



### **The Evolution of the State/Federal Partnership in a Broadband World**

- As consumer demand and technology move increasingly toward broadband services, state and federal roles should likely change.
- Oversight relating to universal service broadband support should be at the federal level.
  - There is generally no history of regulation, particularly of retail service and particularly at the state level.
  - Broadband service is reliant on regional and national networks on which service capabilities and quality is often determined on a multistate basis, making uniform compliance obligations ideal.
  - Implementation of any USF program carries with it a risk of back door regulation, some types of which were otherwise largely abandoned five, ten, or twenty years ago. This concern is heightened if each individual state is creating its own rules for broadband support.
- The voice network will continue to be relevant for the foreseeable future, particularly given the interrelationship between voice and broadband network infrastructure. In light of this, COLR regulations, largely created and enforced by the states, need to be adapted for changes in the manner in which USF support is awarded, as well.
  - Regulation of voice services is increasingly anachronistic and at odds with the competitive landscape, particularly as different competing providers of voice services are subject to vastly different regulatory structures (or not at all).
  - Today, the statutory and regulatory trigger for COLR obligations is not based on receipt of USF distributions, but ILEC status, although being able to fulfill COLR commitments often depends on continuing receipt of universal service support, whether it be explicit support or, for the time being, implicit support.
  - COLR obligations should not be an unfunded mandate. If ETC status is awarded to another carrier in a particular part of an ILEC's service territory, the ILEC must be relieved of its COLR obligations in such territory. Moreover, better targeting of universal service funding is needed to address inequities in how ongoing support is allocated among carriers with COLR obligations, and thereby narrow the "rural-rural divide" that has arisen under current high-cost program rules.
  - Any requirements for voice offerings (for example, requirements for quality service) should be applied uniformly across all technologies.