

Securing the Future of Universal Service

AMERICA LEADS ON BROADBAND INVESTMENT

\$86 BILLION

ANNUAL 2021 INVESTMENT FROM PRIVATE BROADBAND COMPANIES

\$42.5 BILLION

HISTORIC FOUR-YEAR PUBLIC COMMITMENT IN THE FEDERAL BEAD PROGRAM

OUR TAKE

The Universal Service Fund is essential to maintaining the nation's commitment to universal connectivity over time. While public funds from the recent Infrastructure Investment and Jobs Act (IIJA) will help *build* these networks in hard-to-reach rural areas, USF resources are necessary not only to help build rural networks but more importantly to ensure their long-term upkeep and growth. Yet the universal service program's funding mechanism is overly reliant on the dwindling number of U.S. landlines and in urgent need of modernization. Companies across the internet ecosystem that benefit from universal connectivity should contribute to this national commitment. Congress should grant the Federal Communications Commission the authority to ensure all major online players pay their fair share.

The Universal Service Fund is essential to maintaining the nation's commitment to universal connectivity over time. Congress must act now to ensure its future.

KEY POINTS

► Broadband Providers Invest Heavily in U.S. Networks

America's broadband providers have a proven track record of investing heavily in the nation's broadband infrastructure. They invested more than \$2 trillion of their own capital since 1996, and these companies' 2021 investment of \$86 billion represents more than twice the IIJA's historic \$42.5 billion commitment of public funds.

► USF is Essential to Maintaining Strong Rural Connectivity

The combination of broadband providers' own investments alongside IIJA public investments puts the national goal of universal connectivity within reach. But like roads and bridges, these networks must be maintained, repaired and expanded over time, and even restored or replaced following a natural disaster. This will require ongoing resources in remote areas that require public support to serve. The USF is the nation's primary vehicle for ensuring every home, business, school and library gets and stays connected to affordable, quality broadband.

► The Current USF Funding Mechanism is Outdated & Regressive

Based disproportionately on dwindling U.S. landlines, USF's current funding mechanism is unsustainable. According to the Centers for Disease Control, more than 7 in 10 U.S. households had no landline as of June 2022. This ongoing trend concentrates the financial burden of USF on an ever-smaller group of people, most often older Americans and other vulnerable groups who are most likely to keep their fixed line voice service.

DISAPPEARING U.S. LANDLINES

**2000:
193 MILLION**

**2020:
97 MILLION**

Source: Statista.com

► **There is Broad Agreement that USF Costs Must be More Equitably Shared**

Last year the FCC considered the future of universal service and there was broad agreement that the Fund must be stabilized. To secure the future of universal service, the contributions base should be modernized and expanded to include companies that benefit financially from ubiquitous broadband today.

► **Leading Edge Providers Must Pay Their Fair Share**

As technology has evolved, there are those in the internet ecosystem that reap the financial benefits of universal service without contributing. The FCC has authority to expand the contributions base to include those that benefit from universal connectivity and could act immediately to include those services that are substantially comparable to those already contributing to the Fund. But more authority is needed from Congress to ensure that all major online players contribute to this national commitment. Specifically, this must include the nation's dominant edge providers who do not contribute to the universal connectivity that has made them among the wealthiest companies in the world.

BOTTOM LINE

- USF makes it possible to maintain broadband networks in high-cost rural areas, yet the program is on an unsustainable path.
- A healthy USF requires a modern funding formula. Congressional leadership is needed now to make this happen.
- Expanding the contributions base to include dominant edge providers that benefit from universal connectivity is essential to sustaining the nation's commitment to keeping all Americans connected to affordable, reliable high-speed broadband.

LEARN MORE

[USTelecom's FCC Filing on the Future of USF](#)

[USTelecom's Senate Testimony on Meeting America's Broadband Needs](#)