

USTelecom—The Broadband Association¹ (USTelecom) respectfully submits these comments in response to the working group’s request for responses to specific questions regarding the effectiveness Universal Service Fund (USF or the Fund) and potential reforms that may be needed to ensure its successful future.² USTelecom appreciates this opportunity to provide comment on actions both the Commission and Congress could take to further the program goals of universal deployment, affordability, and adoption and to align the Fund more closely to the current realities of the broadband age. The need for this examination of the USF is particularly important in light of the historic \$42.5 billion Broadband Equity, Access, and Deployment (BEAD) grant program that is in the process of being administered by the National Telecommunications and Information Administration (NTIA) stemming from the bipartisan Infrastructure Investment and Jobs Act (Infrastructure Act or IIJA).³

Through the BEAD program and other recent federal broadband deployment, affordability, and adoption program funds, Congress recognized the profound importance that broadband plays in today’s economy and virtually every aspect of 21st Century life. The USF programs should similarly be fully reoriented around promoting the availability of broadband networks and accelerating the transition to next-generation broadband services.

¹ USTelecom is the premier trade association representing service providers and suppliers for the communications industry. USTelecom members provide a full array of services, including broadband, voice, data, and video over wireline and wireless networks. Its diverse membership ranges from international publicly traded corporations to local and regional companies and cooperatives, serving consumers and businesses in every corner of the country.

² Universal Service Fund (USF) Working Group Request for Comment <https://www.lujan.senate.gov/usf/>

³ Infrastructure Investment and Jobs Act, Pub. L. 117-58, 135 Stat. 429, 117th Cong. (2021), <https://www.govinfo.gov/content/pkg/BILLS-117hr3684enr/pdf/BILLS-117hr3684enr.pdf> (Infrastructure Act).

It is important to recognize the immensely important role that broadband plays for all Americans, and the critical role that the Commission's USF programs have played, and will continue to play, in bringing affordable and high-quality broadband to homes, businesses and community anchor institutions across the country. High-speed broadband is a cornerstone of American life, connecting people to education, healthcare, employment and virtually every other aspect of our daily lives; for that reason and our nation's economic security, closing the digital divide is now more important than ever. USTelecom's members have been on the front lines of efforts to do so for decades, investing billions in private capital and USF program funds to deploy and upgrade networks throughout the country, including the hardest to serve remote areas.

USTelecom members have been active participants in every USF program since their inception and as they have evolved over the years, and are responsible for contributing a lion's share of the funds that pay for USF programs under the current contributions system.⁴ As such, USTelecom is uniquely situated to offer insights on the effectiveness of the USF, why the USF will be necessary well into the future and what improvements can be made in order to reflect the needs of both consumers and broadband providers in our modern digital world.

Question 1

How should Congress evaluate the effectiveness of the existing USF programs in achieving universal service goals for broadband?

The current Universal Service Fund administered by the Federal Communications Commission (FCC) is a complex collection of programs with inconsistent requirements and constituents who are being served. The programs must be studied and reformed to ensure that USF fulfills its statutory obligations and to ensure the financial sustainability of the Fund.

⁴ See e.g., Universal Service Monitoring Report, CC Docket No. 96-45, WC Docket Nos. 02-6, 02-60, 06-122, 10-90, 11-42, 13-184, 14-58, Table 1.3, fn1 (2020).

Congress should work with the FCC to conduct an assessment of each program, analyzing the status of provided services, how funding is being used, what remaining needs should be addressed, and to develop recommendations for improvements.

To evaluate the effectiveness of the current USF programs in achieving the goals for universal service, Congress should focus on how the programs support broadband service availability. Support programs should be consolidated and reoriented around promoting the availability of broadband networks and accelerating the transition to next-generation broadband services. They should encourage legacy network modernization.

Section 254 of the Communications Act defines “Universal Service” as an evolving level of telecommunications services that the FCC shall establish, taking into account (1) advances in telecommunications and information technology, (2) the extent to which such services are essential to education, public health, or public safety, and (3) have, through the operation of market choices by consumers, been subscribed to by a substantial majority of residential customers. The Act also requires the FCC to base universal service policies on the principle that access to advanced telecommunications and information services should be provided in all regions of the nation (47 U.S.C. § 254(b)(2); and directs the FCC to ensure that advanced telecommunications capability is deployed to all Americans (47 U.S.C. § 1302(b)).

