



Universal Service Contribution Reform

The FCC has taken significant steps to improve certainty, sufficiency and accountability in the operation of the federal Universal Service Fund (USF) mechanisms. While these efforts have put the USF programs on more sound footing and further the statutory mandates of universal service, they also highlight the need for a more stable and predictable funding source to ensure viability of networks and services over the long term.

- USF is paid for by contributions from certain service providers based on interstate and international telecommunications service and telecommunications revenues.
- Contributions to USF are user fees that are supposed to reflect relative use of services and underlying networks.
- But the means by which our nation supports broadband networks is in desperate need of updating:
 - As traditional telecommunications revenues decline, the assessment on the remaining consumers of such services (also known as the “contribution factor”) increases even if the size of the USF has not, resulting in a disproportionate burden on those consumers even though they often are not the most significant users of services or underlying networks.
 - Some of the largest and most profitable internet-based tech companies depend upon rural broadband networks for delivery of video streaming content and other applications, but they do not contribute to supporting universal service – putting at risk the viability of USF and the affordability of rural services.
 - Failing to address these issues will accelerate the declining pool of resources available to fund USF, threatening the program’s solvency and harming the low-income and rural consumers and schools, libraries and rural health care facilities that depend on the program.
 - It is essential that policymakers act to ensure: (a) that contribution responsibility is shared reasonably and equitably among all users of the underlying networks that universal service seeks to promote; and (b) that all those that benefit from broadband networks help to recover the costs of deploying and operating them.

A bipartisan group of lawmakers from the U.S. Senate and the House of Representatives has created a USF Working Group to update the USF and ensure these programs can build upon and continue their good work. In addition, bills have been introduced in the 119th Congress that NTCA supports.

Lowering Broadband Costs For Consumers Act

Cosponsor S.1651 (Sens. Mullin, Kelly, Crapo, Cramer) and H.R. 4032 (Reps. Feenstra, Leger Fernandez) to direct the FCC to reform the USF contribution system so that broadband providers and edge providers contribute to the system and address unrecovered costs of service.