

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Universal Service Contribution Methodology)	WC Docket No. 06-122
)	

**Reply Comments of
Communications Workers of America**

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The Communications Workers of America (CWA) submits these Reply Comments to supplement our initial comments in opposition to the Commission’s proposal to establish a financial cap on the Universal Service Fund (USF).¹ The docket shows a broad consensus from a wide variety of organizations, including civil rights groups,² public interest and consumer organizations,³ education advocates and library associations,⁴ and veterans’ advocates,⁵ that the Commission should not adopt an overall cap on the four USF programs. Commenters largely agree that such a cap would force the USF’s constituent programs to compete for resources, which would undermine Congress’s universal service mandate, and harm the programs and the wide range of stakeholders and beneficiaries who rely on them.

CWA supports the Commission’s stated goal of evaluating the USF programs to “better achieve the overarching universal service principles Congress directed the Commission to preserve and advance.”⁶ However, the Commission’s proposals undermine those stated goals, and in fact would dramatically weaken the USF programs and harm a wide range of stakeholders. The Commission proposes to cap the Universal Service Fund at \$11.42 billion, claiming the goal of the cap is to “better achieve the overarching universal service principles Congress directed the Commission to preserve and advance.”⁷ As CWA and many other commenters noted, the Commission’s proposal to cap the USF would do just the opposite.

Capping the entire USF would force its constituent programs to compete with one another for

¹ See Comments of Communications Workers of America, WC Docket No. 06-122 (July 29, 2019).

² See Comments of The Leadership Conference on Civil and Human Rights, WC Docket No. 06-122 (Aug. 9, 2019).

³ See Comments of Common Cause, Comments of AARP, Comments of Public Knowledge and National Hispanic Media Coalition, Comments of Free Press, Comments of New America’s Open Technology Institute, Comments of the National Lifeline Association, WC Docket No. 06-122 (July 29, 2019).

⁴ See Comments of National Education Association, Comments of American Library Association, Comments of Common Sense Kids Action, Comments of Education & Libraries Networks Coalition, Comments of Schools, Health, & Libraries Broadband Coalition, WC Docket No. 06-122 (July 29, 2019).

⁵ See Letter from Constance A Burns, President and CEO of the National Association of American Veterans, to Marlene H. Dortch, Secretary of the FCC, WC Dockets 06-122, 11-42 (July 31, 2019).

⁶ Federal Communications Commission, *In the Matter of Universal Service Contribution Methodology*, Notice of Proposed Rulemaking, WC Docket No. 06-122 (rel. May 31, 2019): p. 1. (“NPRM”)

⁷ NPRM, p. 4, 1.

funding. The Commission acknowledges in the NPRM that its intent is to “consider the consequences and tradeoffs of spending decisions for the overall fund.”⁸As 14 members of Congress wrote to the Commission in a July 9 letter: “The USF programs were not intended to compete against each other for funding and pitting them against each other for funding does nothing to advance the goal of achieving universal service.”⁹

Furthermore, there is broad agreement that the USF programs are working, and that the Commission’s proposal risks undermining their success. The Connect America Fund Phase II has subsidized broadband buildout to an expected 7.3 million rural consumers in 45 states. More than 8.7 million households subscribe to the Lifeline program. The E-Rate program, which provides discounts to schools and libraries to ensure affordable access to high-speed broadband and telecommunications services necessary for digital learning, has connected 98 percent of classrooms in the country with a bandwidth target of 100 Mbps/1000 students. By capping the USF and forcing programs to compete for resources, the Commission risks undermining the USF programs, negatively impacting a wide range of stakeholders and beneficiaries – including low-income people, schools, libraries, children, rural health care facilities and patients, Native tribes, veterans, as well as those who live in rural and remote areas across the United States – and leaving behind the more than 19 million households – six percent of Americans – that still lack access to broadband.¹⁰

Rather than cap USF funding, the Commission should reform the outdated Universal Service Fund contribution mechanisms. As Public Knowledge and the National Hispanic Media Coalition note, while it is true that the USF contribution factor has risen dramatically in recent

⁸ NPRM, p. 2.

⁹ US Rep. Mark Pocan et al., Letter to Federal Communications Commission (July 9, 2019): p. 2.

¹⁰ Federal Communications Commission, *2019 Broadband Deployment Report*, GN Docket No. 18-238 (rel. May 29, 2018).

years, the appropriate solution is not to undermine the agency’s ability to fulfill its universal service mandate, but rather to modernize the contribution mechanism that supports the USF programs.¹¹ Commission research concludes that a gradual expansion in demand for USF programs occurred alongside a decline in the long-distance and international voice telephony rate base that was established more than 40 years ago.¹² All-distance Internet services have replaced voice telephony as the dominant form of communications, yet the USF rate base is stuck in a long-forgotten past. Senators Bob Kerrey and John McCain noted in 1995 that “it should not be just the phone companies or should not just be the existing entities that are making a contribution to the universal service fund; that, in fact [...] new information services should be making a contribution” in order to “broaden the base.”¹³ The Commission could modernize the USF rate base for the current and future communications market by requiring that a percentage of all revenue from digital communications be added to the USF rate base. Increasing the base contributing to universal service support would ensure the sustainability of vital USF programs and at the same time reduce the burden on voice telephony consumers.

In summary, the Commission should not establish a financial cap on the Universal Service Fund. There is broad consensus from a wide variety of organizations – including civil rights groups, public interest and consumer organizations, education advocates and library associations, and veterans’ advocates – that the Universal Service Fund programs are working to achieve the congressional mandate to ensure that every American and every school and library has access to quality, affordable voice and broadband service. The Commission should not risk the progress these programs have made in providing broadband and telecommunications services

¹¹ See Comments of Public Knowledge and National Hispanic Media Coalition, WC Docket No. 06-122 (July 29, 2019): p. 34-6.

¹² Federal Communications Commission, *In the Matter of Universal Service Contribution Methodology*, WC 06-122: p. 3, 13-15 (rel. Apr. 30, 2012).

¹³ 141 Cong. Rec. S7959 (1995).

across the country by forcing these programs to compete with one another for resources. The Commission proposal will substantially harm the millions of people who rely on the support provided by these programs and leave behind the more than 19 million Americans who still lack access to broadband. In order to fully fund these vital programs and close the digital divide, the Commission should reform Universal Service Fund contribution mechanisms to ensure the fund's health moving into the future.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brian Thorn". The signature is fluid and cursive, with a large initial "B" and a long, sweeping tail.

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