

# THE UNIVERSAL SERVICE FUND (USF)

## WHAT IS THE UNIVERSAL SERVICE FUND?

Created by the Federal Communications Commission (FCC), the Universal Service Fund (USF) is money collected from telecommunications companies dedicated to fulfilling the goals of universal service through four programs: High Cost, Low Income, Rural Health Care, and Schools and Libraries. Telecommunications companies make contributions to the USF based on revenues from providing international and interstate communications services.

## WHAT IS THE PURPOSE OF THE USF?

The purpose of the USF is to enable access to telecommunications services for low-income consumers and those living in remote or rural areas, rural health care providers, public and private schools, and public libraries.

A principle of universal service holds that such access helps ensure all U.S. residents can participate fully in the opportunities available to them in American society.



# The Universal Service Fund

*Providing access to a baseline level of telecommunications services for all consumers in the United States*

## ABOUT USAC AND THE USF

USAC is an independent, not-for-profit corporation that was created in 1997 by the FCC to administer the Universal Service Fund (USF). The USF is money collected from telecommunications companies dedicated to fulfilling the goals of universal service through four different programs: High Cost, Low Income, Rural Health Care, and Schools and Libraries (E-Rate). The USF enables access to telecommunications services for all U.S. consumers, ensuring that all U.S. residents can participate fully in the opportunities available to them in American society.

## Universal Service Administrative Company

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*Helping Keep Americans Connected*



## WHAT IS UNIVERSAL SERVICE?

Universal service is the federal policy, established by law in 1934, of providing access to a baseline level of telecommunications services for all consumers in the United States. The Telecommunications Act of 1996 expanded the policy to include schools, libraries, and rural health care facilities.



## HOW DOES THE UNIVERSAL SERVICE FUND WORK?

All telecommunications companies that provide service between states—including long distance companies, local telephone companies, wireless telephone companies, paging companies, and payphone providers—are required to contribute to the USF. Carriers providing international services also must contribute to the Fund.

The Universal Service Administrative Company (USAC) makes payments from the Universal Service Fund to beneficiaries of the four USF programs: High Cost, Low Income, Rural Health Care, and Schools and Libraries.

## WHAT IS THE UNIVERSAL SERVICE ADMINISTRATIVE COMPANY (USAC)?

USAC is an independent, not-for-profit corporation created by the FCC to administer the Universal Service Fund. In all tasks, USAC strives to provide efficient, responsible stewardship of the USF and to make sure the process for program participants is streamlined and understandable.

### USAC's functions and responsibilities include:

- Administration of each of the support programs
- Billing contributors, collecting contributions, and disbursing universal service support
- Reporting quarterly to the FCC on disbursement of universal service support

### USAC may not:

- Make policy
- Interpret unclear provisions of the statute or rules
- Interpret the intent of Congress
- Advocate policy positions before the FCC or its staff, but may advocate positions on administrative issues for managing the USF

## FOUR PROGRAMS OF THE USF

**High Cost Program** – ensures consumers across the country pay rates for telecommunications services that are comparable to those available in urban areas.

**Low Income Program (Lifeline, Link Up, Toll Limitation Service)** – helps eligible low-income consumers establish and maintain telephone service by discounting services provided to them by local telephone companies.

**Rural Health Care Program** – provides reduced rates to rural health care providers for telecommunications and Internet services to ensure that they pay no more than their urban counterparts for the same or similar services.

**Schools and Libraries (E-Rate) Program** – provides discounts to help schools and libraries across the country secure affordable telecommunications and Internet access services.

