

REPAIRING THE FCC's UNIVERSAL SERVICE FUND CONTRIBUTION MECHANISM

A CALL TO ACTION

November 29, 2021

To Broadband Policymakers:

The federal Universal Service Fund (USF) is one of the nation's most important programs designed to address the digital divide and connect families, small businesses, and communities in need of critical communications services. Indeed, it enables the deployment and operation of broadband-capable network and ensures the availability of more affordable services in rural America. It also supports the connectivity of schools, libraries, rural healthcare providers, and low-income families.

Unfortunately, this universal service system is in danger of collapse because the mechanism that funds it has not been updated since it was adopted nearly 25 years ago. As a result, the USF fee has spiraled from about 7% to around 30% over the last two decades and could exceed 40% in the near future. The existing system is also inequitable and discriminatory because some consumers pay a disproportionate amount compared to others, even when using similar services.

The undersigned organizations support immediate action to reform and stabilize the funding mechanism that supports the USF by expanding the list of services that pay into it to include broadband internet access services (BIAS). A recent report called [USForward](#) by USF expert Carol Matthey finds that including BIAS revenues would lower the USF fee to less than 4% for the foreseeable future. The report also suggests that assessing BIAS is reasonable because most USF funds are used to expand the availability and affordability of that service. An [economic analysis](#) released last year also determined that the imposition of a relatively small assessment on BIAS to support USF would have no material impact on broadband adoption and retention. To the extent there are concerns about the impact of such reform on the most vulnerable populations, such concerns can be addressed by tailored measures to protect low-income households.

Our recommendation would reduce regulatory uncertainty, would better reflect evolving uses of services, would be straightforward to administer, and would be more equitable and nondiscriminatory for residential and business consumers than the current system. Moreover, the Federal Communications Commission could make this change under its existing authority without requiring new legislation.

The undersigned parties represent a broad swath of stakeholders, including public interest groups, communications companies, anchor institutions, and consumers. Despite these diverse perspectives, we share a common interest in the broad statutory mission of universal service, in the viability and sustainability of the USF, and the predictability that both residential and business consumers need. When it comes to reform of this critical mechanism, the perfect should not be the enemy of the better—improvements to the contribution mechanism should not be deferred or declined simply because other reform options may warrant further examination. We therefore urge policymakers to preserve the long-term stability of our universal service system and help solve the

digital divide by reforming the USF funding mechanism to include BIAS revenues as soon as possible.

Sincerely,

Public Interest Organizations

- California Emerging Technology Fund, Concord, CA
- Communication Workers of America, Washington, DC
- Gigabit Libraries Network, Sausalito, CA
- National Digital Inclusion Alliance, Columbus, OH
- Public Knowledge, Washington, DC
- Schools, Health & Libraries Broadband (SHLB) Coalition, Washington, DC

Residential and Business Consumer Organizations

- 2600Hz, San Francisco, CA
- Ad Hoc Telecom Users Committee
- Telecom Training Corporation, Nashville, TN

Trade Associations

- Alaska Telecom Association, Anchorage, AK
- Albany Mutual Telephone Association, Albany, MN
- American Library Association, Chicago, IL
- Broadband Association of North Dakota, Mandan, ND
- Cloud Communications Alliance, Delray Beach, FL
- Colorado Hospital Association, Greenwood Village, CO
- Colorado Telecommunications Association, Denver, CO
- Communications Coalition of Kansas, Topeka, KS
- CoSN, the Consortium for School Networking, Washington, DC
- INCOMPAS, Washington, DC
- Indiana Rural Broadband Association, Rochester, IN
- Information Technology Industry Council (ITI), Washington, DC
- Kentucky Telecom Association, Frankfort, KY
- Montana Telecom Association, Helena, MT
- NTCA – The Rural Broadband Association, Arlington, VA
- Rural Wireless Association, Washington, DC
- Telecommunications Association of Maine, New Gloucester, ME
- Tennessee Broadband Association, McMinnville, TN
- Utah Library Association, Salt Lake City, UT
- Utah Rural Telecom Association, Salt Lake City, UT
- Voice on the Net Coalition, Washington, DC
- WTA – Advocates for Rural Broadband, Washington, DC

Anchor Institutions (Schools, Libraries, Healthcare Providers, etc.)

