

Public Service Commission of Wisconsin

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December 27, 2024

Richard A. Champagne, Interim Chief Clerk
Wisconsin State Senate
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P.O. Box 7882
Madison, WI 53707

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

Re: Administration of the Universal Service Fund

5-UF-2024

Dear Chief Clerks Champagne and Blazel:

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

The Wisconsin USF portion administered by Commission, includes two financial assistance programs and four grant programs (one non-competitive and three competitive).

Financial assistance programs

- The Lifeline program provides financial assistance to low-income customers as a discount on telephone and bundled internet services.
- The Telecommunications Equipment Purchase Program (TEPP) provides financial assistance to people with disabilities for the purchase of specialized telecommunications equipment.

Grant programs

- The Telecommunications Equipment Purchase Outreach (TEPP) Grant Program funds annually eight Wisconsin Independent Living Centers to promote the TEPP program.
- The competitive Telemedicine Equipment Grant Program biennially awards funds to eligible medical facilities for the purchased of specialized medical telecommunications equipment to serve patients in rural or underserved areas.

- The competitive Nonprofit Access Grant Program annually awards funds to eligible nonprofit organizations for projects or programs that facilitate affordable access to telecommunications and internet services to the people they serve.
- The competitive Lifeline Outreach Grant Program annually awards funds to eligible organizations for projects that increase the awareness and enrollment into the Lifeline Program to eligible households.

The Wisconsin USF funding administered by the Department of Administration, the Department of Public Instruction, and the University of Wisconsin, supports:

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

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

Sincerely,



Summer Strand
Chairperson
Public Service Commission of Wisconsin

SS:JF:TK:AK:MB:bs DL: 02045882

Attachment: USF Biennial Report 2022-2024

Wisconsin Universal Service Fund

Biennial Report to the Wisconsin Legislature

July 1, 2022 through June 30, 2024



Foreword

The Wisconsin Universal Service Fund (WI USF) is funded by telecommunications providers. All telecommunications providers operating in Wisconsin contribute to the WI USF but, as the telecommunications industry has evolved from classic landlines (wirelines) to cellular phones with voice and data, the telecommunications industry is in flux. Most services today use voice-over-broadband (VoIP), or today's most common mobile voice service with high-speed internet access (wireless).

This report is organized in five sections, starting with the impact of these trends on the telecommunications industry in general, and specifically on Wisconsin's USF programs. Second, the contributions to the USF and assessment trends are illustrated using temporal data and some Federal data. Third, the report addresses to the Universal Service Statutory criteria. Fourth, the USF Programs appropriation and activities are presented. Lastly, an overview of the Federal USF program is outlined.

This report satisfies the statutory request for a biennial report on Universal Service Fund in Wis. Stat. § 196.218(5r) for the period of July 1, 2022, to June 30, 2024. Previous Biennial Reports are available on the Public Service Commission's (PSC) website <https://psc.wi.gov/Pages/Footer/ReferenceCenter/BiennialReportsOther.aspx>

WI USF Legislative Reference

Wis. Stat. § 196.218(5r)

(a) Biennially, the commission shall submit a universal service fund report to the legislature under s. 13.172 (2). The report shall include information about all of the following:

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

Wis. Stat. § 196.03(6)

In determining a reasonably adequate telecommunications service or a reasonable and just charge for that telecommunications service, the commission shall consider at least the following factors in determining what is reasonable and just, reasonably adequate, convenient and necessary or in the public interest:

- (a) Promotion and preservation of competition *consistent with [ch. 133](#) and [s. 196.219](#)*.
- (b) Promotion of consumer choice.
- (c) Impact on the quality of life for the public, including privacy considerations.
- (d) Promotion of universal service.
- (e) Promotion of economic development, including telecommunications infrastructure deployment.
- (f) Promotion of efficiency and productivity.
- (g) Promotion of telecommunications services in geographical areas with diverse income or racial populations.

WI USF Legislative Reference (cont'd)

Wis. Stat. § 196.219

(1) Definitions. In this section:

- (a) "Consumer" means any person, including a telecommunications provider, that uses the services, products, or facilities provided by a telecommunications utility or the local exchange services offered by a telecommunications provider that is not a telecommunications utility.
- (b) "Local exchange service" includes access service, basic local exchange service, and Business access line and usage service within a local calling area.

(2) Consumer protection.

- (a) Notwithstanding any exemptions identified in this chapter except ss. 196.202, 196.203, 196.206, and 196.50, a telecommunications utility or provider shall provide protection to its consumers under this section unless exempted [...]

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WI USF – Historical Background

The Wisconsin Universal Service Fund (USF) was established by 1993 Wisconsin Act 496.¹ The purpose of the Fund is to promote universal access to essential and advanced telecommunications services through discounted rates for service and targeted grant programs.² USF funded programs are critical to ensuring that all Wisconsin residents have access to essential telecommunications services regardless of their income level. Essential telecommunications services are provided by both wireline and wireless carriers.³ A wireless or wireline telecommunications carrier has to be designated as an Eligible Telecommunications Carrier (ETC)⁴ by the Public Service Commission of Wisconsin (Commission) to offer the Lifeline discount to customers and receive federal and state USF funds to offset a portion of the cost to the customer.

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

2013 Wisconsin Act 20 authorized the Broadband Expansion Grant program codified under Wis. Stat. § 196.504. From FY 2016 to FY 2021, the Broadband Expansion Grant program was funded by the USF fund balance as well as periodic transfers from DOA's federal USF E-Rate Aid appropriation. Beginning in FY 2019, this included annual transfers from the USF fund balance, as required by Wis. Stat. 196.218(2s)⁵. At this time, the Broadband Expansion Grant Program only receives USF funds from the statutorily required annual transfers and does not directly receive additional funds from USF assessments.

¹ See Wis. Stats. § 196.218.

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

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

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

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

WI USF - Contributions to the Fund and Trends

Assessment for USF

To support of the cost of the state USF program telecommunications providers, including VoIP and wireless service providers, are assessed a proportionate share of their intrastate revenues. Assessment rates are based on the gross intrastate retail voice telecommunications revenue reported annually to the Commission.⁶ Currently, neither broadband services, nor Internet Service Providers, are subject to assessment for USF purposes. Telecommunications providers with USF assessable annual revenues of less than \$200,000 are exempt from the USF assessment.⁷

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

The changing nature of telecommunications services, specifically the trend away from the classic retail voice telephone service,¹¹ has affected the provider's revenues assessable for the WI USF.

Assessment for TTP

The Commission also issues an annual assessment for Telecommunications Trade Practices (TTP). TTP is an assessment the Commission collects from telecommunications service providers to fund oversight of trade practices. These funds go to the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) to pay for administration of their rule on telecommunications services. The Commission has authority for the TTP assessment under Wis. Stat. §196.859.

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

⁷ Wis. Admin. Code § PSC 160.18(1).

⁸ See Table 3.

⁹ See: [PSC USF Assessment and Fees](#).

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

¹¹ See Table 1 and Chart 1 Chart.

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

Tables 1 and 2 and related Charts 1 and 2 show the percent changes and trends of the USF and TTP assessable revenues for the period from 2016 to 2024. During this period, the total assessable USF revenues declined 50.2 percent, while the total assessable TTP revenue dropped by 25.7 percent.

