



U.S. Senate Committee on Commerce, Science and Transportation  
Subcommittee on Telecommunications and Media  
Universal Service Fund Working Group

**COMMENTS OF PUBLIC KNOWLEDGE**

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Public Knowledge commends this bipartisan, bicameral initiative for relaunching the Universal Service Fund (“USF”) Working Group in an effort to find consensus for ensuring everyone in the United States has access to affordable, reliable broadband. As the working group members have rightfully noted in their public statements and legislative efforts, high-speed internet access is the foundation for economic opportunity, healthcare, education, and civic engagement.

Our organization has long championed access to affordable, reliable, and open communications networks as essential to all facets of modern life. Through research, advocacy, and coalition building, we work to ensure broadband policies serve the public interest and empower communities across the nation. Universal service embodies these same goals. However, since Congress first articulated the goals of USF, business remains unfinished. By modernizing and expanding USF on the contribution and distribution sides, this Working Group can fulfill the promise of universal service.

**1. How should Congress evaluate the effectiveness of each USF program in achieving their respective missions to uphold universal service?**

First, Congress must recognize that existing Universal Service Fund programs have positively impacted the lives of millions of Americans and have played a significant role in the efforts to close the digital divide across the country. Congress should rigorously and holistically evaluate the effectiveness of each Universal Service Fund program by ensuring they are delivering meaningful connectivity and are properly resolving *all* sides of the digital divide. That means strengthening resilient broadband infrastructure, improving broadband affordability, and advancing broadband adoption through access to devices and digital skills particularly in rural, Tribal, and low-income communities. In order to achieve these goals, it is critical for Congress to expand the contribution base and better ground USF in the principles of predictability and sustainability.

The historic investment and support Congress made in broadband funding through the Infrastructure Investment and Jobs Act of 2021 (including Broadband Equity Access and Deployment, Digital Equity Act, and the Affordability Connectivity Program), the ReConnect program, and the Capital Projects Fund have and will help to promote the deployment of robust broadband across the country. The USF programs are essential components of a broader telecommunications policy that will ensure that those investments prove valuable in the long term. Sustained congressional oversight will be necessary in translating policy goals into action.

Congress also has an important role in ongoing oversight of the FCC’s data collection processes and how the FCC reports that data to the public. For example, after years of complaints over the inaccuracy and lack of clarity in the FCC’s broadband coverage maps, Congress passed the Broadband Data Deployment Accuracy and Technology Availability Act of 2020. This contained

multiple improvements to the way the FCC collected and displayed industry data. In particular, the requirement for a public challenge process and penalties for knowingly falsifying deployment data recognized years of evidence that maps based entirely on unverified carrier assertions dramatically overstated broadband availability in the United States. Due to the complexity of the process, there remains opportunity to receive more transparent data on broadband service deployment to ensure funds are efficiently allocated and broadband service providers have a sustainable business case. Providers reporting requirements should also include:

- Actual speeds deployed to customers.
- Latency, which measures delays in data transmission.
- ISPs' pricing data so the FCC can ensure the broadband market is sufficiently competitive and affordable and to ensure consumers understand the cost and fees associated with broadband service.
- Data caps information to show the maximum data usage over networks before throttling data transmission and/or increasing cost.
- Network security to account for instances of breaches and compromises of consumers' personal data.
- Subscription data to show how many consumers subscribe to the service.
- Service denials to show if providers deny their service to certain locations or communities.
- Network reliability information to assess the reliability of broadcast networks which should be made available to consumers before subscribing to a service.
- Network resiliency to assess the preparedness of broadcast networks for potential outages during natural disasters and other public emergencies.

Additionally, granular broadband adoption data is critical for understanding the digital divide. As UnidosUS recently stated, "Existing federal surveys provide little insight into how households are using the Internet for essential economic tasks, like applying for jobs, banking, or completing online training for job advancement. Without baseline data, programs cannot identify which specific digital tasks workers struggle with most, target interventions effectively, or measure whether upskilling initiatives improve outcomes."<sup>1</sup> They further stated that an analysis of "skills and confidence levels would help distinguish between households with limited digital skills due to access barriers versus those who have access but lack the capacity to adequately use technology."<sup>2</sup> Lastly, this data should not just be quantitative in nature. In fact, the Commission *can* and *should* also collect qualitative data to more accurately understand the effectiveness of USF programs.

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<sup>1</sup> Comments of UnidosUS, Request for Comment on National Telecommunications and Information Administration (NTIA) Internet Use Survey in FR Doc. 2025-11114, (August 18, 2025).

