The Universal Service Fund and Related FCC Broadband Programs: Overview and Considerations for Congress

Updated June 4, 2025

Congressional Research Service
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R47621

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SUMMARY

R47621

June 4, 2025

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The Universal Service Fund and Related FCC Broadband Programs: Overview and Considerations for Congress

Universal service is the principle that all Americans should have access to communications services. It is the cornerstone of the Communications Act of 1934 (P.L. 73-416)—the law that established the Federal Communications Commission (FCC). The FCC is an independent federal agency charged with regulating interstate and international communications by radio, television, wire, satellite, and cable.

Since the enactment of the Communications Act, universal service policies and programs have helped make telephone service available nationwide, including in rural areas. The Telecommunications Act of 1996 (P.L. 104-104) expanded the focus of universal service, amending the Communications Act to include access to advanced telecommunications and information services, including high-speed (e.g., broadband) internet service to homes, schools, and businesses—especially in rural and high-cost areas, and to low-income individuals.

The Telecommunications Act of 1996 adopted a set of principles to guide universal service policy and achieve universal service goals:

- promote the availability of quality services at just, reasonable, and affordable rates for all consumers;
- increase nationwide access to advanced telecommunications services;
- advance the availability of such services to all consumers, including those in low-income, rural, insular, and high-cost areas, at rates that are reasonably comparable to those charged in urban areas;
- increase access to telecommunications and advanced services in schools, libraries, and rural health care facilities; and
- provide equitable and nondiscriminatory contributions from all providers of telecommunications services to the Universal Service Fund (USF), which supports universal service programs.

To advance the goals of universal service, the FCC uses various permanent, pilot, and temporary subsidy programs funded through the USF. Fees on telecommunications carriers, rather than appropriations, fund the USF. Section 254 of the Communications Act, as amended (47 U.S.C. §254)—which was added by the Telecommunications Act of 1996—governs the FCC's USF authority. Section 254(d) requires interstate telecommunication carriers to contribute to the advancement of universal service based on mechanisms established by the FCC. The FCC has implemented this direction by adopting regulations requiring interstate carriers to pay a percentage of their revenue at a rate, set on a quarterly basis, called the "contribution factor." While the FCC sets the regulatory and fee structure, the USF is administered by the Universal Service Administrative Company, a nonprofit entity, under the direction of the FCC.

The FCC has established four USF programs: the High Cost Program, the Lifeline Program, the Schools and Libraries Program (commonly referred to as the "E-Rate"), and the Rural Health Care Program. The agency says it continually seeks to improve and update USF programs to reflect the changing needs of beneficiaries and advances in technology. Additionally, some Members have called on Congress to reexamine the USF and the fees it charges carriers (which may be passed on to consumers), evaluate the appropriateness of FCC authorities, and increase congressional oversight of USF spending. Proposals include expanding the types of entities that contribute to the fund or covering additional services (e.g., rural 5G), expanding the contribution base (e.g., S. 3321), directing electromagnetic spectrum auction revenues to support the USF, or funding the USF through the appropriations process. Other Members and other interested parties have requested a reexamination of the USF and what some call a "hidden tax" it places on carriers (which may be passed down to consumers), to rein in FCC authorities, and to increase congressional oversight of USF spending. While expanding the USF could help to close the digital divide, expanding its use could require higher fees for carriers and, therefore, consumers.

In July 2024, the U.S. Court of Appeals for the Fifth Circuit ruled the USF unconstitutional as a tax. This decision conflicts with decisions by the Sixth and Eleventh U.S. Courts of Appeals, both of which rejected that claim. The U.S. Supreme Court heard oral arguments in the case on March 26, 2025. A decision is expected in June 2025.

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Introduction

The goal of universal service is to provide all Americans access to communications services.[1] The concept is the cornerstone of the Communications Act of 1934 (P.L. 73-416)—the law that established the Federal Communications Commission (FCC).[2] The FCC is an independent federal agency charged with regulating interstate and international communications by radio, television, wire, satellite, and cable. The mission of the agency is to make available for all people of the United States, "without discrimination on the basis of race, color, religion, national origin, or sex, a rapid, efficient, Nation-wide, and world-wide wire and radio communication service with adequate facilities at reasonable charges."[3]

Enactment of the Communications Act began efforts to make voice telephone service available throughout the United States. Since then, universal service policies and programs have helped to make telephone service available nationwide, including in rural areas. The Telecommunications Act of 1996 (P.L. 104-104) made key amendments to the Communications Act and adopted a set of principles to guide universal service policy:[4]

- promote the availability of quality services at just, reasonable, and affordable rates for all consumers;
- increase nationwide access to advanced telecommunications services (e.g., broadband);
- advance the availability of such services to all consumers, including those in low-income, rural, insular, and high-cost areas, at rates that are reasonably comparable to those charged in urban areas;
- increase access to telecommunications and advanced services in schools, libraries, and rural health care facilities; and
- provide equitable and nondiscriminatory contributions from all providers of telecommunications services to fund universal service programs.[5]

To advance the principles of universal service, the FCC uses various permanent, pilot, and temporary programs funded through the Universal Service Fund (USF).[6] The USF is funded by mandatory fees on telecommunications carriers rather than through congressional appropriations. Section 254 of the Communications Act, as amended (commonly known as "Section 254"; codified at 47 U.S.C. §254), governs the FCC's USF authority, which was added by the Telecommunications Act of 1996. Section 254(d) requires interstate telecommunication carriers to contribute to the advancement of universal service on an "equitable and nondiscriminatory basis" based on mechanisms established by the FCC. The FCC has implemented this direction by adopting regulations requiring interstate carriers to pay a percentage of their revenue at a rate set

[1] 47 U.S.C. §254(b).