Table 1:¹² Change in USF Assessable Revenue 2016- 2024

USF		
Year*	Assessable Revenue (million \$)	% Change from previous year
2016	\$1,511	baseline
2017	\$1,406	-6.9%
2018	\$1,287	-8.5%
2019	\$1,196	-7.1%
2020	\$1,021	-14.6%
2021	\$872	-14.6%
2022	\$813	-6.8%
2023	\$796	-2.1%
2024	\$752	-5.5%

* The year refers to when the assessment Order was issued, which is different from the year the providers’ revenue was recognized, as well as the year that the assessment covers.

For example: the assessment Order that was issued in September 2024 used providers’ calendar year 2023 revenues, and recovers fiscal year 2025 costs.

¹² Source: Commission staff calculations for annual assessment. Orders listed here:

- | | | | |
|------|--|------|--|
| 2016 | Order ERF#292859- Attchm. A | 2021 | Order ERF#422831 - Attchm. A |
| 2017 | Order ERF#332136- Attchm. A | 2022 | Order ERF#449584 - Attchm. A |
| 2018 | Order ERF#351411- Attchm. A | 2023 | Order ERF#481399 - Attchm. A |
| 2019 | Order ERF#377342- Attchm. A | 2024 | Order ERF#518231 - Attchm. A |
| 2020 | Order ERF#399829 - Attchm. A | | |

Chart 1: USF Assessable Revenue 2016 -2024

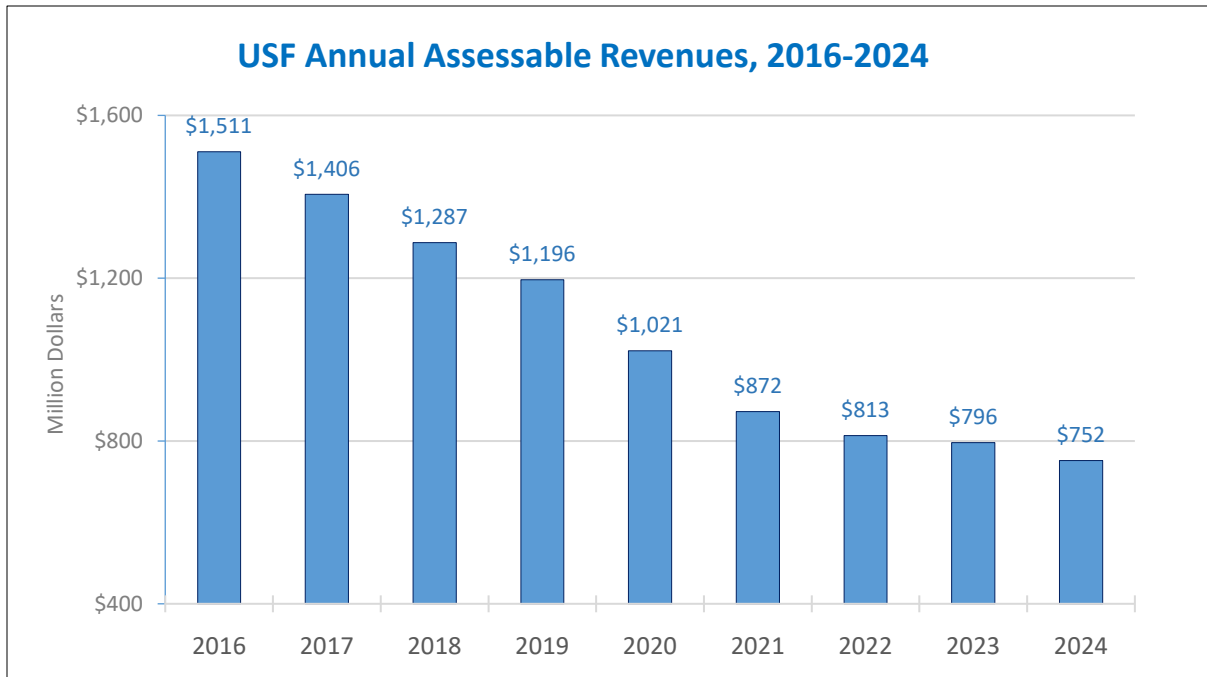


Table 2:¹³ Change in TTP Assessable Revenue 2016- 2023

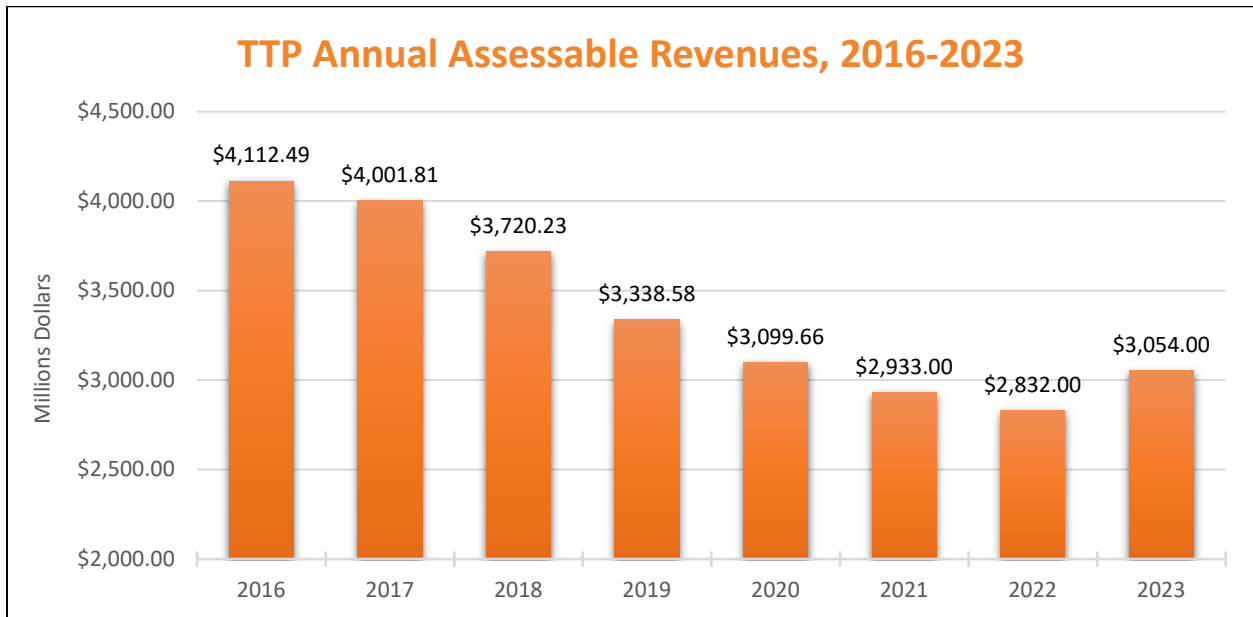
TTP		
Year**	Assessable Revenue (million \$)	% Change from previous year
2016	\$4,112	baseline
2017	\$4,001	-2.7%
2018	\$3,720	-7.0%
2019	\$3,339	-10.3%
2020	\$3,099	-7.2%
2021	\$2,933	-5.4%
2022	\$2,832	-3.4%
2023	\$3,954	+ 7.8%

**The year refers to the provider's revenue year, which is different than the year the assessment invoices were sent (generally the following year), and different from the year that the assessment covers (two years later).