<sup>2</sup> *Id.*

## 2. How well has each USF program fulfilled Section 254 of the Communications Act of 1996?

Section 254 of the Communications Act of 1996 established the principle of universal service with the goal of ensuring that all communities, particularly the most unserved and underserved that may be low-income and/or rural communities, have access to affordable, reliable telecommunications services. The USF programs that were created to fulfill this mandate have been mixed as some have stagnated or have simply fallen short of meeting the modern-day needs of consumers. Of top concern for Public Knowledge are the issues of broadband affordability, broadband reliability, and broadband adoption, all of which are issues that impact the success of all USF programs.

**Low-Income Affordability Support through Lifeline:** On the issue of broadband affordability, the Lifeline program has not kept up with the needs of consumers by addressing present economic realities. The purpose of this program is to connect low-income households and that is why modernization of this program must be a top priority of the USF Working Group because affordability is a threshold condition for broadband availability and data demonstrates this. The Pew Research Center data states that 57% of U.S. adults with annual household incomes of \$30,000 subscribe to fixed home broadband. However, 98% of adults in the U.S. with annual household incomes of more than \$70,000 report that they use the internet and 88% of that population say they have broadband at home.<sup>3</sup> What drives this gap is the simple fact that millions of Americans cannot afford *consistent* broadband service. These households fall into the category researcher, John Horrigan, describes as “subscription vulnerable” because they experience “intermittent disconnection due to inability to pay the bill and find it very difficult to pay for service.”<sup>4</sup> The Affordable Connectivity Program made strides in closing this gap with more than 23 million low-income households as subscribers (with approximately 48 million households eligible), but when Congress failed to renew funding for this successful program, it left those same households, across rural and urban communities in America, economically vulnerable. In fact, research that analyzed 2023 ACP enrollment and American Community Survey (ACS) data shows “rural areas were associated with higher levels of broadband adoption compared with urban areas—with ACP enrollment having a significant role in supporting subscriptions. The ‘net addition’ effect was 6.9 percent in rural areas, compared with 1.7 percent in urban areas.” Those broadband adoption gains across rural America will remain stagnant and could even be lost if the Lifeline program is not properly modernized.

The need for affordable broadband is undeniable, and the tools to address it already exist. The Lifeline program, while not yet modernized, provides the nation with a foundation to address this, which should reenergize Congress’s focus to make the program more effective. A successful

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<sup>3</sup> Gelles-Watnick, Risa, “Americans’ Use of Mobile Technology and Home Broadband,” (Jan. 31, 2024), <https://www.pewresearch.org/internet/2024/01/31/Americans-use-of-mobile-technology-and-home-broadband/>.

<sup>4</sup> Horrigan, John, “The ACP Boosted Rural Adoption and Helped Keep the Subscription Vulnerable Online,” (April 2, 2025), <https://www.benton.org/blog/acp-boosted-rural-adoption-and-helped-keep-subscription-vulnerable-online>.

broadband affordability program can remove barriers so low-income households can better stand on equal footing to access education, healthcare, and economic opportunities that allows for underserved areas of this country to thrive. In fact, a February 2025 Brattle Report found that the economic benefits of the ACP exceed the costs of the program including: \$28.9–\$29.5 billion in annual healthcare savings alone, with at least \$6 billion of these savings directly scorable under Medicaid, \$3.7 billion in increased annual earnings for students, and \$2.1–\$4.3 billion in additional wages from greater labor force participation.<sup>5</sup>

Also, a reformed Lifeline program will strengthen the broader communications ecosystem by protecting investments in high-cost networks. By helping eligible low-income consumers afford services provided over these networks, Lifeline ensures that providers in unserved and underserved communities have reliable revenue streams. This stability benefits both providers and consumers. A Common Sense and BCG study found that ACP reduced the subsidy needed to incentivize providers to build in rural areas by 25% per household, as the program “subsidizes subscriber service fees up to \$360 per year, reduces the per-household subsidy required to incentivize ISP investment by \$500, generating benefit for the government and increasing the market attractiveness for new entrants and incumbent providers.”<sup>6</sup>

Because the Lifeline program hovers at around a 19-22% participation rate, it further underscores that there was a missed opportunity when setting support amounts. If the central issue of if a family can *consistently* afford broadband service is overlooked, Congress will ultimately undermine the effectiveness of the program. A modernized Lifeline program should be designed to keep up with real-world challenges experienced by those who are most likely to be on the wrong side of the digital divide, which data shows us are those who are food insecure, housing insecure, seniors, veterans, and those in rural communities.<sup>7</sup>

**High Cost & Network Resiliency:** The High Cost program provides support for initial deployment (capital expenditures or capex) and the ongoing costs of maintaining and upgrading networks (operating expenses or opex). The additional capex support provided by Congress through the IIJA, ReConnect, and Capital Projects Fund should have a meaningful impact and could allow the High Cost program to focus on its role in providing opex funding. Congress and the FCC will need to determine if, and where, additional capex support will be needed but savings from the reduction in capex in the High Cost program should be diverted to support opex funding especially for hardening networks to make them more resilient.

