

Advancing Universal Connectivity

BROADBAND
PROVIDERS HAVE
INVESTED

\$1.8
TRILLION

TO CONNECT
COMMUNITIES

...WHILE FEWER THAN

14.5
MILLION

AMERICANS REMAIN
UNCONNECTED

BRIDGE THE DIGITAL DIVIDE ONCE AND FOR ALL WITH DIRECT SPENDING

Congress should advance legislation to rapidly and fully invest in the broadband infrastructure programs required to quickly and permanently close the digital divide in America. Public/private partnerships are proven and efficient ways to competitively distribute government funds to providers who invest their own capital to connect communities. USTelecom members are ready to immediately go to work with government partners to build these networks, including fiber investment deeper into all corners of America. Any increase in direct spending should be administered through the existing USF programs, more specifically any efforts to improve broadband deployment as part of a nationwide infrastructure package should be disbursed through the USF high cost fund.

MODERNIZING THE UNIVERSAL SERVICE FUND

Universal service is a cornerstone of the law that established the Federal Communications Commission (FCC), the Communications Act of 1934, and encompasses the principle that people in America should have access to communications services. Based on the core principles of the Telecom Act, the FCC established four programs within the Universal Service Fund as recipients of support via the USF:

- **High-Cost Support** assists certain qualifying telephone companies that serve high-cost areas to ensure residents have access to high speed service at rates reasonably comparable to urban areas.
- **Low-Income Support**, also called the Lifeline program, assists low-income customers by helping pay for monthly voice or broadband charges, helping to make service more affordable.
- **Schools and Libraries Support**, also known as the "E-Rate," provides telecommunication services (e.g., local and long-distance calling, both fixed and mobile, high-speed data transmission lines), internet access, and internal connections (the equipment that delivers these services to particular locations) to eligible schools and libraries.
- **Rural Health Care Support** allows rural health care providers to pay rates for telecommunications services similar to those of their urban counterparts, making telehealth services affordable, and also subsidizes internet access.

We need a fresh start in the pursuit of universal connectivity that reflects modern technologies—including direct congressional appropriations and expanding the base of financial support for universal connectivity beyond just telephone consumers to include a broader cross-section of the internet ecosystem.

This model needs a tune up. Congress should pursue a commitment from the entirety of the internet ecosystem to more broadly share in the responsibility to connect all in America. The current USF, which is evolving to focus on broadband connectivity, continues to be funded by an assessment imposed solely on telephone customers. Universal broadband is too important to our nation to be funded by only one set of customers.

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RELIEVE TAX ON USF

Today, the funds carriers receive through the USF program are taxed as gross income. By amending the tax code to allow eligible telecommunications carriers the flexibility to exclude amounts received as universal support from gross income, some carriers may generate roughly 20% more capital for broadband deployment from their receipts under the program. At a time where broadband connectivity is essential for every American to utilize for healthcare, education, employment, and commerce, we should be investing every cent of our finite resources into closing the digital divide once and for all. This change would bolster the existing public private partnership and allow the combined infrastructure investment to connect more communities.