For example: The 2023 refers to the providers' 2023 revenues, for the assessment invoices sent in 2024, and recovers fiscal year 2025 costs. (Therefore, 2024 data is not yet available.)

¹³ Source: Commission staff calculations.

Chart 2: TTP Assessable Revenue 2016-2023



Note 1: Different than USF assessment, the TTP assessment is listed by the provider's revenue year. Revenue 2024 data is not yet available.

Assessment Rates

The USF is financed by collecting a fee from telecommunication providers based on their interstate and international telecommunications service and certain telecommunications revenues. Assessment rates are based on the revenue annually reported to the Commission for those services.

Although wireline, VoIP and wireless carriers are still providing assessable services and annually report USF assessable revenue and monthly pay an assessment for USF, the overall decline in assessable revenue may indicate that customers continue to substitute traditional telephone services with services that do not contribute to the USF such as, broadband internet, wireless data, and cable video. As assessable services continue to decline, a smaller number of providers are responsible for paying USF fees (about 160 out of about 600 providers), and providers who offer both assessable and non-assessable services are allocating a decreasing portion of their revenues to the USF monthly rate. As total assessable revenues decrease, the annual assessment rate has consequently increased to maintain total assessments at budgeted levels. (Table 3).

Table 3: USF Monthly Assessment Rates 2018 – 2023

Period (Oct. to Sept.)	Monthly Assessment Rate (%)	Total Assessments
2018-2019 ¹⁴	0.28476	\$43,103,900
2019-2020 ¹⁵	0.29274	\$42,502,100
2020-2021 ¹⁶	0.34437	\$42,157,222
2021-2022 ¹⁷	0.44874	\$45,787,000
2022-2023 ¹⁸	0.48573	\$47,290,700
2023-2024 ¹⁹	0.47514	\$45,842,850

Although the mechanism that governs contributions and assessments for the state USF (as well as for the federal USF) did not account for the shift of subscribers from assessable to non-assessable telecommunications services, this trend is apparent in the most recent Federal Communications Commission (FCC) report on Voice Telephone Services,²⁰ which provides subscribership data at the State level by subscription type, as illustrated in Chart 3 below.

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

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

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

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

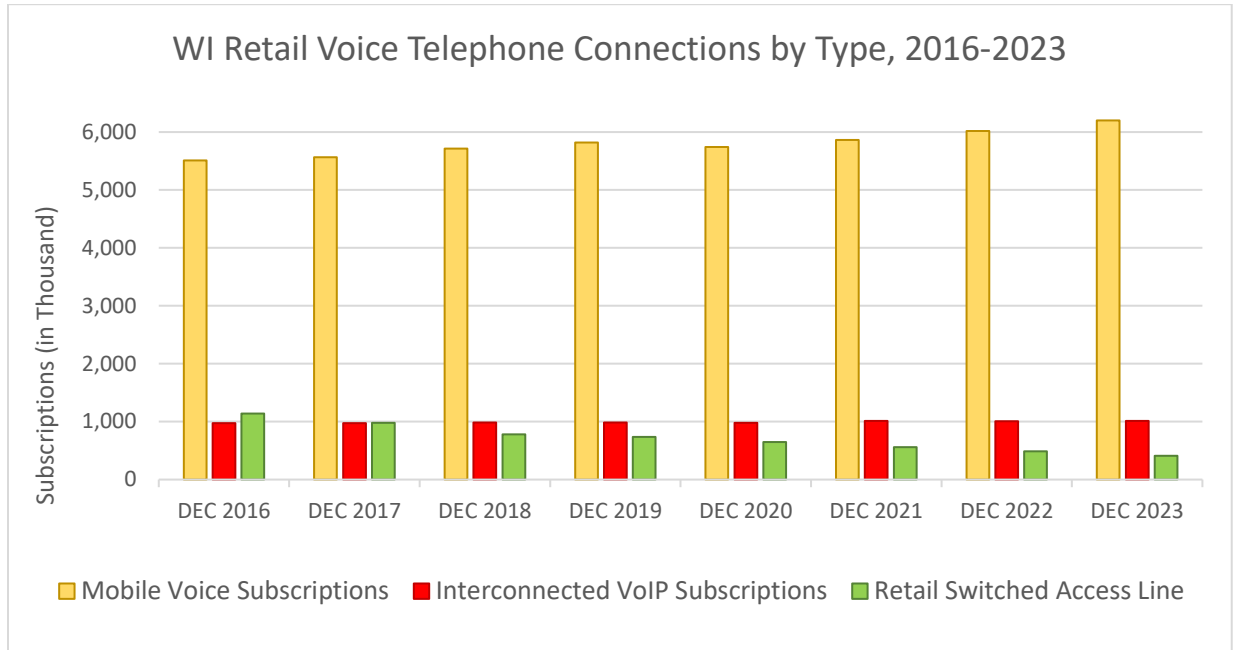
¹⁸ Docket 5-UF-2022, [PSC REF#: 449584](#)

¹⁹ Docket 5-UF-2023, [PSC REF#: 481399](#)

²⁰ *FCC Voice Telephone Services Report: Status as of December 31, 2023*, [Voice Telephone Services Report | Federal Communications Commission](#) - released November 8, 2024. – Retrieved December 4, 2024

Dataset: State Subscription (https://www.fcc.gov/sites/default/files/VTS_State_Subscriptions_D22_to_D23.xlsx)

Chart 3:²¹ Wisconsin Retail Voice Telephone Connections by Subscription type, 2016-2023



In Wisconsin, revenues earned by broadband service are not subject to assessment; while the WI USF programs support access to broadband through its Lifeline eligible services,²² though the Lifeline discount is offered only by Eligible Telecommunications Carriers with limited offerings for standalone broadband service. Currently broadband service is typically bundled with other telecommunications services and the Lifeline discount is applied to the bundled price.

Due in large part to their lower costs and technological advantages, it appears likely that a growing number of customers may move to non-assessable communication options in the near future. As a result, under the current model, the USF assessments will continue to apply to increasingly smaller groups of providers and their customers, which places the USF funding mechanism at increased risk. USF funded programs are critical to ensuring that all Wisconsin residents have access to essential and advanced telecommunications services. Addressing the funding mechanism would require statutory and administrative code revisions in Wisconsin.

²¹ FCC Voice Telephone Services Report: Status as of December 31, 2023, [Voice Telephone Services Report | Federal Communications Commission](#) - released November 8, 2024. – Retrieved December 4, 2024

Dataset: State Subscription (https://www.fcc.gov/sites/default/files/VTS_State_Subscriptions_D22_to_D23.xlsx)

²² Lifeline-eligible services are described here: <https://www.usac.org/lifeline/rules-and-requirements/minimum-service-standards/>. Only ETCs providing these services are able to provide a Lifeline discount to customers, and receive a reimbursement of that discount from the federal and state USFs.

WI USF - Universal Service Statutory Criteria

This section of the report addresses the four standards established in Wis. Stat. § 196.218(5r):

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

In the last four critical years society has quickly adapted to new ways of living and working in a digital world, and the value and importance of access to and affordability of essential telecommunications services continues to be a vital issue. The economic hardships that resulted from the pandemic and the success of the now ended Federal Affordable Connectivity Program²³ demonstrated that affordability of telecommunications services is a significant driver in the ability of community members to participate in society, and for the society to thrive. It is evident that the ability to access technology and essential telecommunications services is a basic necessity in today's digital ecosystem.