[2] 47 U.S.C. §§151 et seq.

[3] 47 U.S.C. §151.

[4] 47 U.S.C. §254. The Federal Communications Commission (FCC) has not defined the terms "rural areas" and "high-cost areas" in its rules and orders implementing Section 254 "Universal Service" of the Communications Act of 1934, as amended. In its rules to implement the Affordable Connectivity Program (ACP), the FCC defers to the definition of *high-cost area* provided in the Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58) for the Broadband Equity, Access, and Deployment (BEAD) Program. For the definition in the ACP rule, see 47 C.F.R. §54.1814(a)(4); for the statutory definition, see 47 U.S.C. §1702(a)(2)(G).

[5] FCC, "Universal Service," https://www.fcc.gov/general/universal-service.

[6] FCC, "Universal Service," https://www.fcc.gov/general/universal-service.

on a quarterly basis, called the "contribution factor."[7] The FCC sets the regulatory and fee structures for the USF, which is intended to ensure that telecommunications services, including broadband, are available and affordable throughout the country. The USF is administered by the Universal Service Administrative Company (USAC), under the direction of the FCC.[8]

In July 2024, the U.S. Court of Appeals for the Fifth Circuit ruled the process for funding the USF is unconstitutional.[9] This decision conflicts with decisions by the U.S. Courts of Appeals for the Sixth and Eleventh Circuits, both of which rejected similar claims.[10] The U.S. Supreme Court heard oral arguments in the case, *FCC v. Consumers' Research*, on March 26, 2025. A decision is expected in summer 2025.[11]

This report provides an overview of the FCC's USF and related programs, summarizes each program and its components, and provides possible congressional considerations. The report concludes with a summary and status of legislation related to the USF in the 119th Congress.

Overview of the Universal Service Fund

Section 254 directs the FCC, in consultation with a Federal-State Joint Board on Universal Service, to consider the universal service principles outlined in the Communications Act when formulating USF policies and programs (e.g., affordable rates, rural access, education, public health and safety).[12] Under the principles, the FCC has established four programs with funding from the USF:

- the High Cost Program helps expand telephone and internet service coverage in underserved areas;
- the Lifeline Program supports affordable telephone and internet services for low-income subscribers;[13]
- the Schools and Libraries Program ("E-Rate") provides discounted internet service to schools and libraries; and
- the Rural Health Care (RHC) Program provides discounted telephone and internet services to rural health care providers.

[7] Telecommunications companies must pay a percentage of their interstate end-user revenues to the Universal Service Fund (USF). The revenues used for the calculation generally include those from traditional wireline and wireless voice service and interconnected Voice over Internet Protocol (VoIP) service. This percentage is called the "contribution factor." The contribution factor changes four times a year (quarterly) and is increased or decreased depending on the needs of the Universal Service programs. FCC, "Contribution Factor & Quarterly Filings - Universal Service Fund Management Support," March 13, 2025, https://www.fcc.gov/general/contribution-factor-quarterly-filings-universal-service-fund-usf-management-support.

[8] The Universal Service Administrative Company (USAC) is an independent, not-for-profit corporation that manages USF programs, including the collection of contributions and disbursement of funds.

[9] Consumers' Research v. FCC, 109 F.4th 743 (5th Cir. 2024) (en banc); cert. granted, 145 S. Ct. 587 (2024).

[10] Consumers' Research v. FCC, 67 F.4th 773 (6th Cir. 2023); Consumers' Research v. FCC, 88 F.4th 917 (11th Cir. 2023).

[11] Background information on this case is discussed in greater detail in CRS Legal Sidebar LSB10904, *Fifth Circuit Considers Constitutionality of the Universal Service Fund*, by Chris D. Linebaugh.

[12] The Federal-State Joint Board on Universal Service is composed of the FCC Commissioners, State Utility Commissioners, and a consumer advocate representative. For more information, see FCC, "Federal-State Joint Board on Universal Service," https://www.fcc.gov/general/federal-state-joint-board-universal-service.

[13] There is also a Link Up Program available only on tribal lands. This program can reimburse the full cost of starting service at a primary residence, up to $100. If the cost of initiating service is more than $100, Link Up provides a no-interest payment plan for up to $200.

Since 1998, the USF has disbursed about $8 billion in subsidies each year.[14] **Table 1** contains data for each of the programs for the years 2022-2024.

Table 1. Authorized Support Disbursed from the Universal Service Fund, 2022-2024

Program	2024	2023	2022
E-Rate	$2,612,337,525	$2,462,687,589	$2,083,893,273
High Cost	$4,505,332,224	$4,323,698,154	$4,249,188,202
Lifeline	$942,971,721	$869,882,875	$609,934,746
Rural Health Care	$531,756,112	$468,258,606	$496,883,491
TOTAL	**$8,592,397,581**	**$8,124,527,224**	**$7,439,899,712**

Source: Universal Service Administrative Company (USAC), *2024 Annual Report*, https://www.usac.org/wp-content/uploads/about/documents/annual-reports/2024/2024_USAC_Annual_Report.pdf.

Notes: Figures are rounded to the nearest dollar. Per the USAC *2024 Annual Report*, "Authorized Disbursed Support" includes all funding approved for disbursement for the above calendar years, including funding approved but not yet disbursed.

The FCC has considered a number of proposals over the years to improve and update these programs to reflect the changing needs of beneficiaries and advances in technology. Additionally, policymakers have discussed options for maintaining the financial viability of the USF, for example, by expanding the types of entities that contribute to the fund.

