

Universal Service Fund



In May of 1997, the Federal Communications Commission (FCC) adopted rules that mandated that telecommunications carriers pay into a federal program called the Universal Service Fund (USF). This fund helps provide affordable telecommunications services for low-income customers and customers in rural areas. It also provides discounts on Internet access for eligible schools, libraries and rural health care providers. The USF is collected from telecommunications carriers and administered by the Universal Service Administration Corporation. They are responsible for disbursing the funds according to eligibility criteria established by the FCC.

In the past, only long distance companies paid fees to support the Federal Universal Service Fund. In 1996, Congress passed a law that expanded the types of companies contributing to Universal Service. Currently, all telecommunications companies that provide service between states, including long distance companies, local telephone companies, wireless telephone companies, paging companies, and payphone providers, are required to contribute to the Federal Universal Service Fund. Telecommunications companies must pay a specific percentage of their interstate and international revenues into the Universal Service Fund.

Nebraska Universal Service Fund (NUSF)

This program consists of three separate programs: High Cost Support, Low-Income, and Rural Tele-Health. Each of these programs is designed to compliment its counterpart in the Federal Fund. However, unlike the Federal Fund, the NUSF doesn't include a schools and library component.

The High Cost program is designed to keep basic local rates at the Public Service Commission's adopted benchmarks of \$17.50 and \$27.50 for residential and business services, respectively. Discounts of up to \$13.50 a month for qualifying low-income individuals are available through the low-income program. The Nebraska Telephone Assistance Program (NTAP) was formerly known as the Lifeline program. The NTAP program provides \$3.00 per month of the support with the remainder coming from the Federal Fund. The Rural Tele-Health program builds upon support available from the Federal Fund by providing further reductions in rates for a statewide tele-health network.

This network will, at a minimum, link 60 critical access hospitals to hub hospitals in Scottsbluff, North Platte, Kearney, Grand Island, Hastings, Norfolk, Lincoln, Fremont, and Omaha. This program is designed to make available to rural Nebraskans, in their hometowns, a similar level and quality of medical services as is available in urban areas. The NUSF is funded by a 6.95% rate assessed on in-state retail revenue. This rate should not be confused with a tax.