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

Voice services by types and subscription trends.

2011 Wisconsin Act 22 codified the choice to rely on competition and market forces to provide affordable telecommunications services for both Wisconsin residents and businesses. The most recent FCC Voice Telephone Services Report²⁴ documents an increasing level of competition across subscription types. (Wisconsin figures in Table 4 and trends in Chart 3). Nationally, from 2020 through 2023, interconnected VoIP subscriptions declined at a compound annual growth rate of 1.6 percent, mobile voice subscriptions increased at a compound annual growth rate of 3.1 percent, and retail

²³ Affordable Connectivity Program (ACP) - [FCC FAQ](#) - [PSC web page](#).

²⁴ FCC Voice Telephone Services Report: Status as of December 31, 2023, [Voice Telephone Services Report | Federal Communications Commission](#) - released November 8, 2024. – Retrieved December 4, 2024.
Dataset: State Subscription (https://www.fcc.gov/sites/default/files/VTS_State_Subscriptions_D22_to_D23.xlsx).

switched access lines (landlines) declined at a compound annual growth rate of 15.7 percent per year.²⁵ For the state, the FCC report shows that Wisconsin subscriptions' trends are similarly shifting from traditional landline telephone services to VoIP and wireless telecommunications services. (Charts 4 and 5).

Table 4:²⁶ Wisconsin Retail Voice Telephone Connections 2015 - 2023

Year	Mobile Voice Subscriptions (Wireless)	Interconnected VoIP Subscriptions	Retail Switched Access Subscriptions (Wireline/Landline)
2015	5.42 million	917,000	1.25 million
2016	5.51 million	973,000	1.14 million
2017	5.57 million	973,000	978,000
2018	5.68 million	996,000	827,000
2019	5.82 million	986,000	738,000
2020	5.74 million ²⁷	978,000	647,000
2021	5.86 million	1.01 million	559,000
2022	6.02 million	1.00 million	487,000
2023	6.20 million	1.01 million	408,000

As shown in Table 4, Wisconsin Retail Switched Access (wireline/landline) subscriptions have fallen on average 13 percent annually from 2015 to 2023, while VoIP and Mobile Voice (wireless/cellular) subscriptions increased at similar rate, with an average annual increase of 1.3 percent for VoIP and 1.7 for Mobile.

²⁵ The compound annual growth rate is a smoothed rate of growth calculated in three steps. First, divide the ending value by the beginning value. Second, raise the result of that division to a power equal to one divided by the number of years in the period (in this case, three years, so the power is 1/3). Third, subtract one from the result of the second step.

²⁶ Source: *FCC Voice Telephone Services: Nationwide and State-Level Data for 2008-present*, [Voice Telephone Services Report | Federal Communications Commission \(fcc.gov\) – page 2- Fig.1](#)

²⁷ Mobile voice subscriptions may have decreased by two percent between December 2019 and June 2020 due to a (Trends by Subscription Type in Chart 3) change in accounting procedures by one or more providers.

Chart 4. Mobile Voice Subscriptions WI and US Trends

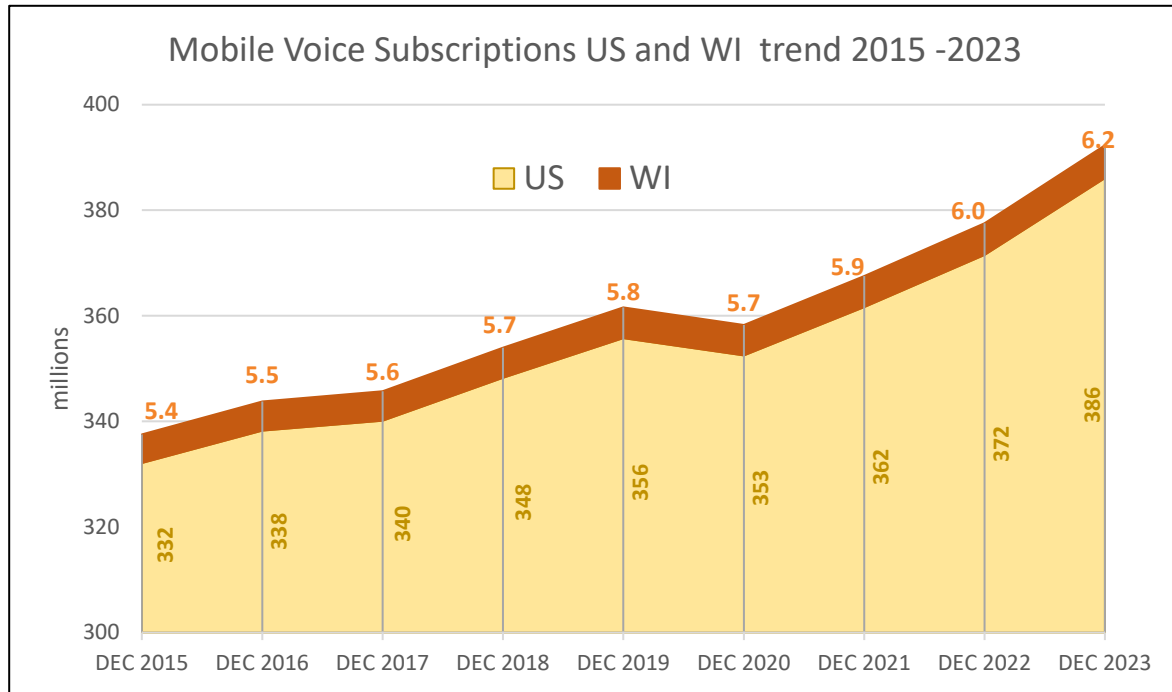
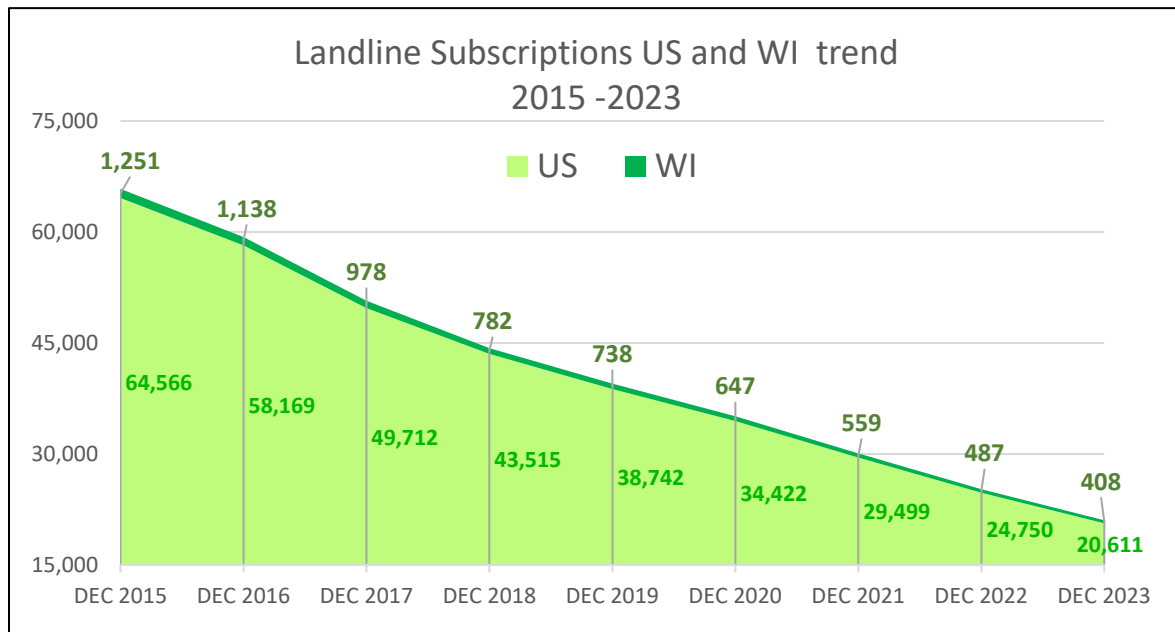


Chart 5. Retail Switched Access Line (landline) Subscription WI and US Trends



While these changes in the make-up of subscription options are likely reflecting increased availability, it is difficult to measure whether the trajectory toward wireless services increased the accessibility and/or the affordability of essential telecommunication and

whether a reduction in the overall percentage of Wisconsinites without any voice telephone service was achieved.