- Alaska State Library, Juneau, AK
- Asbury Park Free Public Library, Asbury Park, NJ

- Asotin County Library, Clarkston, WA
- Fresno Unified School District, Fresno, CA
- Friday Institute for Educational Innovation, Raleigh, NC
- High Desert Education Service District, Redmond, OR
- Imperial County Office of Education, El Centro, CA
- Kansas City Public Library, Kansas City, MO
- New England Telehealth Consortium, Bangor, ME
- San Jose State University School of Information, San Jose, CA
- Steamboat Springs School District, Steamboat Springs, CO
- Utah State Library Division, Salt Lake City, UT
- Westchester Library System, Elmsford, NY

Broadband Service Providers

- 3 Rivers Communications, Fairfield, MT
- Alaska Telephone Company, Bettles Telephone, Inc. and North Country Telephone, Inc., Wasilla, AK
- Alenco Communications, Inc., Joshua, TX
- Alliance Communications, Garretson, SD
- Allstream Business US, LLC, Vancouver, WA
- Amery Telcom, Amery, WI
- Arctic Slope Telephone Association Cooperative, Inc. , Anchorage, AK
- ATC Communications, Albion, ID
- Ballard Rural Telephone Cooperative Corporation, Inc., La Center, KY
- BBT, Alpine, TX
- Beehive Telephone Co., Inc., Nevada, Lake Point, UT
- Benton Cooperative Tel Co, Rice, MN
- Beresford Municipal Telephone Company, Beresford, SD
- Bloomingdale Communications, Inc., Bloomingdale, MI
- Blue Valley Tele-Communications, Inc., Home, KS
- Bulloch County Rural Telephone Cooperative, Inc., Statesboro, GA
- Cap Rock Telephone Cooperative, Inc., Spur, TX
- Cascade Communications Company, Cascade, IA
- Cheyenne River Sioux Tribe Telephone Authority, Eagle Butte, SD
- Christensen Communications Company, Madelia, MN
- Citizens Mutual Telephone Cooperative, Bloomfield, IA
- Citizens Telephone Cooperative, Inc. DBA: Citizens Connected, New Auburn, WI
- Citizens Telephone Corporation, Warren, IN
- Clay County Rural Telephone Cooperative/Endeavor Communications, Indiana
- Clear Lake Independent Telephone Company, Clear Lake, IA
- Coleman County Telephone Cooperative Inc., Santa Anna, TX
- Colorado Valley Telephone Cooperative, Inc., La Grange, TX
- Community Telephone Company, Windthorst, TX
- Consolidated Companies, Lincoln, NE
- Cooperative Telephone Company, Victor, IA
- Copper Valley Telecom & Copper Valley Wireless, Valdez, AK

- Craigville Telephone Company, Inc., Craigville, IN
- CTC, Brainerd, MN
- Cunningham Telephone Company, Inc., Glen Elder, KS
- Custer Telephone Cooperative Inc., Challis, ID
- Danville Mutual Telephone Company, Danville, IA
- Direct Communications/Star Telephone, Rockland, ID
- DTC Communications, Alexandria, TN
- East Buchanan Telephone Cooperative, Winthrop, IA
- Emily Cooperative Telephone Company, Emily, MN
- F&B Communications, Wheatland, IA
- Farmers Independent Telephone Company, Grantsburg, WI
- Farmers Telecommunications, Rainsville, AL
- Federated Telephone Cooperative, Chokio, MN
- Filer Mutual Telephone Company, DBA TruLeap Technologies, Filer, ID
- Five Area Telephone , Muleshoe, TX
- Foothills Rural Telephone Cooperative Corp Inc, Staffordsville, KY
- GBT-Golden Belt Telephone Association Inc., Rush Center, KS
- Geetingsville Telephone Company, Inc., Geetingsville, IN
- Glenwood Telephone Membership Corporation, Blue Hill, NE
- Golden West Telecommunications, Wall, SD
- Granite State Communications, Weare, NH
- Granite Telecommunications, LLC, Quincy, MA
- Great Plains Communications, Blair, NE
- H&B Communications, Holyrood, KS
- Hardy Telecommunications, Inc., Lost River, WV
- Harrisonville Telephone Company, Waterloo, IL
- Hart Telephone Company, Hartwell, GA
- Heart of Iowa Communications Cooperative, Union, IA
- Hemingford Coop Telephone Co., Hemingford, NE
- Hill Country Telephone Cooperative, Inc. (HCTC), Ingram, TX
- Home Telephone Co., Saint Jacob, IL
- Hubbard Cooperative Telephone Association, Colo, IA
- Interactive Services Network, Inc DBA IPFone, North Miami, FL
- InterBel Telephone Cooperative, Eureka, MT
- Interstate Telecommunications Cooperative, Inc., Clear Lake, SD
- KanOkla Networks, Caldwell, KS
- KanREN, Inc., Lawrence, KS
- Kennebec Telephone Co., Inc., Kennebec, SD
- Kingdom Telephone Company, Auxvasse, MO
- KMTelecom, Kasson, MN
- La Ward Telephone Exchange, Inc., La Ward, TX
- Lehigh Valley Coop Telephone Association, Lehigh, IA
- Lennon Telephone Company, Lennon, MI
- Logic Networks, Tampa, FL

