



**By Laurence Socci**

Laurence Socci is Chief Executive Manager of The CLA Group, a government consulting, lobbying and advocacy firm in Washington, D.C. He is also the government affairs consultant for the American Congress on Surveying and Mapping (ACSM).

## Will Decreasing USF Disbursements Harm Small Rural Businesses?

The Federal-State Joint Board on Universal Service recently made recommendations to the Federal Communication Commission (FCC) to limit the growth of Universal Service Fund (USF) disbursements to support businesses in rural areas. If the FCC accepts this recommendation, it would limit the ability of small businesses in rural areas throughout the U.S. to have multiple phone lines for phones, faxes, internet connections, etc. Should the FCC implement this recommendation?

Let's analyze the details. USF disbursements to rural areas generally account for more than half of the support provided by the multi-billion dollar USF program. Long distance revenues are currently dwindling; this, in turn, causes the USF funds to decrease. If Congress doesn't take active measures to slow down the rate of the decreasing revenue in the USF, the program will no longer be viable. This will ultimately lead to higher costs for phone, fax and internet lines absorbed by rural residences and businesses.

One of the recommendations made to limit the growth of the USF was to limit USF funding exclusively to the first, or primary, line in a home or business by repealing the current practice of funding unlimited communications connections to each residence or business. The first line in a residence or small business would have USF support and cost \$20-\$30 per month. Any additional lines to support secondary uses such as second lines for phones, faxes, or Internet connections would be at the true cost of providing the lines without USF support. This would put their cost at two or three times the

cost of a line with USF support, a significantly higher rate than that of urban customers.

Although the recommendations of the Joint Board primarily affect telecommunication providers, small businesses are the innocent casualties of this proposal. FCC Commissioner Jonathan Adelstein was outspoken in his opposition to the primary line proposal, noting that access to reasonably priced voice, data and fax lines is critical to the operations of businesses in rural areas.

Section 254 of the Telecommunications Act of 1996 specifically ensures that "[c]ustomers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar service in urban areas." It seems pretty clear that imposing a primary line restriction whereby additional lines are not included within USF funding runs counter to the principle of advancing affordable and advanced telecommunications as set forth in section 254.

Wireless users would be negatively affected by this proposal as well. Secondary lines, such as those that wireless carriers sometimes provide in rural areas, wouldn't be supported by the USF. The proposal also would limit the Eligible Telecommunications Carrier (ETC) designation and would require states to monitor carriers to make sure money is spent on improving network

facilities instead of being applied to the carrier's bottom line.

If current wireline carriers become primary line providers, wireless ETCs would be left without USF support. Without the USF support, the wireless costs will ultimately be passed down to the consumer; and, as we all know, wireless phones are becoming the main tool of communication for surveyors (and other businesspeople) on the job.

Congress has voiced its strong support for consumers in this debate. A bipartisan group of Senators and Representatives has written to the FCC arguing against the primary line proposal as being harmful to their rural constituents. They noted, in their letter to Chairman Powell of the FCC, that "under a primary line restriction, rural customers [businesses] would have the right to [have] only one phone line at a reasonable cost comparable to urban areas, and their second lines could be charged exorbitant rates. This puts rural customers at a distinct disadvantage to their urban counterparts."

Is there anything that the surveying community can do to make sure that the proposed rule does not become law? The American Congress on Surveying and Mapping (ACSM) will file an official comment with the FCC opposing the proposed rule. ACSM feels that if enacted, the rule would place a severe hardship on the surveyors who are small businesses and rely on multiple phone lines and wireless service for their business survival.

Individuals are strongly encouraged to contact their Congressional Senators and Representatives and ask them to oppose the Recommended Decision of the Federal-State Joint Board on Universal Service, FCC 04-127. *AS*