Overview of Related Non-FCC Programs

In addition to the USF programs regulated by the FCC and administered by the USAC, the National Telecommunications and Information Administration (NTIA), an agency of the Department of Commerce, and the Rural Utilities Service (RUS), an agency of the Department of Agriculture, administer programs intended to promote broadband deployment, accessibility, and use. The focus of this report is the USF, but it references certain other related programs.

National Telecommunications and Information Administration

NTIA administers several federal broadband programs, including the Broadband Equity, Access, and Deployment (BEAD) Program and the Tribal Broadband Connectivity Program (TBCP).[15] The Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58) created the BEAD Program in November 2021. This $42.45 billion program is intended to expand high-speed internet access and use by funding planning, infrastructure deployment, and adoption programs in the United States and its territories.[16] BEAD grants are aimed at establishing service in unserved and underserved locations, which overlaps with the goals of some USF programs.

[14] U.S. Government Accountability Office (GAO), *Telecommunications: Administration of Universal Service Programs Is Consistent with Selected FCC Requirements*, GAO-24-106967, July 23, 2024, https://www.gao.gov/assets/880/870109.pdf.

[15] CRS Report R47075, *The National Telecommunications and Information Administration (NTIA): Current Roles and Programs*, by Ling Zhu. See also CRS Report R46967, *The Infrastructure Investment and Jobs Act (P.L. 117-58): Summary of the Broadband Provisions in Division F*, coordinated by Patricia Moloney Figliola.

[16] NTIA, *The Broadband Equity, Access, and Deployment (BEAD) Program: Overview*, https://broadbandusa.ntia.gov/funding-programs/broadband-equity-access-and-deployment-bead-program. See also CRS In Focus IF12429, *Broadband Equity, Access, and Deployment (BEAD) Program: Issues and Congressional Considerations*, by Ling Zhu.

The TBCP awards grants for broadband deployment and adoption on tribal lands.[17] Congress appropriated $1 billion for the TBCP in the Consolidated Appropriations Act, 2021 (P.L. 116-260), and an additional $2 billion in the IIJA. Of this $3 billion, NTIA has awarded approximately $1.86 billion to 226 tribal entities as a result of the first round of awards.[18] NTIA announced a "Round Two" notice of funding opportunity in July 2023 to distribute the remaining $980 million of the TBCP funding. The application window for this program closed on March 22, 2024. NTIA started to announce the second-round awards in November 2024.[19]

The Trump Administration has yet to begin disbursing funds for this program, with some stakeholders questioning whether funding will be disbursed in the future.[20] Others have questioned whether changes may be made before funding is disbursed.[21]

Rural Utilities Service

RUS provides financing for infrastructure improvements to rural communities, including broadband infrastructure. Some RUS programs are similar to the USF program: the Telecommunications Infrastructure Loan Program, the Rural Broadband Program, the Community Connect Grant Program, and the ReConnect Program.[22] These programs are not generally considered duplicative of USF programs.

High Cost Program

Historically, the High Cost Program subsidized voice service to ensure universal access to phone lines; the program is transitioning to provide support for broadband through its Connect America Fund (CAF).[23] According to the USAC, the High Cost Program provides support through more than a dozen separate legacy funds that support voice service and modernized funds that support broadband service expansion in rural areas.[24] The Enhanced Alternative Connect America Cost

[17] NTIA, "Tribal Broadband Connectivity Program," https://broadbandusa.ntia.doc.gov/funding-programs/tribal-broadband-connectivity.

[18] NTIA, "Biden-Harris Administration Announces over $74.4 Million in Internet for All Grants to Tribal Lands," press release, September 27, 2023, https://broadbandusa.ntia.gov/news/latest-news/biden-harris-administration-announces-over-744-million-internet-all-grants-tribal.

[19] NTIA, "Biden-Harris Administration Awards $72 Million to Expand Internet Access and Digital Literacy for Native Hawaiians," press release, November 12, 2024, https://broadbandusa.ntia.gov/news/latest-news/biden-harris-administration-awards-72-million-expand-internet-access-and-digital.

[20] Nicole Ferraro, "Federal Funding Freeze Creates 'Considerable Uncertainty' for BEAD – Analyst," *Light Reading*, January 28, 2025, https://www.lightreading.com/broadband/federal-funding-freeze-creates-considerable-uncertainty-for-bead-analyst.

[21] Sean Stokes, "BEAD Reform Raises a Number of Policy Issues and Potentially Adds Delay," *National Law Review*, vol. XV, no. 149 (March 20, 2025), https://natlawreview.com/article/bead-reform-raises-number-policy-issues-and-potentially-adds-delay.

[22] See CRS Report R47017, *USDA's ReConnect Program: Expanding Rural Broadband*, by Lisa S. Benson.

[23] USAC, "High Cost Fund," https://www.usac.org/high-cost/. "Voice service" now includes both traditional landline service using the Public Switched Telephone Network (PSTN) as well as VoIP service that is interconnected with the PSTN. Calls made using, for example, Facebook Messenger, are not voice service for the purposes of the USF.

[24] For information on legacy and other modernized funds, see USAC, "Funds," https://www.usac.org/high-cost/funds.

Model (Enhanced A-CAM) Program,[25] the Rural Digital Opportunity Fund (RDOF),[26] and 5G Fund for Rural America[27] are the most recent initiatives established as part of the CAF. Some policymakers and program participants have criticized these three programs for various reasons (see "Congressional Considerations").