- Lone Rock Cooperative Telephone Company, Lone Rock, IA
- Loretto Telecom, Loretto, TN
- Lost Nation-Elwood Telephone Company, Lost Nation, IA
- LTC Connect, Auburn, KY
- Lumos/NorthState, Waynesboro, VA
- Lynxx Networks , Camp Douglas, WI
- Madison Telephone, LLC, Madison, KS
- Mainstay Communications , Henderson, NE
- Matanuska Telecom Association, Inc., Palmer, AK
- McDonough Telephone Cooperative, Colchester, IL
- MCNC, Research Triangle Park, NC
- Minburn Communications, Woodward, IA
- Missouriicom, Seneca Telephone, Ozark Telephone, Goodman Telephone, ARK-O Holdings, New Florence, MO and Seneca, MO
- Monon Telephone Company Inc., Monon, IN
- Mosaic Technologies, Cameron, WI
- NCC, Ray, ND
- NC Telehealth Network Association, Concord, NC
- Nelson Communications Cooperative, Durand, WI
- NEMR Telecom, Green City, MO
- New Lisbon Telephone Company and Pennsylvania Telephone Company, New Lisbon, IN
- NineStar Connect, Greenfield, IN
- Nortex Communications, Muenster, TX
- North Central Telephone Cooperative, Inc., Lafayette, TN
- North Texas Telephone Company , Byers, TX
- Nsight Telservices, Green Bay, WI
- Oklatel Communications, Dustin, OK
- Oneida Telephone Exchange, Oneida, IL
- Oran Mutual Telephone Co, Oran, IA
- Oregon Telephone Corporation, Mt Vernon, OR
- Palmer Mutual Telephone Company, Palmer, IA
- Panora Communications Cooperative, Panora, IA
- Park Region, Underwood, MN
- PC Telcom, Holyoke, CO
- Penasco Valley Telephone Cooperative, Inc., Artesia, NM
- Peoples Rural Telephone Cooperative, McKee, KY
- Perry-Spencer Rural Telephone Cooperative d/b/a PSC, St. Meinrad, IN
- Piedmont Rural Telephone Cooperative, Laurens, SC
- Pine Belt Telephone & Wireless, Arlington, AL
- Pineland Telephone Cooperative, Inc., Metter, GA
- Pioneer Telephone Company, LaCrosse, WA
- Pioneer Telephone Cooperative dba Pioneer Connect, Philomath, OR
- Planters Rural Telephone Cooperative, Newington, GA