While subscribership was expected to decrease for landline, and an increase in wireless subscription was forecasted due to the anticipated increase in numbers of mobile phones per household, the slight average annual increase of 1.7 percent from 2015 to 2024 may instead reflect the increase of the competing shift toward non-voice communication channels via internet enabled devices capable of carrying voice service via broadband connection and service.

USF Programs and Grants

To address affordability and accessibility of telecommunications, the Commission administers USF programs offering discounts to customers and four USF Grant programs which provide funds to eligible entities to help meet telecommunications needs.

USF programs

Lifeline Program²⁸

The Wisconsin Lifeline program is the USF low-income program available for customers via an ETC certified provider.²⁹ The program is designed to provide financial support for **voice** service (either fixed or wireless). This program improves the accessibility to affordable basic telecommunications, and partially to broadband services, which are usually provided as part of a discounted bundled service package. ETCs in Wisconsin can receive a per customer reimbursement from the State Lifeline program for the monthly discount they offer to eligible customers to lower the customer's phone bill down to \$15. The maximum State Lifeline discount is \$9.25 per customer, which applies in addition to the federal Lifeline subsidy.³⁰

Since 2020 the state has used the nationwide Federal eligibility tool called the National Verifier³¹ (NV). The NV allows customer eligibility to be checked against federal databases and Wisconsin databases through an agreement between the state and USAC³². The NV tool is publicly available and allows customers, advocates, carriers, and family members to verify eligibility with a simple online application.

The estimated Lifeline **participation rate** in Wisconsin as of Sept. 2024 was 20 percent of the 2023 estimated eligible households, a rate comparable to the 22 percent national

²⁸ [PSC Lifeline Program](#)

²⁹ ETC - List of Lifeline Participating [Providers](#)

³⁰ Wis. Admin. Code § PSC 160.062(2g)

³¹ [National Verifier \(NV\) - NV Video](#)

³² USAC : [Universal Service Administrative Company](#)

average.³³ The Lifeline **participants** are collected in the non-public Universal Service Administrative Company's (USAC) National Lifeline Accountability Database (NLAD) platform which reports the count of customers enrolled in the Federal Lifeline program, a subset of which also receive the State Lifeline support for one of the service types allowed by the program (Table 5, Chart 6):

- Voice only (mobile/cellular or fixed/landline)
- Broadband only³⁴
- Bundled-service types based on the FCC minimum standard met
 - Bundled Voice w/Internet
 - Bundle Broadband w/Voice
 - Bundled Voice and Broadband³⁵

As of June 30, 2024, there were 128,404 Federal Lifeline subscribers,³⁶ of which 68,717 also enrolled in the Wisconsin Lifeline program.³⁷

The State Lifeline overall **subscribership over time** shows a gradual increase. However, to understand the Lifeline program trends it is worth noting that the program is designed to provide financial support for **voice** service (either fixed or wireless).

Although the number of Lifeline subscribers shows just a 6.3 percent increase since June 2021, the changes in the type of Lifeline service requested by Lifeline customers in just a four-year span demonstrate a clear shift toward the need for broadband services that meet the FCC standards. Among the five types of services the 'Bundled Voice & Broadband' service (which meets the minimal FCC requirements for both broadband and voice service) is showing a subscribership increase of more than 200 percent, with its 106,276 customers making up 83 percent of the total Lifeline subscribers.

Customers' choice to have adequate voice service³⁸ as primary need (FCC no minimum service standard for Voice-Only; 1000 minutes per month minimum) seems no longer enough, with current choices leaning toward having an adequate broadband service,³⁹ which is primarily provided by mobile/wireless technology.

³³ <https://www.usac.org/lifeline/resources/program-data/> - Sept. 1, 2024 data – Retrieved Dec. 6, 2024.

³⁴ [USAC Additional Broadband Service Obligations](#): Eligible ETCs with designations that are limited to only the Lifeline program are: 1. Required to provide broadband service, 2. and 3. Automatically eligible to provide *Lifeline broadband service* through their existing ETC designation [emphasis added].

³⁵ Lifeline [Minimum Service Standards and Service Types- Universal Service Administrative Company](#).

³⁶ NLAD data – PSC download July 1, 2024.

³⁷ PSC data - from SOLIX monthly Lifeline Reimbursement Report.

³⁸ FCC Voice standards - Mobile Voice: minimum 1000 minutes per month. Fixed Voice-Only: no minimum service standard) – USAC [Minimum Service Standards](#).

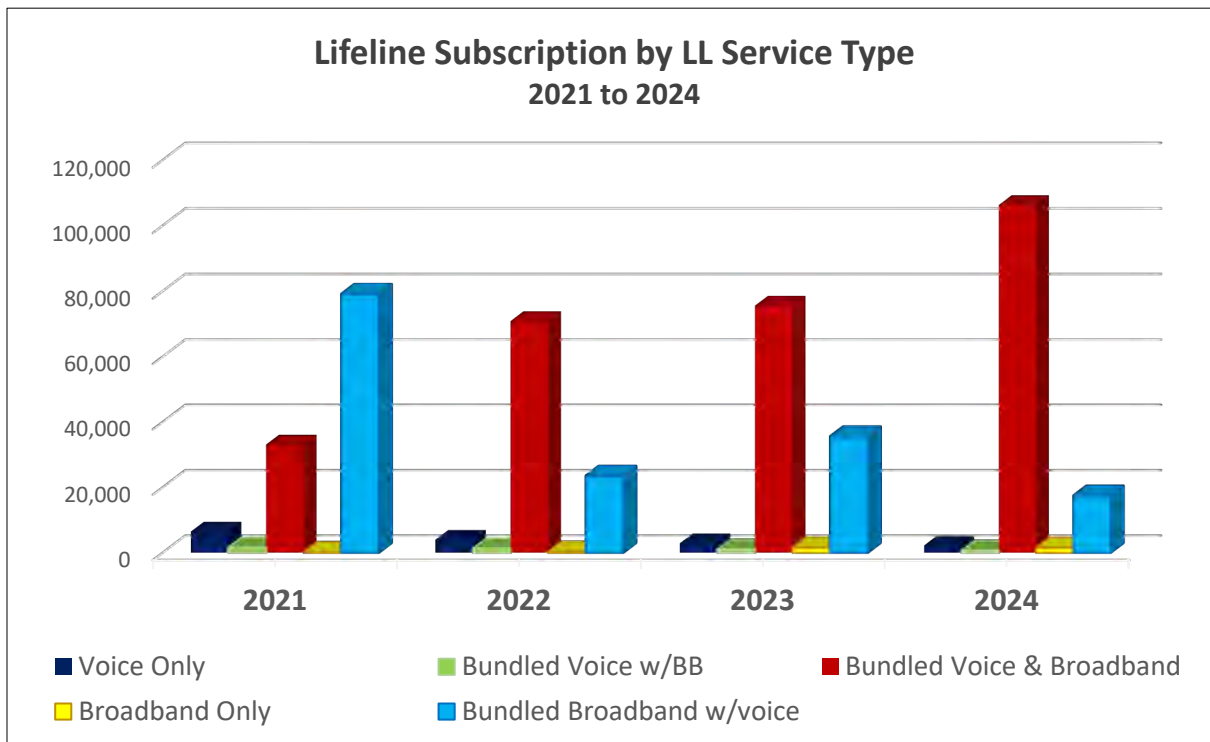
³⁹ 'Adequate' service in this context means a service meeting FCC standard. [FCC Standards](#).