Enhanced Alternative Connect America Cost Model Program

The FCC created the voluntary Enhanced A-CAM program to "distribute roughly $18.28 billion over 15 years to carriers to deploy broadband service with speeds of at least 100 Megabits per second [Mbps] downstream and 20 [Mbps] upstream (100/20 Mbps) to more than 700,000 locations, and to improve or maintain 100/20 Mbps broadband service at approximately 2 million locations, in 44 states."[28] The program began on January 1, 2024, and is to award between $1.27 billion to $1.33 billion annually. Enhanced A-CAM carriers have until December 31, 2028, to complete deployment.[29]

The FCC has used data from the National Broadband Map[30] and the Broadband Funding Map[31] to determine the areas eligible for Enhanced A-CAM support. The National Broadband Map is updated twice a year. For the purposes of the Enhanced A-CAM program, all challenges to broadband availability data in the maps must have been filed by August 1, 2024, to ensure they will be adjudicated by May 15, 2025. The FCC plans to add the approved changes to the final list of eligible locations.

Telecommunications carriers receiving Enhanced A-CAM support are required to complete broadband deployment to 50% of their committed locations by December 31, 2026; to 75% of those locations by December 31, 2027; and to 100% of those locations by December 31, 2028.[32] The FCC may reconsider in 2027 whether to allow a one-year extension of the December 31, 2028, deployment deadline.

The FCC originally intended for the Enhanced A-CAM Program deadlines to align with the anticipated timeline of the BEAD Program. However, the BEAD Program faced a number of delays that caused the two programs' deadlines to fall out of alignment.

[25] FCC, *In the Matter of Connect America Fund, ETC Annual Reports and Certifications, Telecommunications Carriers Eligible to Receive Universal Service Support, Connect America Fund – Alaska Plan, and Expanding Broadband Service Through the ACAM Program*, report and order, notice of proposed rulemaking, and notice of inquiry, FCC 23-60, July 23, 2023, https://docs.fcc.gov/public/attachments/FCC-23-60A1.pdf (hereinafter *Enhanced A-CAM Order*). See also FCC, "FCC Authorizes over $18 Billion to Expand Rural Broadband," October 30, 2023, https://www.fcc.gov/document/fcc-authorizes-over-18-billion-expand-rural-broadband.

[26] For additional information about the Rural Digital Opportunity Fund (RDOF), see CRS Report R46501, *Rural Digital Opportunity Fund: Requirements and Selected Policy Issues*, by Colby Leigh Pechtol.

[27] For additional information about the 5G Fund for Rural America, see CRS Insight IN11661, *5G Fund for Rural America*, by Jill C. Gallagher.

[28] FCC, "Enhanced A-CAM," https://www.usac.org/high-cost/funds/enhanced-acam/. The FCC launched the newest Connect America Fund, the Enhanced Alternative Connect America Cost Model, in 2024. FCC, "FCC Authorizes over $18 Billion to Expand Rural Broadband," October 30, 2023, https://www.fcc.gov/document/fcc-authorizes-over-18-billion-expand-rural-broadband.

[29] FCC, "Enhanced A-CAM," https://www.usac.org/high-cost/funds/enhanced-acam/.

[30] FCC, "National Broadband Map," https://broadbandmap.fcc.gov/home.

[31] FCC, "Broadband Funding Map," https://fundingmap.fcc.gov/home.

[32] *Enhanced A-CAM Order*, para. 9.

Petitions for Reconsideration

A number of program participants filed petitions with the FCC for changes that would have, among other things,

- extended the program deployment milestones by several years,
- changed how the FCC will determine that a company is eligible for Enhanced A-CAM support,
- reconsidered the program's technology-neutral approach, and
- reallocated unused Enhanced A-CAM funds to the RDOF (see "Rural Digital Opportunity Fund").

On April 5, 2025, the FCC rejected all the petitions, and the requirements of the original Enhanced A-CAM Order remain in effect.[33]

Rural Digital Opportunity Fund

Through competitive reverse auctions—a mechanism that awards funds to the company that commits to deploying service at the lowest cost—the FCC committed up to $20.4 billion to bring fixed broadband service to rural homes and small businesses through the RDOF in two phases.[34]

The FCC announced the results of the Phase I auction on December 7, 2020. Nearly 200 bidders won $9.2 billion to deploy broadband to over 5.2 million unserved homes and businesses.[35] Following the auction, the FCC has continued to review long-form applications and authorize support for winning bidders over the 10-year period after the auction process is complete.[36] However, $3.3 billion of RDOF awards are in default, and 1.9 million locations would no longer receive broadband service through this program, according to data released by the FCC on January 14, 2025.[37] The estimated figures show more than one-third of RDOF investments defaulting, not including potential defaults in the future.

There are a few possible factors that led to the defaults. For example, the reverse auction encouraged companies to propose less-expensive projects, which prevented more-expensive proposals, with better chances of being fully deployed, from winning. Some companies that defaulted blamed rising construction costs, especially during the COVID-19 pandemic.

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[33] FCC, *In the Matter of Connect America Fund, ETC Annual Reports and Certifications, Telecommunications Carriers Eligible to Receive Universal Service Support, Connect America Fund – Alaska Plan, and Expanding Broadband Service Through the ACAM Program*, order on reconsideration, April 4, 2025, https://docs.fcc.gov/public/attachments/DA-25-309A1.pdf.

[34] Fixed technologies include fiber optic cable, cable modem, and fixed wireless. FCC, "Auction 904: Rural Digital Opportunity Fund," https://www.fcc.gov/auction/904.

[35] FCC, "Auction to Bring Broadband to over 10 Million Rural Americans," December 7, 2020, https://www.fcc.gov/document/fcc-auction-bring-broadband-over-10-million-rural-americans.

