



# NEWS

Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D. C. 20554

News Media Information 202 / 418-0500  
Internet: <http://www.fcc.gov>  
TTY: 1-888-835-5322

---

This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.  
See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

---

FOR IMMEDIATE RELEASE:  
April 25, 2012

NEWS MEDIA CONTACT:  
Mark Wigfield, 202-418-0253  
Email: [mark.wigfield@fcc.gov](mailto:mark.wigfield@fcc.gov)

## **FCC LAUNCHES ‘CONNECT AMERICA FUND’: HUNDREDS OF THOUSANDS OF AMERICANS IN RURAL COMMUNITIES WILL HAVE ACCESS TO HIGH-SPEED INTERNET FOR THE FIRST TIME**

*\$300 Million in Savings From Universal Service Fund Reforms Targeted to Quickly Deliver Broadband to Up to 400,000 Unserved Homes & Businesses; Creating Jobs, Expanding Economic Opportunity & Spurring Innovation*

Washington, D.C. – The Federal Communications Commission today officially launched the new ‘[Connect America Fund](#)’ (CAF), which was recently created as part of once-in-a-generation reform of the Universal Service Fund (USF). Last October, the Commission unanimously voted to reform and modernize USF to help connect every American to high-speed Internet by the end of the decade, just as the Fund did for telephone service in the 20<sup>th</sup> century. These reforms cut waste and imposed strict fiscal responsibility standards on the Fund, preventing it from growing beyond its current size. Now, up to \$300 million in savings from these and prior reforms will be targeted to quickly extend high-speed Internet to up to 400,000 previously unserved homes, business and anchor institutions in rural America.

This is the [first phase of funding](#) from the CAF (CAF Phase 1). Carriers have 90 days to accept the funding, as well as the aggressive buildout requirements that must begin in the coming months. The Commission expects that carriers will likely supplement the CAF funding with private investment. While carriers are not required to participate, hundreds of thousands of Americans will gain access to broadband even if carriers only accept a portion of the money.

In addition, the FCC today implemented additional reforms that will make more effective use of existing funding to increase support for broadband for over 2 million rural lines across the country. As with CAF Phase 1 this funding was made available through reforms that improve fiscal responsibility and accountability, and target funding more accurately and effectively.

These reforms improve fairness and incentives for efficient operations in a specific type of universal service support called High Cost Loop Support, or HCLS. In order to help make service affordable for consumers, HCLS provides close to \$800 million annually to help offset high capital and operating expenses faced by many small rural providers. However, HCLS lacked benchmarks for judging whether subsidies were warranted, while fully subsidizing high expense levels and punishing efficient operations. Today’s reforms impose reasonable limits on subsidized expenses by comparing spending among similarly situated companies and setting benchmarks.

The net effect: more funding is freed for hundreds of small rural carriers, which in turn helps to connect millions more Americans. Approximately 500 carriers serving over 2 million lines across the country will get more funding for broadband. About 100 carriers that have unusually high expenses will have to take steps to bring their operations more in line with their peers.

Originally proposed last October, the benchmark methodology was improved with extensive input from carriers and impartial peer review. Changes will be phased in over time, and a rigorous but fair waiver process will ensure that consumers do not lose service.

For more information and official documents, visit <http://www.fcc.gov/encyclopedia/connecting-america>.

Wireline Competition Bureau Staff Contact: Joseph Cavender (CAF Phase 1) and Katie King (HCLS) at 202-418-7400

-FCC-

News about the Federal Communications Commission can also be found  
on the Commission's web site [www.fcc.gov](http://www.fcc.gov).