

**NATIONAL ASSOCIATION OF STATE UTILITY CONSUMER ADVOCATES**

**Resolution 2019-04**

**URGING THE FEDERAL COMMUNICATIONS COMMISSION TO  
REFRAIN FROM ADOPTING A HARD CAP ON THE OVERALL SIZE  
OF THE FEDERAL UNIVERSAL SERVICE FUND AND INSTEAD FOCUS ON  
UNIVERSAL SERVICE GOALS AND CONTRIBUTIONS REFORM**

**WHEREAS**, the National Association of State Utility Consumer Advocates (NASUCA) has encouraged States and the Federal Communications Commission (FCC) to take steps to ensure the widest availability of voice and broadband internet access services, including in unserved and underserved areas and for low income consumers (NASUCA Resolution 2018-01, 2017-05, and 2017-04);

**WHEREAS**, NASUCA has encouraged the FCC to modify the federal universal service support contributions mechanism to ensure that all carriers and services that benefit from high cost universal service funding contribute to the program's funding base, including broadband services made possible by Connect America Fund support (NASUCA Resolution 2012-03);

**WHEREAS**, NASUCA has encouraged Congress exempt the Universal Service Fund (USF) from the Antideficiency Act, thereby providing the Federal Communications Commission (FCC) and the Universal Service Administrative Company (USAC) with flexibility in administration of the USF, given that some funding commitments and disbursements may span several years (NASUCA Resolution 2004-08);

**WHEREAS**, Congress has extended the USF's exemption from the Antideficiency Act through annual federal budget amendments, including the 2018 federal budget and the 2018 RAY BAUM Act;

**WHEREAS**, The Telecommunications Act of 1996 (1996 Telecom Act) requires that services included in the definition of universal telephone service bear no more than a reasonable share of joint and common costs of facilities used to provide those services;

**WHEREAS**, the 1996 Telecom Act has established principles for universal service that specifically focus on increasing access to evolving services for consumers living in rural and insular areas, and consumers with low incomes, as well as for schools and libraries and rural healthcare providers;

**WHEREAS**, the USF provides support for four broad programs to advance the different universal service goals: the High Cost or Connect America Fund; Lifeline; Schools and Libraries or "e-Rate;" and Rural Health Care;

**WHEREAS**, the four USF programs have different demands and funding needs, whether it is a stream of funding for network construction, support to make the purchase of broadband services more affordable for a healthcare facility, or reimbursement for the Lifeline service discount;

**WHEREAS**, USAC's *2018 Annual Report* states that in 2018, the total USF authorized funding support was \$8.33 billion, comprised of \$4.684 billion for High Cost support, \$1.142 billion for Lifeline, \$2.204 billion for e-Rate, and \$298 million for Rural Healthcare;

**WHEREAS**, the FCC has approved disbursements of USF support for restoration of services and communications networks after natural disasters, such as \$64 million in 2018 for Puerto Rico and the Virgin Islands following hurricane damage;

**WHEREAS**, the FCC has committed USF support for pilots or new programs targeted to meet specific new universal service needs. For example, the recently announced "Rural Digital Opportunity Fund," is designed to connect around four million rural homes and small businesses to high-speed broadband networks through a future reverse auction process, with about \$20.4 billion in USF high cost support;

**WHEREAS**, on May 31, 2019, the FCC issued a Notice of Proposed Rulemaking (2019 NPRM) in the *Universal Services Contribution Methodology* proceeding (WC Docket No. 06-122);

**WHEREAS**, the 2019 NPRM does not propose to change or broaden the USF contributions base. Rather, the NRPM proposes to protect consumers who purchase telecommunications services and so support the USF through a USF surcharge by controlling the total size of the USF;

**WHEREAS**, the 2019 NPRM proposes the adoption of a cap on the overall size of the USF, along with protocols for allocation of support among the four USF programs in the event changes in demand for universal service support and/or costs increase;

**WHEREAS**, the FCC's 2019 NPRM invites comment on how to establish an appropriate cap and whether and how to adjust such a USF cap in the future;

**WHEREAS**, the FCC's 2019 NPRM proposes to determine future funding increases or decreases based upon the "cost effectiveness" of the particular universal service program;

**WHEREAS**, NASUCA has encouraged the FCC to preserve existing levels of support for Lifeline voice services, notwithstanding the cost to the Lifeline program funding;

**WHEREAS**, NASUCA has opposed the FCC's earlier proposal to impose a hard cap on the size of the Lifeline program fund;

**NOW, THEREFORE BE IT RESOLVED** that NASUCA urges the FCC to not institute a hard cap on the overall size of the USF, as it would be inconsistent with the USF's statutory goals of preservation and advancement of universal service;

**NOW, THEREFORE BE IT RESOLVED** that NASUCA supports reform of the contributions mechanism and contributions base, to assure that the broadband capable networks and services which have been made possible due to USF support contribute to support of the USF;

**NOW, THEREFORE BE IT RESOLVED** that NASUCA encourage the FCC to preserve its flexibility to change the funding levels in the different USF programs to meet new demand or changes in costs, even if the result is an increase in funding for that particular program, without compromising the delivery of USF support to advance other universal service program goals;

**BE IT FURTHER RESOLVED** that NASUCA authorizes its Executive Committee to develop specific positions and to take appropriate actions consistent with the terms of this resolution. The Executive Committee shall advise the membership of any proposed action prior to taking such action, if possible. In any event, the Executive Committee shall notify the membership of any action taken pursuant to the resolution. Submitted by Telecommunications Committee

Submitted by the Telecommunications Committee

Adopted by the Membership  
Portland, Oregon  
Approved June 20, 2019

Abstaining: Nebraska