



# NEWS

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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. Cir. 1974).

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## **FCC REFORMS SEEK EFFICIENT, FAIR USF CONTRIBUTION SYSTEM**

### ***Unanimous Commission Seeks Comment on Reforms To Reduce Disputes, Simplify Compliance, and Promote Competition***

Washington, D.C. – Continuing its overhaul and modernization of the Universal Service Fund (USF), the Federal Communications Commission today launched reform of how funding is collected to support universal access to voice and broadband.

Sweeping reforms adopted by the FCC in the past two years have increased fiscal responsibility and cut waste in the USF, while updating it to help bring high-speed Internet and voice service to all. With reforms in place to contain spending, today's Further Notice of Proposed Rulemaking examines ways to pay for USF more fairly and efficiently.

USF is paid for by an assessment on the interstate and international revenues of carriers, such as long-distance revenues, as well as Voice over Internet Protocol (VoIP providers). Contributors may bill consumers and business customers for the cost. The Notice builds on the FCC's efforts to limit the Fund's burden on consumers and businesses while modernizing USF for the 21<sup>st</sup> century.

The current contribution system has given rise to uncertainty, inefficiency, and market distortions. Outdated rules and loopholes mean that services that compete directly against each other may face different treatment. Universal service charges billed to consumers and businesses vary by company despite virtually identical service offerings, creating confusion and distorting markets. And compliance costs have increased as companies struggle to apply old rules to new products.

The Notice seeks comments on reforms of the USF contribution system that will seek to promote efficiency, fairness and sustainability.

In particular, the Notice asks:

- What services and service providers should contribute to the fund
- How should contributions should be assessed -- on revenues, the number of connections, by phone numbers, or a hybrid approach
- How to reduce the cost, promote transparency and increase clarity of the contribution system
- Whether consumers could benefit from increased transparency and limitations on how providers recover their USF costs

The overarching goal of reform: ensuring delivery of voice and broadband communications to all Americans and achieving core FCC objectives of promoting broadband innovation, investment and adoption. The Notice seeks comment on the appropriate transition periods for reforms to allow service providers and consumers to adapt.

Action by the Commission April 27, 2012 by Further Notice of Proposed Rulemaking (FCC 12-46). Chairman Genachowski, Commissioners McDowell and Clyburn. Separate Statements issued by Chairman Genachowski, Commissioners McDowell and Clyburn.

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