By any measure, broadband internet access is essential for access to education, public health and safety, and myriad other public interest resources. As a result, a substantial and growing majority of residential and business customers across the nation subscribe to broadband internet service. Meanwhile, customers continue to abandon the legacy copper networks and services that have been the focus of universal service policies and programs over the past three decades.

It is therefore time to take a fresh look at the universal service programs in the context of the revolutionary changes in technology and market structure over the last three decades. In evaluating the effectiveness of federal universal service programs, Congress should consider whether they have achieved, or indeed are capable of achieving, the Act's over-arching objective of ensuring that all Americans have access to advanced telecommunications capability (*i.e.*, broadband) and the benefits it offers. It should recognize that marketplace and technology developments over the past three decades have rendered the Act's narrow focus on supporting "telecommunications services" and the providers of such services (*i.e.*, "eligible telecommunications carriers") illogical, and reform the Act and federal universal service programs to provide support for broadband without regard to its legal classification.

Question 2

How well has each USF program fulfilled Section 254 of the Communications Act of 1996?

The universal service definition and principles in Section 254 of the Communications Act⁵ and the deployment goal specified in Section 706 of the Telecommunications Act of 1996,⁶ provide context for the long held goals of the USF which are universal deployment, affordability, and adoption of broadband throughout the United States. The Act recognizes that the ability to meet these universal service goals requires the Commission to be flexible and evolve over time as the broadband marketplace changes in response to new and advanced technologies.

Since 2011, when the FCC issued its *USF/ICC Transformation Order*, the Commission has sought to comprehensively reform and modernize the High Cost program and the intercarrier compensation system to focus support on networks capable of providing voice and broadband services and transition outdated support mechanisms to more efficient model-based and

⁵ 47 U.S.C. § 254(b) and (c).

⁶ 47 U.S.C. § 1302.

competitive bidding programs.⁷ In the years since adoption of the *USF/ICC Transformation Order*, the Commission has also taken numerous actions to implement and improve upon these reforms.⁸ In 2023, the Commission adopted an Order that updated deployment and service obligations to align deployment with the requirements of the Infrastructure Act, encourage the deployment of affordable broadband service, and allow the FCC to monitor compliance with the program rules.⁹ Similar updates have been made to the Lifeline, Schools and Libraries and Rural Healthcare programs, particularly in the realm of combatting waste, fraud and abuse of those programs.¹⁰

With the emergence of broadband as the primary form of connectivity, it is time to update the fund both on the contributions side and the distribution side to better reflect the modern communications marketplace. More detail on potential reforms is addressed herein.

Question 3

Has the FCC adequately assessed each USF program against consistent metrics of performance and advancement of universal service?

⁷ *Connect America Fund et al.*, Report and Order and Further Notice of Proposed Rulemaking, WC Docket No. 10-90 et al., 26 FCC Rcd 17663, 17672, para. 17 (2011), *aff'd sub nom. In re FCC*, 753 F.3d 1015 (10th Cir. 2014) (*USF/ICC Transformation Order or FNPRM*). The *USF/ICC Transformation Order* created the Connect America Fund (CAF) and established a budget for the high-cost program. *Id.* at 17710, para. 123. In the *USF/ICC Transformation Order*, as noted below, the Commission adopted the Connect America Fund (CAF) Phase II program to provide ongoing support in price-cap areas through a combination of “a new forward-looking model of the cost of constructing modern multi-purpose networks” and a “competitive bidding process.” *Id.* at 17725, para. 156. The Commission largely maintained the existing legacy universal support mechanisms for rate-of-return carriers and required that they provide broadband service meeting the Commission’s public service obligations upon reasonable request. *Id.* at 17740, para. 206.

⁸ See e.g., *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, 28 FCC Rcd 5301 (WCB 2013) (*CAM Platform Order*); *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, 29 FCC Rcd 3964 (WCB 2014) (*CAM Inputs Order*); see also *USF/ICC Transformation Order*, 26 FCC Rcd at 17727 (“Specifically, we adopt the following methodology for providing CAF support in price cap areas. First, the Commission will model forward-looking costs to estimate the cost of deploying broadband-capable networks in high-cost areas and identify at a granular level the areas where support will be available.”); see also *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087 (2016).

⁹ See *Connect America Fund: A National Broadband Plan for Our Future High Cost Universal Service Support, et al.* Report and Order, Notice of Proposed Rulemaking and Notice of Inquiry WC Docket Nos. 10-90, 14-58, 09-197, 16-271, RM 11868 (Jul.23, 2023).