Table 5: Total Lifeline Subscribers –2021 to 2024

June	Voice Only	Bundled Voice w/broadband	Bundled Voice & Broadband	Broadband Only	Bundled Broadband w/voice	Total
2021	6,460	1,742	33,106	276	79,171	120,755
2022	3,948	1,397	70,856	416	23,576	100,193
2023	2,875	1,090	75,574	1,723	35,652	116,914
2024	2,223	727	106,276	1,655	17,523	128,404
Four years % change (2021-2024)*	-66%	-58%	+221%	+499%	-78%	+6.3%

Note: Baseline data for % change June 2021

Chart 6: Total Lifeline Subscribers trend –2021 to 2024



Commission staff is actively working to increase participation in the Lifeline program by reaching out to community organizations with informational material about the program ([PSC REF#: 427067](#)). The Commission also makes available the Lifeline brochure⁴⁰ in paper form and electronically, which provides simple application instructions, eligibility guidelines and additional consumer resources.

Commission staff continues to assist customers with Lifeline questions and provides help with determining eligibility through the Commission's Internet and Phone Helpline staffed by the Consumer Affairs Bureau. The helpline received 960⁴¹ calls between July 1, 2022, and June 30, 2024.

▪ **Telecommunications Equipment Purchase Program (TEPP)**

The Telecommunications Equipment Purchase Program (TEPP) supports the purchase of specialized telecommunications equipment for people with hearing, speech, and mobility disabilities through a voucher program.⁴²

Applicants apply for and are issued vouchers depending on their disability type and use the vouchers to purchase equipment⁴³ through a network of authorized vendors.⁴⁴ Voucher amounts are based on average costs of the eligible specialized equipment⁴⁵ commonly used by people with different types of disabilities. Customers may apply for a new voucher to purchase updated equipment once every three years.

In continued efforts to promote and provide easy to understand consumer resources related to the TEPP program, Commission staff continue to provide physical and digital program brochures with visual pictures to enhance a better understanding of the TEPP process for consumers.

The success of TEPP is rooted in a commitment to individualized equipment that matches the specific telecommunications needs of an individual. The TEPP brochure, application form (including the ability to apply online), a list of authorized vendors, and equipment are available on the Commission's website.⁴⁶

⁴⁰ [Lifeline Brochures](#)

⁴¹ Commission Consumer Affairs dataset

⁴² During the period covered by this report, this program was funded at \$900,000 in both SFY 2023 ([PSC REF# : 478393](#)) and SFY 2024 ([PSC REF#: 517324](#)).

⁴³ Vouchers pay most equipment costs; for some disability categories a co-payment of 100\$ is required.

⁴⁴ [Authorized TEPP Vendor List](#) – updated December 2024.

⁴⁵ [TEPP Voucher Eligible Equipment List](#) - effective since 9/7/20.

⁴⁶ See: <https://psc.wi.gov/Pages/ForConsumers/TEPP.aspx>.

▪ **Lifeline Outreach Grant**

In FY 2021, the Commission introduced the Lifeline Outreach Grant Program (officially the Outreach for Low-Income Assistance Grant Program) with the goal of increasing awareness of the Lifeline program through education and outreach and research and resources. The grant program awards a total of up to \$250,000 to organizations to assist low-income customers in obtaining affordable access to telecommunications through the Lifeline program.⁴⁷ The program funded up to \$250,000 annually in both FY 2023 and FY 2024 to award a total of seven Lifeline Outreach projects.⁴⁸

▪ **Non-Profit Access Grant**

The Non-Profit Access Grant Program funds programs and projects that assist customers located in areas of the state with relatively high costs of telecommunications service, and low-income customers, and customers with disabilities across the state to obtain affordable access to a basic set of telecommunications service.⁴⁹ During the 2022, 2023, and 2024 grant funding cycles,⁵⁰ the Commission awarded a wide range of grants that funded 28 projects,⁵¹ such as:

- ✓ Access to computers and telephones for low-income community members. Some programs provided training, instruction, and assistance with employment, medical services, schooling, and general communication.
- ✓ Purchase of phones and phone contracts for low-income clients to access employment, medical services, mental health services, schooling, and general communication.
- ✓ Provide technology programming on job, college, and career readiness and digital skills instruction.
- ✓ Purchase of interactive technology programming to improve mental health.
- ✓ Programs to assist people with disabilities to identify and purchase appropriate telecommunications assistive technology.

⁴⁷ Docket 5-UF-2021 - Memorandum [PSC REF#: 411750](#).

⁴⁸ [PSC Lifeline Outreach Grant Program](#) – FY2024 Order [PSC REF#: 504497](#) | FY2023 Order [PSC REF#: 468561](#).

⁴⁹ See: Wis. Admin. Code § PSC 160.125(2).

⁵⁰ The USF Non-Profit Access program is funded in the USF budget in the fiscal year preceding the program. For example, funds for the 2022 grant funding cycle (July 1, 2022 to June 30, 2023) were obligated in the SFY 2022 USF budget Order ([PSC REF#: 448071](#)). Funds for the 2023 grant funding cycle (July 1, 2023 to June 30, 2024) were obligated in the SFY 2023 USF budget Order ([PSC REF#: 478393](#)).

⁵¹ [PSC Nonprofit Access Grant](#) Awards- FY2022 Order ([PSC REF#: 439667](#)) | FY2023 Order ([PSC REF#: 467412](#)) describing funded projects.

- ✓ Disseminate information regarding telecommunications benefits to tribal communities.
- ✓ Establishment of public access to Wi-Fi networks to allow use of the internet when broadband access at home is not available or affordable.

The success of these projects is determined by reviewing the reports submitted by grantees every six months during the two years performance period. Many grantees apply for funding in multiple funding cycles. All 128 Non-Profit Access projects awarded from 2016 to 2024 are posted on the Commission’s website.⁵²

▪ **TEPP Outreach Grant Program**

The TEPP Outreach Grant Program was established in 2017.⁵³ It is annually funded at \$350,000 and evenly allocated between the eight Wisconsin Independent Living Centers (ILC).⁵⁴ located throughout the state who are experts in assistive technology and have equipment try-out centers to assist customers with disabilities to find the specialized telecommunications equipment best suited to their needs.