- Poka Lambro Telephone Cooperative, Wilson, TX
- Polar Communications Mutual Aid Corp, Park River, ND
- Ponderosa Telephone; Table Top Telephone, O'Neals, CA; Ajo, AZ
- Prairie Grove Telephone Company, Prairie Grove, AK
- Premier Communications, Sioux Center, IA
- Rainbow Communications, Everest, KS
- Randolph Telephone Membership Corporation, Asheboro, NC
- Range, Forsyth, MT
- RC Technologies, New Effington, SD
- Readlyn Telephone Company (dba RTC Communications), Readlyn, IA
- River Valley Telecommunications Coop, Graettinger, IA
- Rochester Telephone Company, Rochester, IN
- Roggen Telephone Cooperative Company, Roggen, CO
- Runestone Telecom Association, Hoffman, MN
- S&T Telephone Association, Brewster, KS
- Santel Communications Cooperative, Woonsocket, SD
- SCTC, Stayton, OR
- Siskiyou Telephone Company, Etna, CA
- SkyLine Membership Corporation, West Jefferson, NC
- Solarus, Wisconsin Rapids, WI
- South Central Telephone Association, Inc (KS & OK), Medicine Lodge, KS
- South Plains Telephone Cooperative, Inc, Lubbock, TX
- South Slope Cooperative Communications Company, North Liberty, IA
- Southeast Nebraska Communications, Inc., Falls City, NE
- Southern Montana Telephone, Wisdom, MT
- Southwest Texas Communications, Rocksprings, TX
- Springport Telephone Company, Springport, MI
- SRT Communications, Inc., Minot, ND
- STRATA Networks, Roosevelt, UT
- Sun Corridor Network, Tucson, AZ
- TDS Telecom, Madison, WI
- Telephone Service Company, Wapakoneta, OH
- Templeton Telephone Company, Templeton, IA
- Texoma Communications, LLC dba TekWav, Sherman, TX
- Thacker-Grigsby Communications, Hindman, KY
- Three River Telco, Lynch, NE
- Totelcom Communications LLC, De Leon, TX
- Tri-County Communications Cooperative, Inc., Strum, WI
- Trilogy 5G, Inc., Irving, TX
- TrioTel Communications, Inc., Salem, SD
- Twin Valley Telephone & Southern Kansas Telephone, Miltonvale, KS
- UniTel, Inc., Unity, ME
- USConnect, Bedford, NH
- Valley Telephone Cooperative, Inc., Raymondville, TX

- Venture Communications Cooperative, Highmore, SD
- Viola Home Telephone Company, Viola, IL
- Voqal, Boulder, CO
- Wabash Communications CO-OP, Louisville, IL
- Wahkiakum West Telephone Co., Rosburg, WA
- Waitsfield and Champlain Valley Telecom, Waitsfield, VT
- WANRack, Overland Park, KS
- Wellman Cooperative Telephone Association, Wellman, IA
- West Carolina Rural Telephone Cooperative, Abbeville, SC
- West Central Telephone Association , Sebeka MN
- West Wisconsin Telcom, Co-op, Inc., Downsville, WI
- Western Iowa Telecommunications, Lawton, IA
- Wes-Tex Telephone Cooperative, Inc., Stanton, TX
- Wiggins Telephone Association,d/b/a Blue Lightning, Wiggins, CO
- Wittenberg Telephone Company, Wittenberg, WI
- WTC, Wamego, KS
- YK Communications, Ganado, TX

Others

- Arizona Department of Education, Phoenix, AZ
- Alianza, Pleasant Grove, UT
- Bandwidth Inc., Raleigh, NC
- Channelford Associates Inc, Westlake Village, CA
- Autry, Hall & Cook, LLP, Atlanta, GA
- Digital Wish, Milton, DE
- BluIP, Inc., Las Vegas, NV
- BT Americas, United Kingdom
- Epic Communications, Solon, OH
- E-Rate Central, Westbury, NY
- E-Rate Online LLC, Orange, CT
- CRW Consulting, Tulsa, OK
- E-rate Services, LLC, Sanford, NC
- Healthcare Funding Connection, Prospect, KY
- Educational Professional Services, Pine Grove, LA
- Infinity Communications & Consulting Inc., Bakersfield, CA
- E-Rate and Educational Services, LLC., Rapid City, SD
- Janice Meyers Educational Consulting, LLC, Mount Pleasant, SC
- Kellogg & Sovereign Consulting, San Antonio, TX
- EveryLibrary Institute NFP, Berwyn, IL
- Funds For Learning, Edmond, OK
- HealthConnect Networks, Bangor, ME
- Heartland Consulting, Mitchell, SD
- Heberly & Associates, Havre, MT
- Lucky Thirteen Design and Consulting, LLC, Berkeley, CA

- Matthey Consulting LLC, Bethesda, MD
- State Educational Technology Directors Association (SETDA), Glen Burnie, MD
- Telcom Insurance Group, Wichita, KS
- TelNet Worldwide, Clinton Township, MI
- Utah Broadband Center, Governor's Office of Economic Opportunity, Salt Lake City, Utah
- Van Hoet & Company, Chartered, Olathe, KS
- VST Services, LP, Trophy Club, TX