92.98%
Rhode Island	1,050	427	208	85	0.32%	$5,457	$9,382	$3,925	171.93%
South Carolina	4,724	1,875	1,276	506	1.89%	$32,679	$26,612	($6,067)	81.43%
South Dakota	833	343	170	70	0.26%	$4,515	$777	($3,738)	17.21%
Tennessee	6,456	2,582	1,493	597	2.23%	$38,543	$43,529	$4,986	112.94%
Texas	26,059	9,340	6,511	2,334	8.73%	$150,615	$82,960	($67,655)	55.08%
Utah	2,855	933	539	176	0.66%	$11,368	$4,417	($6,951)	38.85%
Vermont	626	268	107	46	0.17%	$2,951	$1,898	($1,053)	64.31%
Virginia	8,186	3,185	1,288	501	1.87%	$32,345	$27,557	($4,788)	85.20%
Washington	6,897	2,759	1,372	549	2.05%	$35,419	$23,532	($11,887)	66.44%
West Virginia	1,855	763	469	193	0.72%	$12,456	$14,157	$1,701	113.65%
Wisconsin	5,726	2,366	1,080	446	1.67%	$28,803	$19,428	($9,375)	67.45%
Wyoming	576	234	98	40	0.15%	$2,571	$193	($2,378)	7.51%
United States	313,913	120,622	67,679	25,909	96.91%	$1,672,179	$1,691,590	$19,411	101.16%
Puerto Rico	3,667	1,314	2,303	825	3.09%	$53,274	$33,863	($19,411)	63.56%
TOTAL	317,580	121,936	69,982	26,735	100.00%	$1,725,453	$1,725,453	$0	100.00%

Sources: Census Bureau, Current Population Survey, POC46: Poverty Status by State 2011
Census Bureau, State and County QuickFacts
Universal Service Administrative Company, Appendices LI01 & LI02, 2Q2013