2. The affordability of and accessibility to high-quality education, library, and health care information services.⁵⁵

A method to measure accessibility of education, library and health care information services is to consider the number of residents in the state with access to broadband services that meet the current FCC definition for *advanced* telecommunications capability, which requires access to an internet service with minimum standards of specific speeds. The FCC sets and annually evaluates the specific speed benchmarks for broadband services. Mobile broadband service standard for data capacity is set at a monthly minimum 3G with a usage allowance 4.5 GB.⁵⁶ A fixed internet service with a speed less than 25 Mbps for download and less than 3 Mbps for upload is no longer considered a ‘broadband’⁵⁷ service, it does not meet even the 2015 FCC minimum requirements, and it is considered inadequate for functioning in today’s digital world. In later 2024, the FCC

⁵² See: <https://psc.wi.gov/Pages/ServiceType/Telecom/NonProfitGrants.aspx>.

⁵³ Docket 5-NF-2017 – Order [PSC REF#: 368239](#).

⁵⁴ ILC See: <https://www.dhs.wisconsin.gov/disabilities/physical/ilcs.htm> | [MAP](#)

⁵⁵ The notation of all speed references will be: downstream (provider-to-customer)/upstream (customer-to-provider).

⁵⁶ FCC - [Current Lifeline minimum service standards DA-23-621A1.pdf](#)

⁵⁷ Broadband Service definition: An internet service with a minimum speed of 100 Mbps download AND 20 Mbps upload. FCC Increases Broadband Speed Benchmark - [DOC-401205A1.pdf](#).

set the new speed benchmarks for fixed broadband service at 100 Mbps download and 20 Mbps upload. Any location with an internet service below the new speed standards is considered 'underserved;' locations with service below the old speed standards are considered 'unserved.'

Currently in Wisconsin there are over 400,000 locations that are still underserved or unserved,⁵⁸ with many clustered in specific high-need counties.⁵⁹ Deployment rates for fixed/terrestrial broadband also vary based on geographic location, with the urban-rural gap still present. The number of providers in those areas, the cost to build or update infrastructure, and the cost of the internet service plans offered to customers, are all affecting the affordability of accessing high-quality education, library, and health care information services.

As presented in Table 5 and Chart 6, there has been an overall six percent increase in the Lifeline subscriptions in the period June 2021 to June 2024, which helped customers to off-set part of the cost of telecommunication service plans to make them more affordable.

The changes in the type of Lifeline service requested, and provided by ETCs, to the Lifeline customers is showing a clear shift toward Broadband-related services. However, as the Lifeline services are limited to certain allowable services provided by ETC providers, customers have limited options for applying the state Lifeline benefit to broadband service. Therefore, customers do not receive the same level of support for affordable broadband service as they did while the federal ACP program was in place from 2022-2024.⁶⁰

In 2021 Congress passed the Infrastructure Investment and Jobs Act IJIA Bill⁶¹ which established and funded the Broadband Equity, Access, and Deployment (BEAD) Program designed to fund planning, infrastructure deployment and adoption programs across the nation. Wisconsin has been allocated more than \$1.0 billion in BEAD funding, with the awards for deployment of broadband infrastructure expected to start in 2025.

In the meantime, thanks to the substantial influx of Federal and State dollars provided to ISPs⁶² including Federal USF dollars supporting some of those programs (Connect

⁵⁸ PSC WI [Final BEAD Eligible Locations - Wisconsin Broadband Planning Map - FCC National Broadband Map](#).

⁵⁹ PSC Broadband Planning - [County Summary Data](#).

⁶⁰ FCC Affordable Connectivity Program & Lifeline FAQ - [ACP Wind-down Lifeline Fact Sheet .pdf](#).

⁶¹ [H.R.3684 - 117th Congress \(2021-2022\): Infrastructure Investment and Jobs Act | Congress.gov | Library of Congress](#)
| DIVISION F – Title I.

⁶² FCC [Home | Broadband Funding Map](#).

America Fund Phase II, Enhanced Alternative Connect America Cost Model, Rural Digital Opportunity Fund), the deployment of fixed broadband in rural Wisconsin continued, increasing access to broadband in those areas-in-higher-need, and reducing disparity between the quality of broadband service available in urban areas and that available in many rural areas of the state.

Although the increased availability of mobile broadband service is temporarily mitigating the lack of wireline, the FCC has found that a fixed internet service with a speed of 25/3 Mbps and mobile wireless are not functional substitutes for each other, as the higher price, lower speeds, and significant data caps that are common with mobile subscriptions limit customers' accessibility to adequate high-quality education, library, and health care services, which are now requiring access to broadband at speed 100/20 Mbps to provide advanced telecommunication capability.

Expanding accessibility to broadband as part of today's advanced telecommunication services is the starting point, but addressing its affordability is the key next step to achieve the USF statutory requirement. Expanding the pool of providers that contribute to the State USF program by including ISPs can benefit consumers and the telecommunication industry at large, so that the 100/20 Mbps broadband infrastructure that will be deployed will be available for everyone in the state to adequately access education and health services.

The Commission addresses the affordability of high-quality education, library and health care advanced information services by directly providing State USF to institutions involved in providing those services.

- High-Quality Education and Library Information Services: The DPI, UW System, and DOA receive State USF funding to target affordability and accessibility to high-quality education for students, and the library information services for all Wisconsin residents.
- High-Quality Health Care: The Commission addresses access to affordability of high-quality health care information services through the Telemedicine Grant Program. This program was developed to: (a) encourage the use of telecommunications equipment and services to promote technological advanced medical services, (b) directly or indirectly enhance access to medical care in rural or underserved areas of the state, and (c) directly or indirectly enhance access to medical care for underserved populations or persons with disabilities.⁶³

⁶³ See Wis. Admin. Code § PSC 160.115 and Wis. Stat. § 196.218(4u).

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

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

The award lists of the FY2022/2023 and FY2024/2025 grantees are available in the respective Orders.⁶⁴ Additional information is available on the Commission's website.⁶⁵

3. Financial assistance provided under the USF.

- The primary goal of the USF is to provide funds that help Wisconsin residents obtain essential and advanced telecommunications services. The USF uses various mechanisms to offer financial assistance that ensures affordable access to telecommunications service throughout the state. The USF encompasses several programs as well as grant funded programs that provide financial assistance. In addition to the grant programs already outlined earlier in the report, other programs supported by the USF include:
 - **High Rate Assistance Credit Program:** Provides additional financial assistance if voice service prices were to become excessive. (No expenses incurred so far).
 - **Second Line Voice Carryover (2LVCO):** Finances the majority of the cost of a second phone line for captioned telephones with two wirelines - one to transmit voice, and the other to transmit streaming text.
 - **State Broadband Expansion Grants Programs:** Partially funds the effort to extend broadband service to all parts of Wisconsin.

⁶⁴ [PSC REF#: 439788](#), [PSC REF#: 506182](#)

⁶⁵ [PSC Telemedicine Grant](#).

