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VoIP: Why is it not your parents' Plain Old Telephone Service (POTS)?

VoIP is not just an inexpensive phone call; it is a move to enhanced communication services. Higher education has benefited overwhelmingly from the innovation and growth of the Internet that resulted from Congress taking a “hands-off” approach. VoIP is no exception. As a new and important Internet application, VoIP should be treated as yet another way to use this great communications medium and welcomed as an economic driver for improved broadband access.

VoIP regulation is not new. It first came under consideration at the Federal Communications Commission more than ten years ago, and the FCC elected not to regulate it. In 2004, VoIP is being welcomed by consumers and the telecommunications industry alike as a superior technology to the traditional public switched telephone networks.

However, problems are anticipated when VoIP begins to replace legacy phone systems. The telephone industry is heavily taxed and regulated to provide important revenue and universal services. One proposed solution is to transfer those taxes and regulations to VoIP. Opponents to this plan argue that it would entail the difficult job of having to distinguish among data packets that carry voice, music, e-mail, or any other digitized content. Equally important, it would mean taxing and regulating the Internet, something Congress has repeatedly refused to do. A second solution is to reexamine and update the current regulations. Proponents feel that existing law was written in a different time, for a different technology, in a very different economic environment, and simply “doesn’t fit” VoIP.

Many institutions of higher education are implementing some level of VoIP as a way to provide more service for less cost. They face numerous challenges as early adopters of the technology, including the economic uncertainty of how VoIP will be regulated. There are four main areas of concern: the future of the Universal Service Fund (USF), deployment of Emergency 911 (E911), compliance with the Communications and Law Enforcement Act (CALEA), and meeting requirements under the Americans with Disabilities Act (ADA). EDUCAUSE recognizes that access to these funding sources and public services could be seriously challenged if VoIP were to replace traditional phone service in a significant way. But that does not mean government mandates are necessary at this time. VoIP service providers are showing good progress and should be given time to develop solutions to these issues. Legislative pressure could be applied in the future if necessary.

Rather than impose antiquated laws on VoIP, or any IP-enabled service, lawmakers should classify them as “information services” and thereby end the debate. The best way to move forward in the public interest is to concentrate on the larger and much more demanding problem of rewriting the Telecommunications Act of 1996, the USF program, and the system of intercarrier compensation to conform to the changed telecommunications environment.