ALLOCATED BASIC & SUPPLEMENTAL FEDERAL LIFELINE SUPPORT
COMPARED TO CURRENT LIFELINE SUPPORT
Updated March 2013

	% of Low Income Households in US	Share of Basic Federal Support $000	Share of Supplemental Federal Support $000	Total Potential Federal Support $000	Current Lifeline Support $000	Difference $000
Alabama	1.51%	$30,278	$7,570	$37,848	$33,472	($4,376)
Alaska	0.17%	$3,474	$869	$4,343	$6,105	$1,762
Arizona	2.32%	$46,444	$11,611	$58,055	$20,757	($37,298)
Arkansas	1.19%	$23,814	$5,953	$29,767	$39,263	$9,496
California	11.90%	$237,999	$59,500	$297,499	$154,654	($142,845)
Colorado	1.40%	$27,948	$6,987	$34,936	$2,314	($32,622)
Connecticut	0.76%	$15,198	$3,800	$18,998	$12,615	($6,383)
Delaware	0.25%	$5,093	$1,273	$6,366	$4,201	($2,165)
D.C.	0.27%	$5,303	$1,326	$6,629	$5,082	($1,547)
Florida	6.36%	$127,116	$31,779	$158,895	$107,969	($50,926)
Georgia	3.46%	$69,114	$17,279	$86,393	$108,257	$21,864
Hawaii	0.32%	$6,357	$1,589	$7,947	$413	($7,534)
Idaho	0.54%	$10,740	$2,685	$13,424	$2,405	($11,019)
Illinois	3.75%	$74,980	$18,745	$93,725	$80,228	($13,497)
Indiana	2.06%	$41,248	$10,312	$51,560	$21,898	($29,662)
Iowa	0.79%	$15,769	$3,942	$19,711	$9,385	($10,326)
Kansas	0.89%	$17,756	$4,439	$22,195	$8,589	($13,606)
Kentucky	1.61%	$32,147	$8,037	$40,183	$24,926	($15,257)
Louisiana	1.86%	$37,289	$9,322	$46,611	$62,501	$15,890
Maine	0.41%	$8,184	$2,046	$10,230	$9,458	($772)
Maryland	1.14%	$22,755	$5,689	$28,444	$59,893	$31,449
Massachusetts	1.57%	$31,486	$7,871	$39,357	$33,514	($5,843)
Michigan	3.04%	$60,823	$15,206	$76,028	$68,938	($7,090)
Minnesota	1.15%	$23,020	$5,755	$28,775	$9,772	($19,003)
Mississippi	1.06%	$21,252	$5,313	$26,566	$24,389	($2,177)
Missouri	2.06%	$41,145	$10,286	$51,431	$25,534	($25,897)
Montana	0.39%	$7,766	$1,942	$9,708	$1,221	($8,487)
Nebraska	0.44%	$8,849	$2,212	$11,062	$1,299	($9,763)
Nevada	0.85%	$16,951	$4,238	$21,189	$13,513	($7,676)
New Hampshire	0.22%	$4,495	$1,124	$5,618	$2,613	($3,005)
New Jersey	2.01%	$40,241	$10,060	$50,301	$41,527	($8,774)
New Mexico	0.86%	$17,246	$4,311	$21,557	$8,547	($13,010)
New York	6.33%	$126,683	$31,671	$158,354	$131,393	($26,961)
North Carolina	3.32%	$66,430	$16,607	$83,037	$61,438	($21,599)
North Dakota	0.16%	$3,122	$781	$3,903	$1,332	($2,571)
Ohio	3.72%	$74,444	$18,611	$93,054	$99,411	$6,357
Oklahoma	1.18%	$23,660	$5,915	$29,575	$75,924	$46,349
Oregon	1.24%	$24,815	$6,204	$31,018	$4,506	($26,512)
Pennsylvania	3.61%	$72,174	$18,043	$90,217	$57,892	($32,325)
Rhode Island	0.32%	$6,325	$1,581	$7,907	$9,382	$1,475
South Carolina	1.89%	$37,879	$9,470	$47,349	$26,612	($20,737)
South Dakota	0.26%	$5,234	$1,308	$6,542	$777	($5,765)
Tennessee	2.23%	$44,676	$11,169	$55,845	$43,529	($12,316)
Texas	8.73%	$174,580	$43,645	$218,225	$82,960	($135,265)
Utah	0.66%	$13,177	$3,294	$16,471	$4,417	($12,054)
Vermont	0.17%	$3,421	$855	$4,276	$1,898	($2,378)
Virginia	1.87%	$37,492	$9,373	$46,864	$27,557	($19,307)
Washington	2.05%	$41,055	$10,264	$51,319	$23,532	($27,787)
West Virginia	0.72%	$14,438	$3,610	$18,048	$14,157	($3,891)
Wisconsin	1.67%	$33,386	$8,346	$41,732	$19,428	($22,304)
Wyoming	0.15%	$2,980	$745	$3,725	$193	($3,532)
United States	96.91%	$1,938,249	$484,562	$2,422,812	$1,691,590	($731,222)
Puerto Rico	0.03088	$61,751	$15,438	$77,188	$33,863	($43,326)
TOTAL	1.00000	$2,000,000	$500,000	$2,500,000	$1,725,453	($774,547)

Sources: Census Bureau, Current Population Survey, POC46: Poverty Status by State 2011
Census Bureau, State and County QuickFacts
Universal Service Administrative Company, Appendices LI01 & LI02, 2Q2013