¹⁰ Cite to FCC Orders.

Of the existing USF programs, the High-Cost fund has the most robust set of metrics to ensure its success and the advancement of universal service. High-cost fund recipients are subject to broadband build-out milestones, network performance testing and financial or service availability audits as conditions of receiving support. Through these requirements, the FCC has the ability to track both the number of eligible locations served and the speeds delivered at each location. In contrast, the performance goals and performance metrics of the Lifeline, E-Rate and Rural Health Care Programs are not as well defined, thereby limiting the ability of the FCC and Congress to evaluate the effectiveness of those programs.

Question 4

What reforms within the four existing USF programs would improve their: Transparency, Accountability, Cost Effectiveness, Administration and Role in supporting universal service?

Although the Infrastructure Act and several other recent federal spending programs¹¹ have infused a substantial amount of new funding into the pipeline to pay for broadband infrastructure (for homes, businesses, schools, libraries, and healthcare providers) that does not necessarily obviate the need for ongoing USF support. There are several reasons for this.

First, the funds disbursed via government supported programs will certainly result in additional broadband availability to unserved and underserved locations across the country, but such funding is not designed to address any shortfall between the cost of maintaining and operating broadband networks in rural and high-cost areas and available revenue over the long term. By their definition, BEAD grant funds will be targeted to the more remote and high-cost locations in America. After allocation of the BEAD program funds, USF support should be available where appropriate to cover operating costs for some providers in some of the highest-

¹¹ See NOI § II(C) and (D).

cost areas of the country to maintain affordable broadband services.¹² The Commission should evaluate that need. Moreover, for those providers that presently receive High Cost support to provide broadband in the most remote areas, it may similarly be necessary to reassess the costs and revenues associated with operating a broadband network and the necessary support amounts in such areas.¹³ The Commission itself acknowledged as much in its report to Congress on the future of the USF in 2022.¹⁴

As the primary infrastructure program in the USF, the High Cost program is today designed to ensure that consumers in rural, insular, and high-cost areas have access to modern communications networks capable of providing voice and broadband service, both fixed and mobile, at rates that are reasonably comparable to those in urban areas.¹⁵ The High Cost program as designed currently is not just a capital expenditure fund. Support today may also be used for operating expenses.¹⁶ Particularly in the most rural, less dense, highest cost portions of the United States, providers have had an ongoing need for support to maintain and keep those networks operating and have relied on USF support to do so. Some rural providers have noted that those areas that have been built out with High Cost program support remain high cost, even though infrastructure has been deployed to meet broadband performance obligations.¹⁷ The Commission should evaluate the costs and revenues associated with operating a broadband

¹² Indeed, Congress encourages federal agencies and the states to align IIJA broadband deployment funds, where practicable, with other broadband funding and that the funds are meant to “supplement and not supplant” other funds. *See, e.g.*, Infrastructure Act, div. F, tit. I, § 60102(e)(4)(A)(i) and (iii), (k), (l).

¹³ *See infra* Section III.A.

¹⁴ *See Report on the Future of the Universal Service Fund*, Report, WC Docket No.21-476 at 22, para 42 (Aug. 2022) (*Future of USF Report*).

¹⁵ 47 C.F.R. §54.303

¹⁶ 47 C.F.R. §54.303

¹⁷ *See e.g.*, Letter to Marlene Dortch, Secretary, Federal Communications Commission from Carol Matthey, Principal, Matthey Consulting, LLC, WC Docket Nos. 21-476, 10-90 (Jan. 8, 2022) (asserting that areas built out with High Cost program support remain high cost even though infrastructure has been deployed to meet broadband performance obligations and therefore may require ongoing support).

network in these high cost areas based on updated data and, where appropriate, ongoing support should be made available.

Second, lessons learned from the Affordable Connectivity Program (ACP) show that a USF program focused on low-income consumers should be centered on broadband. Low-income households continue to subscribe to broadband at a lower rate than other households. However, updating the low-income program in a way that increases the current benefit would require the Commission to reform the USF funding mechanism by broadening the contribution base. The possibility of a more robust low-income program provides even more reason for Congress to act now to stabilize and ensure the sustainability of the USF *before* such a proposal is considered. At a minimum, the FCC should consider a rulemaking proceeding to ensure that there are clear objectives for the low-income program going forward. The Commission should also consider allowing low-income benefits to be provided directly to participating consumers, to give providers the option to get out of the middle of government benefit delivery.