[36] Then-FCC Chairwoman Jessica Rosenworcel indicated in a November 10, 2022, letter to Sen. Roger Wicker that "FCC staff is close to finalizing authorizations for RDOF support, with 413 out of 418 applications resolved," https://docs.fcc.gov/public/attachments/DOC-389366A2.pdf. After the auction, long-form applications were required from winning bidders to provide additional information to the FCC about qualifications, funding, and the network that winning bidders intend to use to meet their obligations. For an example of continuing support authorizations, see FCC, "Auction 904 17th Authorization Public Notice," January 13, 2023, https://www.fcc.gov/document/auction-904-17th-authorization-public-notice.

[37] FCC, "Auction 904: Rural Digital Opportunity Fund," https://www.fcc.gov/auction/904. See also Janie Dunning et al., *New Dataset Reveals Impact of RDOF Defaults on Each State: Lessons for Public Broadband Investment*, Benton Foundation, February 18, 2025, https://www.benton.org/blog/new-dataset-reveals-impact-rdof-defaults-each-state.

One issue associated with the defaults is that when awards were made, other applicants were eliminated from consideration, leaving no backup applicants to replace defaulted winners. While BEAD funding could have been available to the areas affected by the default, some companies defaulted after states determined the unserved locations that were eligible for BEAD funding. NTIA has directed states not to include those locations "already subject to [another] enforceable federal … commitment" to deploy broadband, leaving areas that were to be served through RDOF funding ineligible for BEAD funding.[38]

The FCC has not started the Phase II auction. Phase II may provide up to $11.2 billion to deploy broadband to partially served areas and unserved areas that did not receive Phase I funding. In a November 10, 2022, letter from then-FCC Chairwoman Jessica Rosenworcel to Senator Roger Wicker, Rosenworcel noted that the FCC

> discussed the need for future efforts like RDOF Phase II, in light of anticipated broadband infrastructure work from new programs like the National Telecommunications and Information Administration's Broadband Equity, Access, and Deployment Program. We noted that after funding from these new programs is put in place, the FCC could consider deployment initiatives for areas still lacking service or otherwise falling short of the speed and latency standards required.[39]

If and when Phase II begins, it would present a second opportunity for companies that did not win in Phase I and were denied BEAD funding to bid for RDOF funding.

5G Fund for Rural America

In October 2020, the FCC adopted rules creating the 5G Fund for Rural America.[40] The fund is expected to distribute up to $9 billion from the USF over 10 years to bring voice and broadband services to areas that are unlikely to see unsubsidized deployment of 5G networks. Funds are to be awarded to providers, including satellite operators, to serve areas that are not served by an unsubsidized 4G Long Term Evolution (LTE) or 5G broadband service provider. The FCC plans to award support through a competitive reverse auction. Further, the FCC announced it would award support in two phases:

- Phase I to target up to $8 billion of support nationwide to areas lacking unsubsidized 4G LTE or 5G mobile broadband, with $680 million set aside for tribal lands.
- Phase II to provide at least $1 billion to support the deployment of 5G networks that facilitate precision agriculture.

The Broadband Deployment Accuracy and Technological Availability Act (P.L. 116-130; enacted in 2020) requires the FCC to use data collected for the National Broadband Map to determine areas eligible for the 5G Fund. Among other requirements, the law directs the FCC to collect and display (on a map) specific location-level information about broadband services available throughout the country and implement a public challenge process. The FCC released the initial National Broadband Map showing U.S. mobile coverage in August 2021.[41] In November 2024,

[38] FCC USF Report, para. 52.

[39] FCC, "Chairwoman Rosenworcel's Response to Senator Wicker Regarding RDOF," November 21, 2022, https://www.fcc.gov/document/chairwoman-rosenworcels-response-senator-wicker-regarding-rdof.

[40] FCC, *In the Matter of Establishing a 5G Fund for Rural America*, report and order, October 27, 2020, https://docs.fcc.gov/public/attachments/FCC-20-150A1.pdf. For additional information, see CRS Insight IN11661, *5G Fund for Rural America*, by Jill C. Gallagher.

[41] FCC, "Broadband Funding Map," https://broadbandmap.fcc.gov/home.

the FCC released the fifth iteration of its National Broadband Map.[42] Additional iterations of the map are expected later in 2025.

The FCC adopted its most recent rules on the 5G Fund on August 14, 2024. In its order, the FCC

- defined areas that will be eligible for 5G Fund support;
- increased the budget for the 5G Fund;
- modified how bids are accepted and awarded;
- explained how areas eligible for 5G Fund support will be defined;
- modified the schedule for transitioning from mobile legacy high-cost support to 5G Fund support;
- required 5G Fund support recipients to implement cybersecurity and supply chain risk management plans; and
- encouraged 5G Fund support recipients to incorporate Open Radio Access Network technologies in networks funded through the 5G Fund.

The FCC has not yet set a start date for either the Phase I or Phase II auctions.

Congressional Considerations

As the FCC considers reorienting the High Cost Program toward broadband deployment, Congress may take an interest in monitoring these efforts and assessing whether legislative action might be necessary to provide additional congressional direction to the agency. Congress might consider several options for the High Cost Fund, discussed below.

Pivot from Support for Deployment to Support for Operations and Maintenance

While numerous programs provide funding for deployment of broadband infrastructure, one option for reorientation of the High Cost Fund could be a pivot from providing support for deployment costs to support for operation and maintenance costs to sustain existing networks. This concept is supported, for example, by NTCA—The Rural Broadband Association,[43] as well as a number of other interest groups representing various broadband constituencies.[44] Other interest groups urged postponing any programmatic changes until the FCC had assessed the impact of IIJA funding, such as the BEAD Program, on broadband deployment.[45] Congress could consider requiring the FCC to conduct such an assessment.

