

**ADMINISTRATOR'S ANNUAL REPORT  
IDAHO TELECOMMUNICATIONS SERVICE  
ASSISTANCE PROGRAM  
JANUARY 1 - DECEMBER 31, 2023**

**SURCHARGE REVENUES**

The Idaho Telecommunications Service Assistance Program (ITSAP) surcharge is assessed on all residential, business, and wireless end users not receiving the ITSAP credit. Most companies actually remit net surcharge revenue, which is gross surcharge revenue less any assistance credits provided to eligible customers and the company's administrative costs. The ITSAP surcharge rate remained suspended during 2023, and no gross or net surcharge revenue was collected or deposited during the year ended December 31, 2023.

**DISBURSEMENTS**

**ASSISTANCE CREDITS/COMPANY ADMINISTRATIVE EXPENSES**

Telecommunications companies reported \$233,312.50 in credits provided to eligible subscribers, and reported \$26,240.65 in costs for administration of the program for the year ended December 31, 2023. That comes to approximately 7,777 credit recipients per month/93,325 per year. Throughout the year, ITSAP reimbursed companies for net monthly discounts provided to eligible subscribers and costs of administering the program, so checks were written in the amount of \$259,053.45.

**ADMINISTRATIVE FEES AND EXPENSES**

Administrative fees and expenses paid during the year ended December 31, 2023 were allocated in the amount of \$9,152.40 to the current Administrator, Kathleen Toohill. Currently the bank is not assessing any bank fees.

## **INVESTMENTS AND FUNDS**

### **CASH**

As of December 31, 2022, the Idaho Telecommunications Service Assistance Program had a cash balance of \$603,650.78, and then one year later closed with checks clearing at \$334,811.90. The following is a table showing the quarterly cash balances for the year of 2023:

<b>CASH BALANCE 12/31/22</b>	<b>CASH BALANCE 3/31/23</b>	<b>CASH BALANCE 6/30/23</b>	<b>CASH BALANCE 9/30/23</b>	<b>CASH BALANCE 12/31/23</b>
\$ 603,650.78	\$ 513,826.89	\$463,437.66	\$ 404,406.23	\$334,811.90

### **INTEREST**

No interest was earned on funds during the year ended December 31, 2023.

## **ADMINISTRATOR'S RECOMMENDATION**

Currently, the surcharge rate is suspended, or \$0.00 per access line and the assistance credit amount is \$2.50 per customer per month. Some companies report on a monthly basis while some other companies report on a quarterly basis. During 2023, the number of total credit recipients were reported at 93,325 while the number of credit recipients for 2022 were 80,692 - an increase of 115%.

In 2012, the Idaho Department of Health and Welfare introduced legislation amending Idaho Code §56-902. This legislation reduced the amount of the monthly ITSAP assistance credit from \$3.50 to \$2.50. The impact of this legislation combined with the 2012 fund balance indicated a need to reduce the surcharge rate, however there was a cautious approach to reducing the surcharge rate for the following reasons: 1) The unknown impact of wireless ETCs that had not begun marketing the ITSAP and Lifeline discounts in Idaho; 2) The long-term impact of the ITSAP database reconciliation; and

3) The possibility that some companies not currently requesting reimbursement of program administrative costs may do so in the future.

During 2023, the fund balance decreased by \$ 268,838.88 since the surcharge has been suspended. One company in particular has been receiving a significant portion (70% approx.) of payments due to all of its customers qualifying as credit recipients; this company provides free government benefit phone service and then assesses the related company fund administration costs. The surcharge has been suspended for several years, however this administrator recommends that the surcharge be reinstated at this time. Average lines per month reported by telecommunications companies for residential and business were at just over 131,000 combined lines per month. Wireless lines were reported at about 147,000 per month. If the numbers of customers, recipients, and fund administration were to remain the same for 2024 as 2023, then the fund balance will be depleted to \$56,061 which funds about one additional quarter of funding into 2025. An ITSAP Worksheet and Historical DATA is attached showing the need for the reinstatement of the assessment along with another sheet showing the historical data 2021-2023.

278,686 reported monthly lines averaged throughout 2023 for local and wireless access lines. In order to maintain around a \$200,000 fund balance, then a line surcharge would need to be reinstated at a minimum of \$.043 . This rate would maintain a surcharge closer to about \$200,000, but that is not enough for one year of expenses.

When evaluating the annual income versus the outgoing expenses, then a line charge of \$.07 per line would be a recommended and more stabilizing rate to bring in annual income closer to expected annual expenses (see ITSAP worksheet with historical data) as average annual expenses over the last 3 years have been about \$255,000. The fund balance would reach about \$290,157 with an \$0.07 surcharge rate per line as of December 31, 2024.

**2023 Data by Quarter**

	Credit recipients	Assistance credit	Program Admin	Check Totals	Fund Admin.
Q1 2023	31,349	\$ 78,372.50	\$ 9,163.89	\$ 87,036.69	\$ 2,287.20
Q2 2023	17,304	\$ 43,260.00	\$ 4,841.43	\$ 48,101.43	\$ 2,287.80
Q3 2023	20,627	\$ 51,567.50	\$ 5,938.73	\$ 57,506.23	\$ 1,525.20

Q4 2023	24,045	\$ 60,112.50	\$ 6,296.60	\$ 66,409.10	\$ 3,052.80
2023 Total	93,325	\$233,312.50	\$26,240.65	\$259,053.45	\$ 9,152.40

**2023 Lines Reported by Quarter**

Telco Reported Lines	Q1*	Q2	Q3	Q4*	Annual Total	Quarterly Reported Average
Residence	464,222	109,562	190,885	137,884	902,553	225,638
Business	438,310	80,573	74,583	78,707	672,173	168,043
Wireless	575,771	417,948	383,784	392,010	1,769,513	442,378
Unspecified Access Lines	2,965	1,879	3,238	2,817	10,899	2,725
Total	1,481,298	609,962	652,490	611,418	3,355,138	838,784

\*There is a lag in receiving reports for Quarter 4 lines due to some companies reporting monthly, quarterly and evenly annually subsequently up to 2-3 months behind, leading to a rise in lines reported during Quarter 1 of the next calendar year. Due to the differences in company reporting, averages are provided.