Indeed, sufficient funds must be available to continue operating the *existing* programs. Thus, it is priority number one that Congress expand the contribution base for the long term by looking beyond the traditional contributors to the broader Internet economy, in particular to the large tech platforms. Then Lifeline, E-Rate, Rural Healthcare (RHC) and High-Cost programs must be studied and reformed to ensure that USF fulfills its statutory obligations.

Question 5

What reforms are necessary to ensure that the contribution factor is sufficient to preserve universal service?

Currently, only telecommunications companies and interconnected VoIP providers must contribute to the Fund, based on their interstate and international end-user telecommunications revenues. Under the current contributions system, the Fund primarily assesses services in demand in 1996, not 2025. While the Commission has taken steps to modernize the distribution

side of USF toward broadband and the 21st century Internet economy, the contribution side remains firmly anchored in the legacy analog economy of the 20th century.

Contribution reform is urgently needed to stabilize the funding base and address the steady growth of the contribution factor, which could exceed 39% as early as October. The current USF funding mechanism places an unfair burden on carriers and, by extension, our customers – the very customers USF programs are intended to benefit. The commercial entities that offer services that directly and significantly profit from universal broadband should help to support the programs that help consumers and businesses obtain broadband. It is long past time to expand the contribution base and include large tech companies that have built trillion-dollar businesses on broadband infrastructure, services, and adoption. This is the only way to create a more sustainable and equitable contribution base.¹⁸ Now is the time to take an “all of the above” approach. There is no time for modest incrementalism.

While some have advocated for a change to a model supported only by Congressional appropriations, appropriations alone are not a suitably stable funding source for USF program(s) that need sufficient and reliable funding. Instead, sufficiently expanding the base of contributors to include the largest tech companies would ensure a stable, fair, and sustainable funding source for the program(s) that need them, while also providing a broad contribution base that mitigates the impact on any individual contributor.

It is impossible to know at this time exactly what the annual USF budget should be in coming years. What we do know, for the reasons articulated herein, is that there will be an ongoing need for the USF. We also know that the rapid and unending rise of the contribution

¹⁸ Proposals to expand the contribution base to BIAS revenues alone, without Congress establishing clear authority for the Commission to incorporate revenues from the largest technology companies, would not be sufficient to make the Fund stable for the long-term and would also shift the funding burden significantly to consumers.

factor in recent years provides indisputable evidence that without Congressional intervention the USF is not financially sustainable for current expenses, let alone additional future needs. As USTelecom has stated previously, “inequities worsen as the contribution factor increases since a greater contribution factor produces a larger distortion in the marketplace between contributors and non-contributors.”¹⁹ The root of the problem is that the USF contributions formula, as it is currently configured, assesses revenues from the types of telecommunications and interconnected VoIP services whose revenues have been dramatically declining, particularly over the last decade, and does not assess other substantially similar services that have increasing revenues. The contribution side of the USF should be modernized to recognize the shift to broadband and the 21st century Internet economy, along with the distribution side.

The Commission’s own data shows that the contribution base has fallen by nearly \$25 billion dollars since 2011.²⁰ The drop in assessable revenues is attributable to a shift from traditional voice revenue and other telecom revenues to revenues generated from data services relying on broadband and other advanced technologies. Such data services are used to access a variety of digital services not contemplated when the USF was created in 1996, and increasingly, voice and video chat services. This marketplace shift has created the untenable predicament of a system that is now backwards looking instead of forward looking. When the purpose of the Fund was to support telephone service and USF beneficiaries were those entities who benefited from all Americans being connected to the public switched telephone network (PSTN), it made sense to primarily assess the revenues of telephone (telecom) service providers.

¹⁹ USTelecom *Ex Parte* Letter, WC Docket No. 06-122, GN Docket No. 09-51 at 3 (Mar. 28, 2012).

²⁰ See Universal Service Monitoring Report, CC Docket No. 96-45, WC Docket Nos. 02-6, 02-60, 06-122, 10-90, 11-42, 13-184, 14-58, Tables 1.2, 1.5 and 1.7 (2021).

