



**Power and Communications Contractors Association  
Position Paper: Universal Service Fund Reform  
May 2020**

The Power & Communication Contractors Association (PCCA) represents contractors, manufacturers, and suppliers that build and repair America's power and communications infrastructure, including electric transmission and distribution lines and substations and broadband, telephone, and cable television systems. PCCA supports policy to reform the Federal Communications Commission's (FCC) Universal Service Fund (USF), which was created in 1996 to help bring broadband to rural America at rates and speeds comparable to urban Americans.

The USF is currently funded through mandatory contributions of designated carriers, at a rate set quarterly by the FCC. Funds are used by four pivotal programs to close the rural digital divide: the High Cost (Connect America), Schools and Libraries (E-rate), Low Income (Lifeline), and Rural Health Care programs. However, costs associated with building out service to areas without adequate broadband continue to rise, while the current base that contributes to the USF has declined over the years. This inevitably has resulted in an increasingly growing contribution gap.

Even as current contributors are paying more into the USF, the funds currently generated are insufficient to adequately expand access to broadband for all Americans. This has prompted the FCC to cap USF programs to prevent excessive contribution rates, which also caps the number of providers capable of receiving assistance and therefore delays broadband deployment across the country. With proper USF contribution reform, sufficient revenue can be generated to fully build out broadband in rural and high-cost areas.

Reforming the USF to broaden the contribution base could stabilize this fund for the long-term, and providing FCC with the flexibility to raise sufficient revenue is needed to meet the growing demand to deliver broadband service to all Americans. This will require all providers of broadband, including CATV and wireless carriers to start participating in the USF.

PCCA supports policy proposals that would codify that broadband is within the definition of "universal service" to expand the contribution base as well as increase oversight authority to ensure that broadband providers install superior fiber optic broadband infrastructure and avoid antiquated copper-based technologies such as DSL and cable. To that end, FCC should update the current target speed of 25/3 Mbps, which PCCA believes is already obsolete. Increasing target speeds to 100/100 Mbps would encourage widescale fiber deployment, which we believe is the only proven "future proof" technology.

PCCA also believes that other unproven "experimental" technologies, such as satellite, should not be considered at FCC auctions under the Rural Digital Opportunity Fund or other future FCC programs.

These USF reforms will make the program sustainable in the long term. All carriers providing broadband services, including CATV, cellular, wireline, etc., should pay into the USF and therefore be eligible to draw from it. This will allow for the elimination of any caps on USF contributions or expenditures. At a time when America faces a global pandemic, the need for universal broadband service is clear. PCCA provides the manpower to build the infrastructure needed to effectively deploy broadband across the country, and decisionmakers at FCC and in Congress are in a position to set the right policy to make that goal achievable. Codifying broadband as part of universal service and instilling these reforms would be a big step in the right direction.