A reformed Universal Service Fund could allow for dedicated resources for network resiliency. Communications infrastructure is increasingly at risk from climate-driven events such as flooding, wildfires, extreme heat, and severe storms. This should be seen as more than repairing

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<sup>5</sup> The Brattle Group, “Paying for Itself: How the Affordable Connectivity Program Delivers More Than It Costs” (February 19, 2025), <https://www.brattle.com/wp-content/uploads/2025/02/Paying-for-Itself-How-the-Affordable-Connectivity-Program-Delivers-More-Than-It-Costs.pdf>.

<sup>6</sup> Common Sense & BCG, “Closing the Digital Divide Benefits Everyone, Not Just the Disconnected” (2022), [https://www.common sense media.org/sites/default/files/research/report/2022-cs-bcg-closing-digital-divide\\_final-release-3-for-web.pdf](https://www.common sense media.org/sites/default/files/research/report/2022-cs-bcg-closing-digital-divide_final-release-3-for-web.pdf).

<sup>7</sup> See Universal Service Administrative Company (USAC) Eligibility Verification <https://www.usac.org/lifeline/national-verifier/eligibility-verification/>.

damage after disasters. Instead, it should be a proactive investment in the reinforcement of our nation's infrastructure, expanding backup power, and enhancing outage detection and response. Funding for resiliency within USF would help providers, particularly in high-risk and underserved areas, protect networks against climate threats. It will also safeguard public safety by helping the public maintain connectivity during emergencies when people are most in need. The FCC has disbursed USF funds on an *ad hoc* basis to help communities particularly ravaged by natural disasters, such as Hurricane Maria.<sup>8</sup> The FCC should consider initiating a proceeding to determine how best to account for upgrading our communications networks through USF High Cost reforms to better promote more resilient networks.

**E-Rate:** The E-Rate program has been critical in decreasing the impact of the digital divide by bringing students, families, and school districts into a globally interconnected digital society. Libraries and schools are anchor institutions that need affordable and resilient broadband access to provide adequate community services. The digital disparities of students in low-income, rural, and tribal communities are decreasing due to the program's efforts. Still, there is more that can be done to improve the E-Rate program. As a general matter, the nation has seen how libraries, schools and hospitals can act as "anchor institutions" to expand broadband access throughout their communities. As the FCC assured Congress in its USF report, the Commission's duty for the future of the USF is "maintaining new and existing networks, promoting equitable access in underserved communities and populations, and ensuring sufficient support for the ever-expanding broadband needs of schools, libraries, and health care providers."<sup>9</sup>

The E-Rate program has become an important component of addressing the digital divide on Tribal lands. E-Rate reform should continue to be cognizant of the differences between traditional schools and libraries and institutions on Tribal lands and administered by Tribal governments with similar functions, to ensure that equivalent Tribal facilities are not disqualified from receiving E-Rate. Ultimately, the goal of E-Rate is to ensure access to broadband tools for educational purposes and to all Americans through community anchor facilities such as libraries. Reforming E-Rate to expand the role of community institutions in digital access and digital inclusion should be seen as a goal of USF reform. This working group should reject the arguments of those who would limit the utility of E-Rate by curtailing these efforts rather than expanding them.

### **3. Has the FCC adequately assessed each USF program against consistent metrics for performance and advancement of universal service?**

The FCC could better assess each USF program against consistent metrics for performance transparently by looking at broadband adoption rates, service quality, and affordability. As it relates to Lifeline, there must be an analysis of if the current subsidy level is sufficient to make retail broadband services truly affordable to low-income households. Additionally, the FCC must evaluate Lifeline participation rates by eligible households by states, congressional districts, and

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<sup>8</sup> See Press Release, "FCC Advances Up to \$76.9 Million to Restore Communications Networks in Puerto Rico and U.S. Virgin Islands Devastated By Maria," released October 4, 2017. Available at: <https://docs.fcc.gov/public/attachments/DOC-347069A1.pdf>.

<sup>9</sup> Federal Communications Commission, Report on the Future of Universal Service Fund, WC Docket No. 21-476 (Aug. 15, 2022). Available at <https://docs.fcc.gov/public/attachments/FCC-22-67A1.pdf>.

zip codes. There must also be an examination of barriers that prevent eligible households from enrolling and associated strategies that yield increased participation. Similarly, there should also be a focus on awareness. The FCC should also evaluate outreach efforts (including an assessment of efforts conducted by government agencies) and develop permissible outreach activities that encourage eligible households to participate.