To address this problem, Congress should enact legislation clearly authorizing the Commission to assess the revenues of large technology companies' digital services. The Commission even asked Congress for such a directive in its *Future of USF Report*.²¹ Consumer and business demands require broadband connectivity not because they need the broadband connection in and of itself but because they need the internet-based services that the broadband connection enables, such as cloud services, app stores and digital advertising. Those broadband-enabled services continue to drive consumers to adopt higher capacity broadband connections, which in turn spurs providers to invest in such infrastructure. The ultimate beneficiaries of the universal service programs are thus not only those who gain access to broadband but the large technology companies who profit from those broadband connections.

Those who argue for expanding the contribution base to include consumer broadband services alone without including a broader base of revenues from the broadband-enabled Internet economy are settling for an incremental, short-term fix and missing the opportunity for creating a long-term, stable foundation. Indeed there is already evidence that the revenues from BIAS are declining.²² A study of pricing in the BIAS marketplace shows that both wireless and fixed broadband prices are declining and there is more competition in the fixed broadband market than ever before.²³ If this trend continues and prices continue to decline, the Fund could begin to face, once again, an ever rising contribution factor creeping up by a couple of percentage points year after year. As a result, Congress must act to provide the Commission additional authority to expand the contribution base to large technology companies.

²¹ See *Future of USF Report* at 52-53, paras 108-111.

²² See "Broadband Pricing Changes: 2016 to 2022," by Tyler Cooper & Jason Shevik (Feb. 7, 2022), <https://broadbandnow.com/internet/broadband-pricing-changes>.

²³ See Arthur Menko, *2022 Broadband Pricing Index Report*, <https://ustelecom.org/wp-content/uploads/2022/06/USTelecom-Broadband-Pricing-Report2022.pdf>; Arthur Menko, (finding that the *most popular tier* of broadband service in 2015 is now priced 44.6% lower, that the *highest speed offerings* in 2015 are now priced 52.7% lower beating the pace of inflation compared to other consumer goods).

Particularly, Congress should give the Commission the authority to broaden the base to large technology companies offering services such as digital advertising services, video streaming and cloud services.²⁴ In order to fairly allocate the burden, Congress need not sweep in the entirety of the Internet economy but instead should focus on the companies who benefit the most from broadband connectivity and are the largest in terms of revenues and/or market capitalization. Revenues from these technology companies are only generated by consumers and businesses accessing the internet, which is made possible by broadband networks paid for, in part, by the USF. Congress could easily cabin the companies subject to USF contribution in many ways. In fact, many of those gating mechanisms are being considered in pending legislation on antitrust reform and could be easily applied in this context as well. Doing so could avoid sweeping in nascent competitors in the broadband economy and would limit contribution obligations to those companies that would be most able to pay. By extending contribution obligations beyond those traditionally assessed, the Commission (and Congress) will serve the public interest by stabilizing the Fund, increasing equitable competition between providers, and minimizing contribution burdens for all.

Question 6

What reforms would address waste fraud and abuse in the existing programs?

See response to Question 4

In addition, the FCC has demonstrated a strong commitment to safeguarding the USF by proactively identifying and addressing vulnerabilities in the Fund that could lead to waste, fraud, and abuse. Through rigorous oversight, targeted rule refinements, and continuous program monitoring, the agency has strengthened the integrity of USF operations while ensuring

²⁴ See, “Subsidizing Universal Broadband Through Digital Advertising Services Fee: An Alignment of Incentives,” by Hal J. Singer and Ted Tatos, <https://www.econone.com/wp-content/uploads/2021/09/Digital-Divide-HSinger-TTatos-2.pdf>

resources are directed toward advancing universal service objectives. A notable example of FCC action that curbed inefficiencies in the high cost program was the elimination of the inefficient Identical Support Rule in 2011 by freezing and then phasing down ongoing support.

Another FCC action that curbed waste, fraud, and abuse was the implementation of the Lifeline National Verifier. With respect to any reformed low-income program use of the National Verifier should be mandated. The Affordable Connectivity Program permitted other methods of verifying eligibility that were proven to be more subject to fraud.

Question 7

What actions are necessary and appropriate to improve coordination between USF programs and other FCC programs as well as other programs housed at other federal agencies?

