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FEDERAL-STATE UNIVERSAL SERVICE JOINT BOARD STAFF RELEASES MONITORING REPORT

Comprehensive Report Tracks Trends Related to Universal Service

Washington, D.C. – The staff of the Federal-State Joint Board on Universal Service has released its most recent Monitoring Report on Universal Service. This report reflects information on the telephone industry filed with the Federal Communications Commission (FCC) through August 2009. This report, with a few exceptions, reflects data filed with the FCC by the telephone industry for the year 2008 and prior years, and projections for 2009.

The report released today addresses the various universal service support mechanisms, which amounted to about \$7 billion in 2008. In 2007, disbursements among the four categories of universal service mechanisms were: 63.0% for high-cost support; 24.8% for schools and libraries support; 11.5% for low-income support; and 0.7% for rural health care support. The report presents data in nine categories:

- 1) **Industry Revenues and Contributions** – Total industry revenues for telecommunications services provided to end users in 2008 were about \$235 billion, compared to about \$240 billion in 2007. Revenues for fixed local service providers increased to about \$78 billion from about \$75 billion, while wireless service providers' revenues increased to about \$118 billion, from about \$116 billion, and toll service providers' revenues decreased to about \$39 billion, from about \$49 billion.
- 2) **Low-Income Support** – Total low-income support decreased to about \$819 million in 2008, from about \$823 million in 2007.
- 3) **High-Cost Support** – In 2008, total high-cost support amounted to about \$4.5 billion, an increase from about \$4.3 billion in 2007. This increase is due to support to competitive carriers (CETCs) increasing from \$1.2 billion in 2007 to \$1.4 billion in 2008.
- 4) **Schools and Libraries Support** – Schools and libraries support disbursements in 2008 was about \$1.8 billion, relatively unchanged from 2007.
- 5) **Rural Health Care Support** – Rural health care support disbursements increased to \$49 million in 2008 from \$37 million in 2007.

- 6) **Subscribership and Penetration** – According to the Current Population Survey, the percentage of households subscribing to telephone service increased to an average of 95.2% in 2008, from 94.8% in 2007.
- 7) **Rates and Price Indices** – The price index of overall telephone rates increased 2.9% in 2008, compared to the general rate of inflation of 0.1% for all goods and services.
- 8) **Network Usage** – Interstate toll usage for customers of incumbent local exchange carriers declined to 316 billion minutes in 2008, from 349 billion minutes in 2007.
- 9) **Quality of Service** – The data show noticeable differences in the quality of service among carriers. For example, complaints per million residential access lines in 2008 ranged from 30 to 1118 for different carriers.

A monitoring program was established in the mid-1980's, at the recommendation of the Separations Joint Board, to track trends related to universal service and related matters. Since then, Joint Board staffs have prepared Monitoring Reports at least once a year -- a compendium of hundreds of pages of statistical data on subscribership and penetration, loop costs, separations factors, universal service fund payments, etc. The report is unique in that it is the only document that includes information on every incumbent local telephone company in the nation. In 1998 the publication of this report was moved from the Separations Joint Board staff to the Universal Service Joint Board staff. This is the thirteenth Monitoring Report from the Universal Service Joint Board staff.

The full text of this document is available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC 20554. This document may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC 20554, telephone 202-488-5300 or 1-800-378-3160, facsimile 202-488-5563, TTY 202-488-5562, or via e-mail at <fcc@bcpiweb.com>. The report may also be downloaded from the Wireline Competition Bureau Statistical Reports Internet site, which can be reached at <<http://www.fcc.gov/wcb/stats>>. It is available in both page image (.pdf) format and in a compressed (.zip) format, which, when unzipped yields text and spreadsheet files.

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