Additionally, the U.S. Government Accountability Office (GAO) has issued several reports that measure the effectiveness of each of the USF programs including the following:

- High-Cost (Oct 2019):
  - “FCC Should Take Additional Action to Manage Fraud Risks in Its Program to Support Broadband Service in High-Cost Areas”
- E-Rate (Sept. 2020):
  - “FCC Should Take Action to Better Manage Persistent Fraud Risks in the Schools and Libraries Program”
- Lifeline (Jan. 2021):
  - “FCC Has Implemented the Lifeline National Verifier but Should Improve Consumer Awareness and Experience”
- Rural Healthcare (May 2023):
  - “Health Care Capsule: Accessing Health Care in Rural America”

Research on the High Cost program recommended the FCC access the model-based funding mechanism that was found to be prone to fraud and make changes that align with the GAO’s framework. The Lifeline program report found that more strategic outreach was needed to increase awareness, and the manual review process of the National Verifier needed to be reviewed for a less challenging enrollment process. Research on the E-Rate program was found to be at risk of fraud particularly in the self-certification statements on various FCC forms. In accessing the Rural Health Care program, the GAO found information gaps about health care needs among rural populations which can affect the government's ability to improve access for people in underserved areas. While we agree the need to mitigate fraud, we must realistically expect that the FCC will not be able to prevent 100% of fraud. Nonetheless, GAO recommendations should be considered in developing a comprehensive plan to assess the effectiveness of the USF programs.

In addition, the FCC has measured the effectiveness of these programs by addressing the concrete goals set out by Congress in Section 254. Specifically, the FCC measures the extent to which USF provides affordable access to comparable services to all Americans. Congress does not require, nor should it require, some sort of “but for” test for *any* of the USF programs. Rather, in keeping with Congress’ assessment that the market will not provide equivalent, affordable access to all Americans – an assessment born out of 90 years of experience with telecommunications infrastructure – the FCC assesses the need for subsidy and directs it where need exists. The FCC does not, for example, consider whether in the absence of E-Rate school systems might have the capacity to budget broadband access for all of its schools. Nor does it force private schools to submit budgets to demonstrate that without E-Rate a school could not provide broadband access to students.

Such a test would not merely be impossible to administer and add enormous new cost to the program. It would directly undermine the intent of Congress to affirmatively encourage that all people of the United States enjoy access to broadband. If the FCC (or Congress) used a “but for” test to measure the effectiveness of USF programs, it would require that school systems, rural communities, or low-income individuals choose between other vital services and needs and access to broadband. Inevitably, this would force some communities or individuals deemed capable of accessing broadband without USF support to forgo broadband access in favor of other critical needs. The FCC has wisely avoided creating such an unworkable and counterproductive metric, and Congress should likewise reject any such proposal.

#### **4. What reforms within the four existing USF programs would most improve their transparency, accountability, cost-effectiveness, administration, and role of supporting universal service?**

**Market Dynamics, Affordability, and Cost-Effectiveness:** Given that affordability is the greatest outstanding barrier to the goal of universal service, it is critical that the Lifeline program is enhanced and strengthened.<sup>10</sup> The current \$9.25 monthly benefit is outdated, and has not been adjusted to reflect modern broadband prices.<sup>11</sup> If indexed to inflation, that same \$9.25 would be worth roughly \$18 today if pegged to 1997 – and closer to \$27 if pegged to 1985. However, simply indexing the Lifeline subsidy to inflation is not sufficient for current broadband realities. Lifeline was designed with voice service in mind, a service that now costs far less than broadband. *Therefore indexing the subsidy for inflation is the floor, not the ceiling.*

Households increasingly rely on data-intensive applications such as telehealth, online education, videoconferencing, and AI-enabled tools that demand robust speeds and low latency. For Lifeline to be cost-effective and fulfill its role in supporting universal service, the benefit must be substantial enough to fill the growing connectivity needs of our most vulnerable families. The Broadband Equity, Access, and Deployment (BEAD) implementation process offers valuable insight into the subsidy benchmarks that unlock high quality, robust connectivity.

States and territories already engaged with local providers to discern the lowest price point which they could provide quality, BEAD-compliant service for under BEAD’s mandated low-cost plan. Patterns emerged across the nation with states’ providers maintaining that they could not provide service below at least \$30-35 per month.<sup>12</sup> For more rural, mountainous states, and states where there was little to no competition, many providers landed in the \$40-50+ range. Some may argue that providers were simply converging around the price instated by the ACP, but it is also worth noting that providers agreed to a \$30 price point under conditions where capex costs were heavily subsidized by BEAD. That means their monthly cost-recovery needs were lower, and

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<sup>10</sup> Every State Identifies Broadband Affordability as Primary Barrier to Closing Digital Divide (Oct. 4, 2024.) <https://www.pew.org/en/research-and-analysis/articles/2024/10/04/every-state-identifies-broadband-affordability-as-primary-barrier-to-closing-digital-divide>.

