



## **Reforming the Universal Service Fund**

Starting in the mid-1980s, the FCC established various programs, collectively called the Universal Service Fund (USF), to increase access to communication services in the home at “just, reasonable and affordable rates for all consumers.” Universal service consists of three main components:

- Lifeline and Link-Up help low-income consumers (including those with disabilities and senior citizens) afford telephone service at home.
- Rural support funds carriers in areas with lower population densities make the natural cost of service too high.
- USF funds also support telecommunications service (including Internet) to schools and libraries, known widely as the e-rate (which was established in 1996).

Telecommunications providers (such as telephone, cable and cell phone companies) must contribute to the USF. Ultimately, most providers add a small Universal Connectivity Fee to each customer’s bill.

USF has played a role in bringing U.S. telephone adoption rates to 95.6 percent of Americans. The fund is currently at 8.7 billion dollars as of 2010.

## **Universal Broadband Access Is a Civil Rights Issue**

The Internet continues to host a growing number of job opportunities, educational resources, important health resources and opportunities to engage in the public discourse that shapes everyday life. More and more it is also where individuals can apply for and receive social services like unemployment benefits and financial assistance for education. The Internet also has the potential to enhance and streamline administration of services like Medicaid, food stamps, Temporary Assistance for Needy Families (TANF) and school meal programs by making the application and service allocation processes more efficient.

However, an estimated 14 million Americans still do not have access to high speed, or broadband, Internet services necessary to run many applications providing the above services. High speed Internet is quickly becoming the only Internet service that will run most web sites and computer programs. The high cost of broadband Internet denies access to these beneficial services to for many low-income communities, people of color, Americans with disabilities and senior citizens. Some areas of the U.S., particularly rural communities and Tribal lands, are not served by broadband providers at all.

## The FCC proposes using USF for Increasing Access to Broadband

The National Broadband Plan, issued by the FCC in March 2010, proposes to reform the Universal Service Fund to support increased affordable access to broadband Internet access to these communities. The Plan contains many recommendations to eliminate parts of the program, create new programs, and change the way funds are collected. FCC is expected to begin formal rule-making proceedings on these proposals as early as summer 2010.

Below are a few of the recommendations in the Plan that could provide broadband access to millions of low income and underserved consumers:

- **Include Broadband in Lifeline/Linkup** – The Commission is now considering ways to modernize this program to help low-income consumers afford high speed Internet access through some form of subsidy, discount or voucher program. Currently the program only subsidizes telephone access and dial-up Internet.
- **The Connect America Fund** – The Commission is expected to propose creation of the Connect America Fund to use USF funds to subsidize physical broadband infrastructure in unserved rural communities, many of which are rural and low-income.
- **The Mobility Fund** – The FCC is expected to propose to use USF funds to improve 3G wireless service in underserved areas. According to a recent study, smartphones, like the iPhone, are increasingly popular with low-income customers since they provide mobile computing and communication services on one device.
- **Digital Literacy** – Access alone might not be enough where users are not familiar with using Internet resources. The National Broadband Plan also proposes the development of a Digital Literacy Corps that will support new users in learning how to navigate online resources. Digital literacy training could also be considered as part of the Lifeline/Linkup program.
- **Empowering Tribal Communities** – The FCC has committed to improving coordination between the government and tribal leaders in increasing broadband access, adoption and utilization in Tribal communities.

More than a connection to other people, the push to provide universal access to a fast and reliable Internet connection is imperative in ensuring that everyone has access to opportunities in our digital economy.

### Resources for further reading:

<http://www.broadband.gov/plan/9-adoption-and-utilization/#r9-1>

<http://broadbandbreakfast.com/2010/06/clyburn-advocates-transforming-the-universal-service-fund/>

[http://www.fcc.gov/wcb/tapd/universal\\_service/](http://www.fcc.gov/wcb/tapd/universal_service/)

[http://www.pcworld.com/businesscenter/article/153104/lowincome\\_users\\_latch\\_on\\_to\\_iphone.html](http://www.pcworld.com/businesscenter/article/153104/lowincome_users_latch_on_to_iphone.html)