

# The FCC's Universal Service Support Mechanism

## Background

The Federal Communications Commission (FCC) and Congress recognize that telephone service provides a vital link to emergency services, government services, and surrounding communities. To help promote telecommunications service nationwide, the FCC, as directed by Congress, developed the Federal Universal Service Fund.

There are four components to the Federal Universal Service Fund. They are:

- **Low-Income.** This program provides telephone service discounts to qualifying low-income consumers.
- **High-Cost.** This program provides financial support to companies that provide telecommunications services in areas of America where the cost of providing service is high.
- **Schools and Libraries.** This program helps to ensure that the nation's classrooms and libraries receive access to the vast array of educational resources that are accessible through the telecommunications network.
- **Rural Health Care.** This program helps to link health care providers located in rural areas to urban medical centers so that patients living in rural America will have access to the same advanced diagnostic and other medical services that are enjoyed in urban communities.

## Who Pays for Universal Service?

- Currently, Universal Service is supported by all telecommunications carriers that provide service between states and internationally. This includes long distance companies, local telephone companies, wireless telephone companies, paging companies, and payphone providers.
- Carriers pay contributions into one central fund. The FCC makes payments from this central fund to support the four Universal Service programs.

## How Much Do Companies Contribute for Universal Service?

- Companies contribute a certain percentage of the amount billed to their residential and business customers for interstate and international telecommunications services. The exact percentage that companies contribute is adjusted every quarter based on projected Universal Service demands.



## My Telephone Bill Lists Universal Service Charges. Does the FCC Require Telephone Companies to Pass on Their Contributions to the Universal Service Fund to Their Customers?

- The FCC does not require companies to recover their contributions directly from their customers. Each company makes a business decision about whether and how to assess customers to recover Universal Service costs.

Although it is not mandatory that companies charge a Universal Service fee to help recover their contributions to the fund, most do. Companies who choose to charge Universal Service fees cannot charge an amount that exceeds their contribution to Universal Service.

## Does the FCC's Schools and Libraries Support Mechanism Duplicate State and Local Efforts?

- No. The FCC's plan complements the efforts of states and localities to link the nation's classrooms and libraries to the information superhighway. Universal Service support provides discounts only for telecommunications services, Internet access, and internal connections. The discounts range from 20 to 90 percent, depending on the income level and whether the school or library is located in a rural area.

## I Can't Afford to Pay Full Price for Telephone Service. What Federal Programs Provide Financial Assistance?

- **LinkUp America** helps qualified low-income consumers to connect, or hook up, to the telephone network. This federal program offsets one-half of the initial hook-up fee, up to \$30.00, for qualified households. The program also includes a plan to encourage local telephone companies to offer low-income telephone subscribers a deferred payment schedule for these charges.
- **Lifeline Assistance Program** provides certain discounts on monthly service for qualified telephone subscribers. The federal discount is up to \$9.50 per month, depending on the actions of authorities in your state.
- Residents of Native American Indian and Alaska Native tribal communities may qualify for **enhanced Lifeline support** (up to an additional \$25.00 in support beyond current levels) and **expanded LinkUp support** (up to \$70.00 in additional support beyond current levels).
- The Lifeline and LinkUp programs are available to qualifying consumers in every state, territory, and commonwealth. You should contact your local telephone company or your state regulatory agency for information about these programs and to determine whether or not you qualify for financial assistance under these programs. The telephone number



for your state regulatory agency can be found on the Web site of the National Association of Regulatory Utility Commissioners: [www.naruc.org](http://www.naruc.org). State qualifying information is also available on the Universal Service Administrative Company's (USAC) Web site, [www.lifelinesupport.org](http://www.lifelinesupport.org).

### Tips for Consumers

- **Remember**, the FCC does not require your phone company to place Universal Service charges on your bill. Telephone companies are taking very different approaches to whether and how they recover Universal Service costs from their customers.
- **Let your company know** if you believe these charges are inappropriate or are too high. It's in the company's best interest to meet the needs of its customers.
- **Companies compete for** your telephone business, so shop around. Call other companies and ask if they add these types of charges to their customers' bills. Ask companies to explain how these charges are calculated and exactly what amount would appear on your bill.
- **If you have a contract** with your telephone company, carefully read the contract to see if the company is allowed to add new charges or surcharges to your bill.

###

*For this or any other consumer publication in an accessible format (electronic ASCII text, Braille, large print, or audio) please write or call us at the address or phone number below, or send an e-mail to [FCC504@fcc.gov](mailto:FCC504@fcc.gov).*

*To receive information on this and other FCC consumer topics through the Commission's electronic subscriber service, click on [www.fcc.gov/cgb/emailservice.html](http://www.fcc.gov/cgb/emailservice.html).*

*This document is for consumer education purposes only and is not intended to affect any proceeding or cases involving this subject matter or related issues.*

031009\*