Issues Related to Broadband Deployment on Tribal Lands

Many tribal lands lack the infrastructure for broadband services. In the January 2020 RDOF report and order, while the FCC recognized "the difficulty Tribal lands have faced in obtaining broadband deployment"—and although tribal entities were eligible—the FCC did not provide a

[42] FCC, "Broadband Data Task Force Releases Fifth Version of the National Broadband Map," November 15, 2024, https://www.fcc.gov/document/fcc-releases-fifth-version-national-broadband-map. The filing window for the sixth iteration of the map opened on January 2, 2025, and closed on March 3, 2025.

[43] NTCA—The Rural Broadband Association, "NTCA Statement on FCC Future of USF Report," August 16, 2022, https://www.ntca.org/ruraliscool/newsroom/press-releases/2022/16/ntca-statement-fcc-future-usf-report.

[44] FCC, "FCC Reports to Congress on Future of the Universal Service Fund," August 12, 2022, https://www.fcc.gov/document/fcc-reports-congress-future-universal-service-fund (hereinafter FCC USF Report).

[45] FCC USF Report.

tribal entity priority in the RDOF application or bidding process.[46] Tribal entities are also eligible for other federal broadband programs, but only NTIA's TBCP is established specifically for tribal entities.[47]

As it appears that demand for federal support for tribal broadband deployment is high, Congress could weigh whether to refocus parts of the High Cost Fund on tribal areas or create a tribal entity priority for the program during the application process, bidding process, or both. In 2020, the FCC implemented a tribal priority window as part of the 5G Fund for Rural America, which provided an opportunity for tribes to directly access specified spectrum in the 2.5 GHz band over their lands.[48] A similar priority for other broadband deployment funding on tribal lands could complement tribal spectrum efforts and help tribes meet build-out requirements of future complementary programs.

Reevaluating Funding Needs

The information in the latest National Broadband Map may allow the FCC to better evaluate future funding needs of high-cost areas, including whether future planned processes, such as RDOF Phase II, remain necessary. As there may be continued focus in the 119th Congress on program redundancy and potential duplication of funding,[49] Congress could consider whether to eliminate the High Cost Program and instead make permanent newer broadband deployment programs, funded through annual appropriations (e.g., the BEAD Program).

Elimination of the High Cost Program could provide benefits to some consumers, such as lowering monthly charges for telecommunications subscribers[50] and reducing the potential for overlap with other broadband deployment programs (thus eliminating program redundancy and increasing efficiency).[51] Further, some states, such as Texas and Pennsylvania, have their own state-specific USFs, in which funds are used for universal service efforts at the state and local level.[52] These state USF funds could be duplicative of federal USF efforts. States without a state-level USF program, however, may rely exclusively on the federal USF.

Reassessing the Eligibility of Non-Fixed Broadband for High Cost Fund Subsidies

Since much of the funding that Congress has provided is intended for deploying fixed broadband infrastructure, the FCC could proceed with providing additional support for mobile broadband deployment (e.g., potentially through the 5G Fund for Rural America). However, the FCC

[46] See FCC, *In the Matter of the Rural Digital Opportunity Fund*, report and order, January 30, 2020, p. 15, https://docs.fcc.gov/public/attachments/FCC-20-5A1.pdf.

[47] NTIA, "Tribal Broadband Connectivity Program," https://broadbandusa.ntia.doc.gov/funding-programs/tribal-broadband-connectivity.

[48] FCC, "Rural Tribal Window Updates," https://www.fcc.gov/rural-tribal-window-updates.

[49] For example, see letter from Sen. John Thune and Sen. Ben Ray Luján to Hon. Gene L. Dodaro, Comptroller General of the United States, April 24, 2023, https://www.thune.senate.gov/public/_cache/files/e660b0df-8389-4f87-b235-2ad7dd2cad28/B461F65991D60CFD7D05BB1571907007.4.24.2023-thune-lujan-letter-to-gao.pdf.

[50] Of the four USF programs, the High Cost Program is consistently authorized the most funding to be disbursed. See USAC, "Annual Report," https://www.usac.org/about/reports-orders/annual-report/.

[51] Jeffrey Westling, "Comments on the 'Report on the Future of the Universal Service Fund,'" American Action Forum, February 17, 2022, https://www.americanactionforum.org/comments-for-record/comments-on-the-report-on-the-future-of-the-universal-service-fund/.

[52] For example, see Public Utility Commission of Texas, "Helpful Information About the Texas Universal Service Fund," https://www.puc.texas.gov/industry/communications/reports/tusf/default.aspx; and Pennsylvania Public Utility Commission, "PA Universal Service Fund," https://www.puc.pa.gov/telecommunications/pa-universal-service-fund/.

acknowledged that an evaluation of the impact of the BEAD and other broadband programs on future mobile deployments may be necessary before changing course.[53] The latest iteration of the National Broadband Map may allow both the FCC and Congress to better visualize how federal investments are closing the digital divide and which of these programs may be the most effective.[54] Further, with many federal broadband programs targeted to the deployment of fixed broadband, another consideration for Congress may be whether to transition the High Cost Fund to focus entirely (or mostly) on mobile broadband deployment.

Use of Defaulted RDOF Funds

According to one estimate, "internet service providers (ISPs) have defaulted on $3.3 billion of the $9.2 billion total in RDOF awards. ... Meaning 1.9 million of approximately 5.2 million eligible RDOF locations are no longer scheduled to receive service."[55] Some stakeholders and policymakers have deemed the RDOF Phase I auction unsuccessful because of issues such as the FCC's lack of sufficient vetting of bidders before the auction.[56] This may have played a role in the shift of recent broadband efforts (e.g., broadband funding in the American Rescue Plan Act of 2021 [ARPA; P.L. 117-2] and the IIJA) from the FCC to other agencies, such as NTIA and the Department of the Treasury. Congress could, for example, conduct oversight to examine the reasons for defaults, assess the FCC's administration of the program, and explore whether leftover funding should be added to a future phase of RDOF or whether this funding should be diverted to other purposes, such as the options described above.