LOW INCOME HOUSEHOLDS
COMPARED TO LIFELINE SUBSCRIBERS
UPDATED MARCH 2013

	Below 135% of Poverty		Lifeline	
	Population	Households	Subscribers	Difference
	000	000	000	000
Alabama	1,024	405	324	(81)
Alaska	124	46	55	9
Arizona	1,639	621	187	(434)
Arkansas	799	318	414	96
California	9,258	3,181	1,455	(1,726)
Colorado	934	374	28	(346)
Connecticut	514	203	126	(77)
Delaware	177	68	39	(29)
D.C.	151	71	54	(17)
Florida	4,350	1,699	1,049	(650)
Georgia	2,476	924	1,102	178
Hawaii	249	85	4	(81)
Idaho	379	144	23	(121)
Illinois	2,626	1,002	939	(63)
Indiana	1,395	551	188	(363)
Iowa	508	211	101	(110)
Kansas	591	237	90	(147)
Kentucky	1,070	430	244	(186)
Louisiana	1,296	498	684	186
Maine	256	109	105	(4)
Maryland	800	304	646	342
Massachusetts	1,048	421	340	(81)
Michigan	2,057	813	619	(194)
Minnesota	757	308	102	(206)
Mississippi	750	284	256	(28)
Missouri	1,353	550	276	(274)
Montana	245	104	11	(93)
Nebraska	291	118	13	(105)
Nevada	605	227	145	(82)
New Hampshire	149	60	25	(35)
New Jersey	1,447	538	406	(132)
New Mexico	604	231	77	(154)
New York	4,386	1,693	1,206	(487)
North Carolina	2,220	888	612	(276)
North Dakota	96	42	12	(30)
Ohio	2,448	995	1,003	8
Oklahoma	797	316	684	368
Oregon	816	332	61	(271)
Pennsylvania	2,383	965	511	(454)
Rhode Island	208	85	87	2
South Carolina	1,276	506	231	(275)
South Dakota	170	70	7	(63)
Tennessee	1,493	597	421	(176)
Texas	6,511	2,334	873	(1,461)
Utah	539	176	40	(136)
Vermont	107	46	19	(27)
Virginia	1,288	501	290	(211)
Washington	1,372	549	211	(338)
West Virginia	469	193	150	(43)
Wisconsin	1,080	446	185	(261)
Wyoming	98	40	2	(38)
United States	67,679	25,909	16,732	(9,177)
Puerto Rico	2,303	825	315	(510)
TOTAL	69,982	26,735	17,047	(9,688)

Sources: Universal Service Administrative Company, Appendix LI08 for the Second quarters of 2013 & 2010

LIFELINE SUBSCRIBERS
2013 v 2010

	Lifeline Subscribers		
	2013 000	2010 000	Difference 000
Alabama	324	157	167
Alaska	55	73	(18)
Arizona	187	78	109
Arkansas	414	31	383
California	1,455	1,947	(492)
Colorado	28	25	3
Connecticut	126	54	72
Delaware	39	5	34
D.C.	54	13	41
Florida	1,049	575	474
Georgia	1,102	235	867
Hawaii	4	5	(1)
Idaho	23	28	(5)
Illinois	939	108	831
Indiana	188	52	136
Iowa	101	50	51
Kansas	90	28	62
Kentucky	244	69	175
Louisiana	684	77	607
Maine	105	62	43
Maryland	646	7	639
Massachusetts	340	161	179
Michigan	619	256	363
Minnesota	102	67	35
Mississippi	256	69	187
Missouri	276	71	205
Montana	11	16	(5)
Nebraska	13	19	(6)
Nevada	145	32	113
New Hampshire	25	8	17
New Jersey	406	131	275
New Mexico	77	73	4
New York	1,206	492	714
North Carolina	612	249	363
North Dakota	12	19	(7)
Ohio	1,003	341	662
Oklahoma	684	205	479
Oregon	61	45	16
Pennsylvania	511	199	312
Rhode Island	87	29	58
South Carolina	231	59	172
South Dakota	7	16	(9)
Tennessee	421	225	196
Texas	873	888	(15)
Utah	40	30	10
Vermont	19	23	(4)
Virginia	290	121	169
Washington	211	98	113
West Virginia	150	10	140
Wisconsin	185	84	101
Wyoming	2	3	(1)
United States	16,732	7,718	9,014

Puerto Rico	315	232	83
TOTAL	17,047	7,950	9,097

Sources: Universal Service Administrative Company, Appendix LI08 for the Second quarters of 2013 & 2010