TAXPAYERS PROTECTION ALLIANCE

August 25, 2023

The Honorable Ben Ray Luján
Chairman
Subcommittee on Communications, Media, and Broadband
Committee on Commerce, Science, and Transportation
United States Senate
254 Russell Senate Office Building
Washington, DC, 20510

The Honorable John Thune
Ranking Member
Subcommittee on Communications, Media, and Broadband
Committee on Commerce, Science, and Transportation
United States Senate
512 Dirksen Senate Office Building
Washington, DC, 20510

Dear Chair Lujan, Chair Thune, and Members of the Universal Service Fund Working Group,

Thank you for the opportunity to submit comments on reform to the Universal Service Fund (USF). First established in 1996, the USF has become outdated, and its $8.5 billion annual budget leaves the program ripe for waste, fraud, and abuse.[1]

The U.S. Government Accountability Office (GAO) reported in 2022 and 2023 that there is extreme overlap in federal broadband funding programs. The most recent report from May 2023 noted that 15 agencies within the federal government administer 133 programs.[2] The GAO affirms that the fragmentation of these programs can lead "to the risk of duplicative support" and that "determining whether program overlap results in duplicative support can be challenging." We urge you to undertake that challenge with the USF, as well as with overall broadband funding.

Several federal programs have overlapping goals with the USF and should be closely examined and reformed by your working group. For example, the Affordable Connectivity Program (ACP) and USF's Lifeline Program both focus on helping low-income residents connect to affordable broadband services.[3] The Broadband, Equity, Access, and Deployment (BEAD) Program aids deployment in costly-to-serve areas, just as the USF's High-Cost Program does.[4]

The GAO identified situations in which waste could occur specifically involving the USF's High-Cost program. The GAO reported redundant service areas with the U.S. Department of Agriculture's Rural Utility Service (RUS) programs.[5] Rules within the RUS ReConnect program allow overlap with other award areas (such as the High-Cost program) in situations in which the

[1] https://broadbandbreakfast.com/2023/03/bill-would-require-fcc-to-make-rules-on-expanding-funding-base-of-universal-service-fund/; https://www.fcc.gov/general/universal-service-fund
[2] https://issuesinsights.com/2023/05/22/gao-said-biden-administration-ignored-recommendation-for-national-broadband-strategy/
[3] https://www.fcc.gov/general/lifeline-program-low-income-consumers
[4] https://www.fcc.gov/general/universal-service-high-cost-areas-connect-america-fund
[5] https://www.gao.gov/products/gao-23-106818

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previous award recipient was not required to offer service levels required of the ReConnect program.

As part of our recommendations, we urge you to enact systems to track distributed funds for broadband programs. With large-scale programs like BEAD, and its $42.5 billion in funding currently being distributed across the country, it is difficult to know how authorized funds will impact the digital divide. Further we have significant oversight concerns with programs such as Enabling Middle Mile Infrastructure and other initiatives spending taxpayer money that can be used for various infrastructure purposes, including broadband.

There is no simple solution to the issue of USF funding. If the program is changed to an appropriations model (as some have advocated), this would likely lead to inconsistent funding of the USF program based on partisan control of Congress. If USF contributions are assessed on a wider range of entities (including broadband service and edge providers), this backdoor tax would inevitably be passed onto consumers. If the goal is to provide Americans with affordable and high-speed internet, expanding contributors would undoubtedly lead to increased costs for broadband service.

While we appreciate the USF Working Group's focus on reforming broadband programs, we strongly urge against an increase in the number of payers into the USF program as a workable approach. Rather, overall broadband funding and programmatic jurisdiction should be condensed. Without allowing the BEAD program funds to be spent and projects completed, it is impossible to thoroughly evaluate the impact of reforms to the USF.

Thank you again for the opportunity to comment on USF reform. We look forward to working closely with your offices to better fund and provide meaningful oversight for federal broadband programs.

Sincerely,

David Williams
President

Cc:
The Honorable Amy Klobuchar
The Honorable Shelley Moore Capito
The Honorable Gary Peters
The Honorable Jerry Moran