Leave High Cost Fund As Is

Congress could also choose to leave the High Cost Fund in place within its current framework. Such a path forward could provide ongoing stability for the program but could also insert uncertainty in that it would not address the continuing issues related to the contribution factor or contribution base (see "USF Program Fund Contributions" below).

Reassess Needs After Full or Partial BEAD and Related Program Implementation

Congress may consider waiting until BEAD-funded projects have begun or been completed. If warranted, Congress might direct the FCC to reallocate defaulted RDOF or remaining 5G Fund Phase II funds to areas that did not benefit from BEAD-funded projects.

Reassess FCC's Use of Reverse Auctions

Given the number of winning bidders that have defaulted on their RDOF projects, Congress may consider directing the FCC to reconsider its use of reverse auctions in the future. Reverse auctions have been blamed for encouraging bidders to overpromise in their bids, leading to defaults.

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[53] FCC USF Report.

[54] FCC, "Broadband Funding Map," https://broadbandmap.fcc.gov/home.

[55] That is, recipients failed or do not plan to execute the projects they were funded to perform. Masha Abarinova, "A Rocky Road Lies Ahead for RDOF as Money Drains Away," Fierce Network, February 20, 2025, https://www.fierce-network.com/broadband/rocky-road-lies-ahead-rdof-money-drains-away. Defaulting companies are required to pay a fine.

[56] Jericho Casper, "FCC Concludes Review of Rural Digital Opportunity Applications with More Defaults," Broadband Breakfast, January 5, 2024, https://broadbandbreakfast.com/fcc-concludes-review-of-rural-digital-opportunity-applications-with-more-defaults.

Additionally, Congress may consider requiring the FCC to award a runner-up that would be eligible for picking up the defaulted award. As noted previously, in the case of RDOF defaults, assigning only one winner has led to some areas not being eligible for any federal broadband funding, as the deadline for BEAD proposals has passed.

Lifeline Programs

Through the Lifeline Program, the FCC provides subsidies to broadband service providers to cover monthly subscription discounts for qualified consumers or households. Eligibility is limited to one beneficiary per household. Low-income broadband subscribers may qualify for assistance through this program if they earn below 135% of the federal poverty level or meet certain other qualifying criteria, such as enrollment in federal nutrition or housing assistance programs. The Lifeline Program subsidizes beneficiaries via reimbursements to participating providers to cover monthly subscription charges—up to $9.25 per month in most cases and up to $34.25 for those living on tribal lands. In many cases, beneficiaries pay nothing out-of-pocket. In other cases, Lifeline providers may apply the reimbursement to lower the subscriber cost of eligible plans that exceed the subsidy amount. Lifeline does not cover costs for mobile phones or connected computing devices, but some providers might include free or discounted smartphones as a marketing incentive with their mobile broadband plans. Annual spending of the Lifeline Program varies depending on program enrollments. Enrollment rates vary widely from state to state; nationally, 19% of eligible households—approximately 7.4 million subscribers—benefit from the Lifeline Program.[57]

Affordable Connectivity Program

During the COVID-19 public health emergency, Congress created the Emergency Broadband Benefit (EBB) Program as a temporary program under the Consolidated Appropriations Act, 2021 (P.L. 116-260).[58] Congress appropriated $3.2 billion for the program, which helped low-income households pay for broadband service and internet-connected devices. The EBB supported the goals of the USF but was not funded by USF contributions. Funding for the EBB was available until expended or six months after the Secretary of Health and Human Services declared that the COVID-19 public health emergency had ended. The FCC engaged the USAC to implement the EBB Program.

Congress converted the EBB to a program called the Affordable Connectivity Program (ACP) in Title V of the IIJA and appropriated $14.2 billion to remain available until expended; once expended, the program would end. As written in statute, the ACP differed from the Lifeline Program in its funding structure, benefits levels, and provider and beneficiary eligibility requirements.[59] ACP offered broader and more generous eligibility provisions and higher monthly subsidies to cover the charge of residential broadband service—up to $30 per month in most cases and up to $75 per month on tribal lands. In addition, ACP provided one-time discounts of up to $100 for connected laptops, desktop computers, or tablets purchased by subscribers from participating broadband providers. It also expanded eligibility criteria for participating providers and imposed public outreach and consumer protection requirements. Finally, ACP awarded grants

[57] USAC, "Program Data," https://www.usac.org/lifeline/resources/program-data.

[58] For additional information on the Emergency Broadband Benefit Program, see CRS Insight IN11612, *The Emergency Broadband Benefit: Implementation and Future Policy Directions*, by Brian E. Humphreys.

[59] IIJA, §60502(a)(2).

to entities in nonprofit and government sectors to expand program outreach to historically underrepresented communities.[60]

The ACP[61] ran out of funds as of June 1, 2024.[62] Three bills and one resolution were introduced in the 118th Congress that would have appropriated additional funds for the program (**Table 2**).

Table 2. Legislation to Extend the Affordable Connectivity Program (ACP), 118th Congress

Bill	Summary
Affordable Connectivity Program Extension Act of 2024, S. 3565 and H.R. 6929/H.Res. 1119	This bill would have extended and provided FY2024 funding for the ACP. Both bills would have appropriated $7 billion to the Affordable Connectivity Fund for FY2024, to remain available until expended.
Promoting Affordable Connectivity Act of 2024, S. 4208	This bill would have authorized annual appropriations for the ACP and expanded the USF to support the ACP.

Source: CRS.