<sup>11</sup> Federal Communications Commission. “Lifeline Program for Low-Income Consumers.” <https://www.fcc.gov/general/lifeline-program-low-income-consumers>.

<sup>12</sup> Benton Institute for Broadband & Society, “What We’re Learning While Reading State Affordability Plans,” (Sept. 18, 2024), <https://www.benton.org/blog/what-were-learning-while-reading-state-affordability-plans>.

thus the true, sustainable floor will be higher when those supports do not exist. An affordable broadband benefit must accommodate these regional differences, and be substantial enough to be meaningful no matter how competitive – or dense – the market is. With those considerations in mind, an ideal subsidy would be *approximately \$40* – and should be structured as a tiered benefit. In high-cost rural and Tribal households, where service may run \$120 or more per month (especially in rural markets exclusively served by low-earth orbit offerings,) Congress should take cues from states like Utah and Montana’s BEAD low-cost proposals and give consumers an increased \$50 to \$70 benefit.<sup>13</sup> This would ensure *all* eligible recipients receive a significant discount off monthly subscription costs and help supply new BEAD networks with stable consumer demand. Congress must also recognize that decisions consumers make about subscribing to broadband service are deeply shaped by the expense and the tensions in household budgets and a household’s *ability* to pay and not their *willingness* to pay.<sup>14</sup>

A reformed Lifeline benefit should also be subject to regular re-evaluation by the FCC to ensure it remains sufficient to meet modern connectivity needs. As has been seen, a fixed dollar amount inevitably loses touch with market realities and consumer requirements – and merely indexing the fund to inflation only makes sense when “universal service” is a static goal. Research demonstrates that consumer needs and technology are ever-evolving. Other Universal Service Fund programs have undergone reviews to keep current with market and consumer realities – for example, the FCC updates E-Rate’s eligible services list annually.<sup>15</sup> A similar mechanism for Lifeline – a re-assessment every couple years, grounded in current broadband pricing data and modern service standards – would provide a data-led way to keep the subsidy aligned with the actual cost of robust internet service.

In keeping with these broader modernization efforts, Congress should expand Lifeline eligibility from 135% to 200% of the federal poverty line (FPL). Broadband bills averaging \$60-\$100 a month remain unaffordable not only for households at the 135% mark (about \$35,000/year for a family of three,) but also for those at 150-175% of the FPL. Raising the eligibility threshold up to 200% brings it closer to \$53,000 a year. A 2021 EveryoneOn survey found that more than one third of households under \$50,000 lack home broadband, citing affordability concerns, so this would be a substantive support for vulnerable families.<sup>16</sup>

**Administration Considerations for a Reformed Lifeline Program:** National labor and inflation statistics are increasingly revealing that the United States is entering an era of economic uncertainty, which makes a reformed Lifeline program even more critical.<sup>17</sup> Rising costs of living

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<sup>13</sup> Abarinova, Masha. “NH, VT, DE Among States with Highest Broadband Bill.” *Fierce Network* (Jul. 7 2023) <https://www.fierce-network.com/broadband/nh-vt-de-among-states-highest-broadband-bill>.

<sup>14</sup> Rhinesmith, C., Reisdorf, B., & Bishop, M. (2019). The ability to pay for broadband. *Communication Research and Practice*, 5(2), 121–138. <https://doi.org/10.1080/22041451.2019.1601491>.

<sup>15</sup> Universal Service Administrative Company. *Eligible Services Overview*. <https://www.usac.org/e-rate/applicant-process/before-you-begin/eligible-services-overview/>.

<sup>16</sup> Horrigan, John B, “Affordability and the Digital Divide: A National Survey of Low- and Lower-Middle-Income Households,” EveryoneOn (Dec. 2021) <https://static1.squarespace.com/static/5aa8af1fc3c16a54bcb0415/t/61ad7722de56262d89e76c94/1638758180025/EveryoneOn+Report+on+Affordability+%26+the+Digital+Divide+2021.pdf>.

<sup>17</sup> PBS NewsHour. “U.S. Inflation Worsened Last Month, Putting Fed in Difficult Spot as Job Market Slows,” (August 12, 2025), <https://www.pbs.org/newshour/economy/u-s-inflation-worsened>

and widening income gaps could force households that are already struggling to make ends meet to face even more difficult choices about how to allocate their limited resources. A reformed Lifeline program should guarantee affordability by being a *zero-cost/no co-pay* program for eligible households. Research demonstrates that no matter how small, a co-pay could risk excluding the very individuals this program is meant to serve.<sup>18</sup>

In addition, strengthening the National Verifier and reducing administrative burden is critical for transparency and administration. As former Public Knowledge Government Affairs Director Greg Guice testified before this Committee, nearly 70% of applicants abandon Lifeline when forced into manual verification.<sup>19</sup> Congress has already recognized the fix by directing federal agencies to share data with USAC. The next step is ensuring HHS, USDA, HUD, and VA fully implement those agreements so eligibility checks become automatic, fraud goes down, and more eligible families stay connected.