There continues to be an ongoing need for increased coordination among federal agencies that direct broadband funding. To ensure that the Commission has good data and the ability to assess the future of USF, there needs to be increased coordination between federal agencies and states. This does not mean however that additional oversight or reporting obligations on providers should be implemented. USTelecom applauds the efforts of the FCC, NTIA and RUS to increase their coordination and share data in the last few years.²⁵ However, since the BEAD program distributes funds through state broadband offices it will be necessary to make sure that the states are coordinating with these agencies as well. The same is true for the Department of Treasury given the significant funds being distributed via the Coronavirus State and Local Fiscal Relief Fund Program and the Capital Projects Fund.

²⁵ Interagency Agreement Between the Federal Communications Commission, U.S. Department of Agriculture, and the National Telecommunications and Information Administration of the U.S. Department of Commerce (June 2021). <https://www.fcc.gov/document/fcc-ntia-usda-interagency-agreement-broadband-funding-deployment>

Regardless of the agency overseeing its distribution, a key policy objective of any federal government support program is that money is not spent twice on the same project. In adopting the Broadband DATA Act, Congress expressed a clear need to ensure that there is good data about where there is service and where there is not, not only to close the digital divide, but also to ensure that scarce government resources are not spent on overbuilding.²⁶ To that end, both federal and state agencies that support broadband should align goals and rely solely on the FCC's Broadband Data Collection (BDC) maps.

To improve coordination even more, states should be required to report where they are making awards so that the maps can be updated accordingly. Currently, none of the federal COVID relief related programs that support broadband require the states to report where service will be provided with the funds until after the project is complete. Since the Infrastructure Act programs provide significantly more money for broadband, and there is a need to coordinate with other agencies still responsible for deploying broadband, it would be beneficial to have information about where enforceable broadband commitments exist and which locations *will be* deployed as opposed to waiting until deployment is done. Waiting until the challenge process portion of the BDC mapping process to receive this information is too late.

Furthermore, if states wait until deployment projects are completed to report awards it will delay the Commission's ability to assess and move forward with critical decisions about the future of USF. Earlier state reporting will also help ensure compliance with Commission reporting requirements. New entrants into the broadband marketplace may be unaware of their BDC reporting requirements and fail to report. If the Commission and other agencies have

²⁶ *In the Matter of the Digital Opportunity Data Collection* 2nd Report and Order and 3^d Further Notice of Proposed Rulemaking 34 FCC Rcd 7460, 7498 (Jul.16, 2020), *citing*, Broadband Deployment and Accuracy Technology Availability Act, P.L. 116-130 (Mar. 20, 2020).

advance notice of a broadband project, follow up with the grantee service provider will be more streamlined and thorough.

A longer-term goal, to the extent it is achievable, should be to unify all federal broadband deployment programs under one federal agency, which would streamline administration and ensure that taxpayer dollars are directed in a non-duplicative, effective, and efficient manner, and make it easier to track the nation's progress toward meeting our broadband availability objectives. Deployment programs should also be consistent, meeting similar buildout requirements and service metrics. Additionally, all federal agencies should coordinate on their permitting processes to ensure that broadband deployment is not delayed by a lack of interagency coordination.

Question 8

For any recommendations on reforms, does the Commission currently have the feasibility and authority to make such changes?

While the FCC has the authority to address some of the recommendations made here, it does not have statutory authority to undertake the full range of USF reforms that are needed. As discussed in response to Questions 1, 4 and 5, Congressional action is needed to establish clear objectives and authority that will withstand legal challenges.

Question 9

Is the USF administrator, USAC, sufficiently accountable and transparent? Is USAC's role in need of reform?

While some have claimed that the USAC makes decisions independent of the FCC, that is simply inaccurate. As active participants in USF programs, USTelecom's members know firsthand that USAC operates under FCC oversight, pursuant to FCC rules and orders. USAC's role in setting the contribution factor, which is largely a math problem, is limited to adding up

carriers' assessable revenue and projecting the financial need of the programs (subject to program caps) pursuant to FCC rules.

On the distribution side, over time, USAC has improved its governance over programs and increased efficiencies, but there is still work to do.

USTelecom and its members stand ready to work with this working group, Congress, and the Commission to address necessary changes to the USF. We offer these comments based on our practical experience as broadband providers in a competitive marketplace and long-time participants in the USF programs. The comments and proposals articulated herein are intended to assist Congress in ensuring that the USF is not only modernized so that all Americans are connected today, but also so that the Fund is sustainable in the future. USTelecom and its members are ready and willing to roll up our sleeves and work with Congress, the Commission and other stakeholders on the practical implementation issues that will inevitably arise.