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

With the 2011 Wisconsin Act 22 (2011 WI Act 22), the legislature codified the choice to rely on competition and market forces to provide affordable telecommunications services for both Wisconsin residents and businesses. The Act eliminated most of the regulation of telecommunications services, and as a result, the Commission has limited authority to determine how, where, or under what rates, terms, and conditions telecommunications services are offered in Wisconsin. An observational assessment of the advancement of the public interest goals shows that competitive telecommunications service provides consumers with multiple choices and a variety of prices, but primarily in more profitable markets; in other less profitable markets consumers may be offered limited and insufficient options and services at higher prices.

To promote competition and at the same time advance the public interest, the Commission identified alternative strategies such as, funding broadband grants and the Commission's USF programs, fostering community outreach and stakeholder engagement, and working to advance the accessibility and affordability of telecommunications for all citizens.

WI USF - Universal Service Programs and Activities

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

Table 6: USF Appropriations by Program

PROGRAM	FY 2021	FY 2022	FY 2023	FY 2024
PSC - Universal Service Programs ⁶⁶	\$5,940,000	\$5,940,000	\$5,940,000	\$5,940,000
PSC - Broadband Expansion Grants ⁶⁷	\$22,000,000	\$2,000,000	\$2,000,000	\$2,000,000
DPI - BadgerLink, Newsline for the Blind	\$3,283,300	\$3,283,300	\$3,283,300	\$3,387,300
DPI – Aid to Public Library Systems	\$16,013,100	\$18,513,100	\$20,013,100	\$22,013,100
DPI – Library Service Contracts	\$1,342,400	\$1,355,300	\$1,367,700	\$1,367,700
DPI – Digital Learning Collaborative	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
DPI – Recollection Wisconsin	\$0	\$0	\$0	\$150,000
UW Telecommunications Services	\$1,054,800	\$1,054,800	\$1,054,800	\$1,054,800
DOA - TEACH	\$15,984,200	\$15,984,200	\$15,984,200	\$12,283,300
TOTAL APPROPRIATED AMOUNT	\$66,617,800	\$49,130,700	\$50,643,100	\$49,196,200
TOTAL FUNDED BY USF ASSESSMENTS	\$42,157,222	\$45,788,000	\$47,290,700	\$45,842,850

Each of these programs is described in detail below in alphabetic order. It is worth noting that from FY 2021 to FY 2024, the DOA - TEACH and DPI –Aid to Public Library Systems represent more than half of the annual appropriated amount for the USF.

BadgerLink and Newsline for the Blind: BadgerLink funding is for contracts to online materials that support lifelong learning. The BadgerLink sources include materials originally published in newspapers and magazines serving Wisconsin communities and cities nationwide; job skill building and test preparation workbooks; business news and company and market data; reference works on history, mathematics, humanities, science, literature, computing and information technology, arts, education, and medicine and health; encyclopedias; auto repair resources; general interest and academic magazines;

⁶⁶ In FYs 2022 - 2024, the assessment amount for PSC's Universal Service Programs was based on the appropriated amount.

⁶⁷ Broadband Expansion Grants are not funded by USF assessments. Rather, the appropriated amount is funded by transfers from the USF fund balance and/or the DOA Federal E-Rate appropriation. For FY 2021, in addition to the appropriated amount, Wis. Stat. 196.218(2s) sets forth a \$2.0 million minimum annual funding requirement from the USF fund balance. Beginning in FY 2022, the appropriated amount is limited to the \$2.0 million minimum annual funding requirement.

multimedia collections about children's literature; and local history and genealogy sources. BadgerLink databases can be accessed from any computer, tablet, or smartphone connected to the Internet, making them available in public, K-12 and college and tech college libraries, homes, and workplaces. BadgerLink also connects users to WISCAT, the online catalog of materials owned by Wisconsin public and school libraries.

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

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

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

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

The WTBBL collaborates with the National Library Service for the Blind and Physically Handicapped (NLS) to provide Wisconsin residents who cannot see regular print materials, access to audio books and braille materials.

DPI – Wisconsin Digital Learning Collaborative (WDLC): Funds support the Wisconsin Digital Learning Collaborative, a statewide web academy provider, which offers access to digital content, a learning management system, professional learning, and district

planning support to school districts. As the provider of the statutory web-based academy, WDLC provides services to public school districts, private schools, Cooperative Educational Service Agencies (CESAs), and charter schools.

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

DPI – Recollection Wisconsin: Funds support free online access to over half a million historical photos, maps, documents, and narratives that tell the stories of Wisconsin's people and places.

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

DOA – TEACH: Through Universal Service Administration Corporation's (USAC) E-Rate, Technology for Educational Achievement (TEACH) funds subsidize equipment purchases, installation, and a portion of the monthly service costs for access to BadgerNet for more than 900 K-12 schools, technical colleges, public libraries, CESAs, and other public and private institutions statewide. TEACH does not subsidize a site's Internet Service Provider (ISP). BadgerNet is a broadband voice and data network operated by a consortium of telecommunications providers under a contract with DOA.

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

USF Administration: While the Commission develops the overall policy and procedures for the USF, manages and operates several of the programs, it is required by statute to contract with a private firm to administer the fund. Responsibilities under that contract include issuing USF assessment bills to providers, collecting and summarizing ETCs' requests for reimbursement for Lifeline, 2LVCO, High Rate Assistance, and TEPP programs, managing the online application process for TEPP, and sending reimbursements to grantees in the USF grant programs. After the Commission issued a Request for Proposals for the administration of the USF. Solix, Inc., was selected as the USF administrator. The current contract covers administrative services from July 1, 2024, to June 30, 2025, the second of the three optional, one-year extensions. The final one-year of three possible one-year extensions with Solix expires on June 30, 2026.

The USF is accounted for as a special revenue fund and the financial statements of the USF are audited. The financial statements provide a detailed short-term view of the USF's finances that assists the Commission in determining whether there will be adequate resources available to meet the current needs of the USF. These audited financial statements are found on the USF website and are available for review.⁶⁸

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

USF Budget and Fund Balance: The Commission's USF appropriation is \$5.94 million annually. Historically the Commission's operating budget is less than the appropriated amount. The Commission monitors the fund balance to ensure that there are sufficient funds to satisfy the statutory requirement to transfer a minimum of \$2.0 million in unencumbered funds to the Broadband Expansion Grant program.⁶⁹ The Commission assessed the appropriated amount in FYs 2023 and 2024.

Federal USF Programs

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

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

- I. **Low Income Support:** This support is commonly known as Lifeline. It provides discounts that make basic local telephone service affordable for low-income customers. Low-income support is administered by the state in a partnership with the federal government. Lifeline ensures that Americans have the opportunities

⁶⁸ See: [PSC Universal Service Fund](#)

⁶⁹ Wis. Stats. § 196.218(3)(a)(2s)

and security that phone service brings, including being able to connect to jobs, family, and emergency services.

- II. **Rural Health Care:** This support provides reduced rates to rural health care providers for telecommunications and internet services, so they pay no more than their urban counterparts for the same or similar telecommunications services.
- III. **Schools and Libraries:** This support, referred to as E-rate support, provides affordable telecommunications and internet access services to connect schools and libraries to the internet. This support goes to service providers that provide discounts on eligible services to eligible schools, school districts, libraries, and consortia of these entities.
- IV. **Connect America Fund (CAF):** Formally known as High-Cost Support for rural areas, CAF expands broadband build out and access to high-speed internet to millions of consumers. Rural and urban consumers benefit as CAF drives economic growth, expands the online marketplace nationwide, and creates jobs and businesses opportunities across the country.

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