Congress must continue to cover applicants via income-based eligibility *and* categorical eligibility through other safety net programs is also essential, since multiple entry points make the program more efficient and accessible. Finally, accountability should shift toward measuring real outcomes – employment opportunities, retention, telehealth utilization, etc – rather than simply counting subscriber numbers.

### **Broadband Adoption Funds**

Broadband deployment and broadband affordability interventions alone will not yield universal service. Communities must also be able to adopt the service by accessing modern devices, digital skills, and knowledge about how to navigate the internet safely and protect their privacy. Congress should establish a broadband adoption initiative that is funded, in part, by USF funds. Such a program would boost economic development by strengthening workforce readiness so people are better equipped to take on jobs that require digital skills. It would also maximize federal investments by ensuring broadband deployment and affordability initiatives translate into broadband adoption and meaningful use. This would be done through digital navigator programs, device refurbishment and distribution, outreach for a modernized Lifeline program, and capacity building programs. The need is particularly urgent because the cancellation of the \$2.75 billion Digital Equity Act funding programs was a missed opportunity that undermines U.S. competitiveness and squanders the chance of turning federal dollars from the IJA into measurable results for communities.

Additionally, Congress should explore how to better sustain the digital inclusion ecosystem, which requires human infrastructure, research, and the ability to respond swiftly to emerging challenges that could complement broadband adoption funding in USF. This could be

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-last-month-putting-fed-in-difficult-spot-as-job-market-slows.

<sup>18</sup> Panjwani, Raza; Sarah Forland; Jessica Dine, *Broadband Affordability: Removing a Roadblock to Universal Service*. New America (Nov. 7, 2024) <https://newamerica.org/oti/briefs/broadband-affordability-removing-a-roadblock-to-universal-service/>.

<sup>19</sup> Guice, Greg, “Senate Commerce Subcommittee Testimony on Universal Service.” Public Knowledge, (May 2023), <https://publicknowledge.org/policy/greg-guice-senate-commerce-subcommittee-testimony-on-universal-service/>.

accomplished through the creation of a foundation that is insulated from political changes and is instead guided by the needs of communities. A foundation could solicit and accept private and philanthropic funds and award competitive outcome-based grants that are multi-year, flexible, and range in size to accommodate the needs of new and existing programs.

## **5. What reforms would ensure that the USF contribution factor is sufficient to preserve universal service?**

A sustainable contribution base is fundamental to preserving universal service. Today, the contribution factor has hit nearly 40% because it relies on a dwindling base of legacy telecommunications revenues. The most direct solution is to expand the base to include Broadband Internet Access Service (BIAS) revenues, the service that is indispensable to American connectivity and which benefits inordinately from government-assisted connectivity. A USForward Report on contribution base reform proposals estimates that expanding the contributions base to include BIAS revenues would reduce the contribution factor to 3.4 – 3.8%, immediately stabilizing the system.<sup>20</sup>

However, there are a variety of solutions which Public Knowledge could be comfortable with, so long as the funding source is sufficient, sustainable, and equitable. Whatever method is chosen, the updated base must be stable and broad enough to provision universal service, as required by the Communications Act of 1934.<sup>21</sup> Additionally, reforms should account for potential impact on low-income households. Because these households already face affordability challenges, changes should be designed so they are not disproportionately burdened. A broader and balanced contribution base can help ensure that reforms are sustainable while maintaining access and affordability for those most in need. Without careful and considered expansion, Congress risks creating a “Lifeline 2.0” scenario, in which the new revenue base once again shrinks to the point of crisis. By aligning contributions with modern broadband services, we can secure a predictable and sufficient stream of support while avoiding distortions between competing technologies.

## **6. What reforms would reduce waste, fraud, and abuse in each of the four USF programs?**

Congress must ensure that bad actors are held accountable within USF programs as there have been instances of fraud from overinflated coverage numbers such as in the FCC’s Connect America Mobility Fund<sup>22</sup> to companies simply accepting money for networks they never built.<sup>23</sup> Similarly, research shows that the impact of defaults in the Rural Digital Opportunity Fund (RDOF) program where “one out of every three applications defaulted” some of which occurred

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<sup>20</sup> Matthey, Carol; INCOMPAS, NTCA, and SHLB Coalition. *USForward Report 2021: Reforming the Universal Service Fund Contribution Mechanism*.

[https://incompas.org/wp-content/uploads/2024/10/USForward-Report-2021-for-Release\\_FINAL.pdf](https://incompas.org/wp-content/uploads/2024/10/USForward-Report-2021-for-Release_FINAL.pdf)

<sup>21</sup> 47 U.S.C. § 254 — Universal Service.

