



Critical Next Steps for Congress in Sustaining Universal Service

Universal service has been a cornerstone of communications policy in the United States for over a century. The Universal Service Fund (USF) programs codified by Congress in 1996 have been essential in promoting the deployment of increasingly advanced networks in rural areas. The programs also ensure that voice and broadband services are more affordable for rural and low-income consumers and schools, libraries and rural healthcare facilities. NTCA members have led the charge on this mission for rural America, leveraging a mix of community commitment, private capital, long-term loans and high-cost USF support to deploy networks and deliver services in rural America that—consistent with the mandate from Congress—are reasonably comparable in price and quality to those available in urban areas.

As a bipartisan working group of congressional leaders considers updates aimed at sustaining universal service, several principles should drive further debates and remain top of mind in any potential reforms:

- 1. Universal service is about “getting broadband out there” and “keeping broadband out there.”** As its name indicates, universal service is focused not only on the one-time act of connecting Americans—rather, the emphasis is properly placed on “service,” the ongoing obligation to keep Americans connected. The deployment of a network is a prerequisite to achieving universal service, but the mission of universal service is only beginning when initial network construction is done. USF programs must be structured to ensure that the comprehensive mission of universal service—the availability and affordability of services and the upgrading of such access over time—will endure, rather than lapse.
- 2. Support for “operating expenses” alone will not sustain universal service everywhere.** In recent years, it has been encouraging to hear more policymakers and stakeholders talk about the need for ongoing support. However, many tend to refer to this in shorthand as support for operating expenses (or “op-ex”), which is an incomplete perspective. There certainly are places where a grant or prior recovery of investment makes it such that only support for operating expenses is needed. And there are some places where no ongoing support of any kind will be necessary because the business case for investment and operations is self-sustaining. But, many of the broadband networks across rural America today were built on the backs of private capital and loans that must be repaid, rather than one-time grants that carry no residual repayment obligations. And even where grants may have been used, providers have typically contributed their own matching funds for those deployments. All these factors must be evaluated thoughtfully to determine appropriate levels of support, rather than resorting to sweeping declarations about where support is or is not needed.
- 3. The high-cost USF program is unique in tackling the comprehensive goals of universal service.** Unlike grant programs that focus only upon initial availability, the high-cost USF program not only enables the business case for deployment and upgrading of networks in rural America, but also aims to ensure that entire rural communities pay rates that are “reasonably comparable” to those in urban areas. The high-cost USF program is therefore *both* an availability *and* an affordability program for rural America.
- 4. Every user and beneficiary of universal connectivity should contribute to the mission of universal service.** The mission of promoting greater and lasting access to 21st century connectivity is funded today largely on the backs of a dwindling pool of buyers of 20th century services. This is unsustainable, especially when some of the largest sources of data demands on broadband networks contribute nothing directly to this mission. Congress must broaden the contribution base as widely as possible to spread this obligation equitably and minimize the impact on any one class of users or beneficiaries.

The USF programs have a long track record of success to build upon and—with targeted updates that keep these principles top of mind—they can help fulfill the national policy of universal service for decades to come.