<sup>22</sup> See FCC, “Mobility Fund Phase II Coverage Maps Investigation: Staff Report,” December 4, 2019. Available at: <https://www.fcc.gov/document/mf-ii-coverage-maps-investigation-staff-report>.

<sup>23</sup> See Geoff Pender, “State Official Says AT&T is Cooking the Books on Broadband Investigation, Wants Feds to Investigate,” *Mississippi Today*, (December 10, 2021), <https://mississippitoday.org/2021/12/10/mississippi-broadband-expansion-att-federal-investigation/>.

after the BEAD program eligible list of locations were finalized, which “to avoid duplicative spending, excluded RDOF locations that were not in default.”<sup>24</sup>

When a carrier takes broadband funding or overstates its coverage, a provider genuinely interested in serving the local community still needs funds to build and maintain a network. Congress should provide the FCC with explicit authority to clawback USF funds disbursed to carriers and the power to make restitution to low-income victims where necessary.

In Lifeline, all service providers should be required to use the National Verifier for identity and eligibility verification. To maximize its effectiveness, eligibility verification must be strengthened through expanded access to existing government program databases. Manual reviews are costly, time consuming, and can lead to errors, while automated databases, such as Supplemental Nutrition Assistance Program (SNAP), can better improve Lifeline’s efficiency and cost effectiveness. Currently, some state SNAP databases are not integrated for automation with the National Verifier, and this negatively impacts consumers, providers, and the broader goals of this program. Separately, in instances where there have been bad actors who have taken advantage of already vulnerable populations, the harm is compounded when officials and media shift blame onto the very groups (rural, low-income, veterans, and seniors) these programs are intended to protect, which allows corporate actors to walk away with limited consequences.

Additionally, a review of the mission of these programs, a determination where there is needless redundancy and seeking ways to streamline processes would help create a more efficient system to assist all those who seek funding for broadband. At the same time, Congress must recognize that multiple federal programs with overlap is not necessarily inefficiency, redundancy or waste. The ultimate goal is to ensure affordable broadband to all Americans. Overlap in programs may actually *promote* efficiency and work in concert to achieve goals that no individual program could achieve on its own. For example, Tribal lands are eligible for High Cost support because Tribal lands are often located in sparsely populated rural areas. However, the unique problems of providing service to Tribal communities that may lack even the basic infrastructure that similarly situated rural communities enjoy makes it appropriate for Congress to make additional funds available for Tribal communities. Rather than a wasteful redundancy, this synergistic use of funds means that the unique expenses associated with broadband deployment on Tribal lands can be met without depriving non-tribal rural communities of adequate support. Similarly, the availability of funds for other rural programs, such as ReConnect, in line with the traditional mission of certain agencies, such as the U.S. Department of Agriculture, can supplement rural network funding in ways that High Cost cannot. Rather than trying to enlarge the High Cost fund to be all things to all communities rural, it makes far more sense, promotes efficiency, and furthers the important goal of universal access to divide the funding work among multiple agencies with overlapping funds – each possessed of unique expertise to address a particular aspect of the complex problem of closing the digital divide.

To further the abilities of these programs to work together efficiently, we believe that the agencies in charge of the many programs intended to promote broadband deployment and

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<sup>24</sup> See Benton Institute for Broadband & Society, “New Database Reveals Impact of RDOF Defaults on Each State,” February 18, 2025. Available at: <https://www.benton.org/blog/new-dataset-reveals-impact-rdof-defaults-each-state>.

adoption should coordinate, and where appropriate create joint application processes. Eligible entities often have a difficult time navigating many different programs with different application processes and different rules. It is critical that agencies work together to make this process easier to navigate for eligible entities. As Congress and expert agencies, like the FCC, look to develop sustainable, long-term funding and associated policies to address the three main drivers of the digital divide (access, affordability, and adoption) streamlining can work in coordination with important market analysis and consumer protection policies to ensure the digital divide remains closed and the public interest needs for reliable, open, and secure communications are preserved. We would very much like to work with your office on determining how best to assist entities that are eligible for the various programs to achieve the objective of serving unserved and underserved rural and urban communities as well as low-income families with broadband.

**7. What actions would improve coordination and efficiency among USF programs and other FCC programs, as well as broadband programs housed at other federal agencies?**

Public Knowledge is not opposed to reviewing the mission of these programs to determine whether there is overlap and ways to allow for streamlining that would help create a more efficient process to seek funding for broadband deployment. Federal agencies can have a difficult time coordinating various programs with different application processes and different guidelines. As Congress and expert agencies, like the FCC, look to develop sustainable, long term funding and policy to address the three main drivers of the digital divide (access, affordability, and adoption) streamlining funding mechanisms can work in coordination with important market analysis and consumer protection policies to ensure the digital divide remains closed and the public interest needs for reliable, open, and secure communications are preserved. Public Knowledge would welcome the opportunity to work with the USF Working Group to determine how to best assist entities that are eligible for the various programs to achieve the objective of serving unserved and underserved rural and urban communities as well as low-income families with broadband.

**8. For any recommendations on reforms, does the Commission currently have the feasibility and authority to make such changes?**

The Commission has broad discretion under Section 254 of the Communications Act to modernize the Universal Service Fund, and much can be done within the existing framework to carry out the statutory mandate to ensure that USF programs are “specific, predictable, and sufficient.” The agency has the legal authority to refine Lifeline, improve E-Rate, and recalibrate High Cost support to reflect today’s marketplace realities. These are meaningful reforms, and the FCC should not hesitate to use the tools it already has.

However, there are limits. Without clear broadband authority under Title II (or a similar statutory foundation) the Commission’s ability to treat broadband as the central focus of universal service remains constrained. Broadband is now the indispensable communications service, but in the law it is still too often treated as an ancillary add-on to voice. This mismatch undermines the long-term viability of the Fund. For example, without a stronger legal foundation it cannot securely expand the contribution base to include broadband revenues. That is the structural weakness that must be addressed.

Congress therefore has a responsibility to act. A modern USF must have broadband at its core, not as an afterthought. Only Congress can provide the Commission with the explicit authority to expand the contribution base to broadband services and anchor the Fund in today's communications reality. Without this step, the FCC will continue to be forced into legal contortions that threaten the durability of reforms. Congress should give the agency the tools it needs to do its job, so that universal service can be sustained for the broadband era.

**9. Is the USF administrator, the Universal Service Administrative Company (USAC), sufficiently accountable and transparent? Is USAC's role in need of reform?**

As outlined in the FCC's Memorandum of Understanding between the FCC and USAC, in 1998 USAC was designated as the competitively neutral entity established to administer the USF. Administration is done in accordance with the universal service provisions of the statute as interpreted by the FCC's rules implementing those provisions. USAC has no authority to make policy, nor does USAC have authority to interpret rules, regulations, or Congressional intent. Instead, if USAC needs an interpretation of a rule or policy, it is required to ask the FCC for guidance. Moreover, even the data on revenue collected by USAC is done pursuant to a form that is developed and adopted by the FCC and approved by the Office of Management and Budget. As these and other facts covered in the Memorandum of Understanding between the parties demonstrate, it is USAC that is the entity performing ministerial functions, not the FCC. In fact, the FCC is the entity charged with setting the budget for USF. It does this through the Administrative Procedure Act ("APA") notice-and-comment rulemaking process. Through the APA process, the FCC defines the programmatic rules, sets budgets for the four disbursement programs, makes modifications as needed, grants waivers to parties that meet the waiver standard, and provides clarifications of its rules. As demonstrated by a review of each of the dockets the FCC has established for the four disbursement programs, the FCC remains in control of every aspect of the USF.

**10. What actions would improve coordination and efficiency among USF programs and other FCC programs, as well as broadband programs housed at other federal agencies?**

Strong coordination across USF programs – and with other federal broadband initiatives like BEAD, ReConnect, and other capital-intensive programs building networks – is essential.

Transparency and accountability would be strengthened by developing common metrics and dashboards across FCC and NTIA programs, including access, affordability (the true cost of service including fees and equipment), adoption, and resilience. Publishing these metrics in standardized formats would give Congress and the public a clear picture of dollar-for-dollar impact. Likewise, harmonizing plan parameters – such as latency, data policies, and "all-in" pricing disclosures – across Lifeline and other affordability initiatives would reduce consumer confusion and prevent providers from gaming the program's rules. Coordination should also extend to the administrative level: inter-agency data-sharing agreements with HHS, USDA, HUD, and the VA would allow the National Verifier to operate more efficiently, reducing paperwork for families and cutting costs for administrators.

Finally, coordination with digital adoption initiatives is necessary to ensure that subsidies translate into sustained use of broadband for job searches, telehealth, and education, not just initial sign-ups. Access is meaningless without corresponding skills and awareness to ensure uptake.

## **Conclusion**

The Universal Service Fund remains a cornerstone of the nation's communications policy, but it is more necessary than ever that it is modernized to meet today's needs. Congress and the Federal Communications Commission have an urgent responsibility to act decisively and ensure that USF is not tied to outdated models. To fulfill this goal, USF must be sustainable, predictable, and equitable with a stable contribution base that can drive universal access, fuel economic growth and innovation, and safeguard the public in the time of crisis. Public Knowledge is committed to working alongside the USF Working Group to advance reforms so universal service is fully realized across the United States.

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