Congressional Considerations

In its report on the future of the USF,[63] the FCC suggested that it might consider expanding Lifeline consumer eligibility requirements to align with the less restrictive ACP requirements. It also recommended deferring consideration of relaxing Lifeline provider eligibility requirements to align with the ACP, pending further evaluation.[64] Beyond the recommendations in the FCC's report, options for Congress could include requiring FCC action to "facilitate and fund" Lifeline consumer outreach programs similar to those established for the ACP and establish consumer protection provisions for Lifeline based on those established for the ACP.[65]

The recommendations made in the FCC report, if adopted, might affect stakeholders in different ways depending on how they are implemented. Some commenters recommended that the FCC fold the ACP features into Lifeline, or vice versa, while others recommended refocusing each program on a specific type of service.[66] Other commenters advocated for retaining both of these low-income programs with different funding mechanisms—one (i.e., Lifeline) funded by the fee-

[60] See FCC, "Affordable Connectivity Outreach Grant Program," https://www.fcc.gov/acp-grants.

[61] For additional information on the FCC's ACP, see CRS In Focus IF12637, *The End of the Affordable Connectivity Program: Options for Consumers and Congress*, by Patricia Moloney Figliola.

[62] FCC, "Affordable Connectivity Program Has Ended for Now: Consumer Fact Sheet," June 3, 2024, https://www.fcc.gov/sites/default/files/ACP-Fact-Sheet-Post-ACP-Ending.pdf.

[63] FCC USF Report.

[64] FCC USF Report. To participate in Lifeline, providers must secure an Eligible Telecommunications Carrier designation from relevant state regulators or, in some cases, from the FCC and meet minimum service and other requirements. Participation in ACP does not require state regulatory approval and may be granted automatically in some cases if certain basic requirements for service and prevention of waste, fraud, and abuse are met. FCC, "Affordable Connectivity Program: Provider FCC Approvals," https://www.fcc.gov/affordable-connectivity-program#provider-fcc-approvals.

[65] FCC USF Report, p. 32.

[66] For example, see FCC, *Report on the Future of the Universal Service Fund*, notice of inquiry, December 15, 2021, https://docs.fcc.gov/public/attachments/FCC-21-127A1.pdf. For AT&T comments recommending combining the programs, see AT&T, *Comments in the Matter of Report on the Future of the Universal Service Fund*, February 17, 2022, p. 33, https://www.fcc.gov/ecfs/document/1021750379067/1; for California Public Utility Commission comments recommending separation of program focus by service type, see California Public Utility Commission, *Comments in the Matter of the Future of the Universal Service Fund*, February 17, 2022, p. 10, https://www.fcc.gov/ecfs/document/10217151028198/1.

based USF and the other (i.e., ACP) funded by congressional appropriations—as a safeguard against potential future lapses in congressional appropriations.[67]

Members of Congress could choose to reintroduce bills similar to those in the 118th Congress if they want to reactivate the ACP.

Thus far, no legislation has been introduced in the 119th Congress that would address the other considerations discussed above.

Schools and Libraries Program

The Schools and Libraries Program, commonly called "E-Rate," provides needs-based discounts to eligible schools and libraries for telecommunications service, broadband service, and internet access, as well as internal connections (i.e., the equipment to deliver these services) and other related services.[68] Eligible schools and libraries[69] may request support for "category one" services, which provide connectivity to schools and libraries, and "category two" services, which provide connectivity within schools and libraries.[70] Provision of category one services is prioritized over provision of category two services.[71] In 2024, 148,691 schools and libraries received E-Rate funding.[72] Pre-discount funding caps for schools and libraries are $15 per month for recurring wireless internet service and $90 per Wi-Fi hot spot device.

In recent years, the FCC refocused the program on providing broadband services, including expanding Wi-Fi access, including on school buses.[73] Discounts range from 20% to 90% on services purchased based on the poverty level of the schools; rural schools and libraries may receive an even higher discount. If demand for funding is greater than the available funds, funding is allocated on the basis of greatest need, as determined by poverty level. The E-Rate funding cap for funding year 2024 (July 1, 2024, through June 30, 2025) is $4.94 billion.[74] On March 7, 2025, the FCC announced that the program funding cap for funding year 2025 (July 1,

[67] For example, see California Emerging Technology Fund comments on de-risking low-income support by retaining Lifeline as a fee-based program; California Emerging Technology Fund, *Comments in the Matter of Report on the Future of the Universal Service Fund*, February 17, 2022, p. 18, https://www.fcc.gov/ecfs/document/1021796076649/1.

[68] FCC, "E-Rate—Schools and Libraries USF Program," https://www.fcc.gov/general/e-rate-schools-libraries-usf-program.

[69] Eligible schools include public and nonprofit elementary and secondary schools, and eligible libraries include public, tribal, academic, research, and certain private libraries. Schools and libraries do not receive direct funding from the program. Instead, they receive discounts on the costs of services provided by vendors. The amount of discount each school or library can receive under the program ranges from 20% to 90% and is determined using a matrix designed by FCC, with schools and libraries located in rural and low-income areas receiving the highest discounts from the fund. The USF compensates the schools' and libraries' vendors for the amount of the discount. FCC, "Universal Service Fund," https://www.fcc.gov/general/universal-service-fund.

[70] 47 C.F.R. §§54.501, 54.502.

[71] Category one services include telecommunications, telecommunications services, and internet access. Category two services include internal connections, basic maintenance of internal connections, and managed internal broadband services. See 47 C.F.R. §54.502(a).

[72] USAC, *2024 Annual Report*, https://www.usac.org/wp-content/uploads/about/documents/annual-reports/2024/2024_USAC_Annual_Report.pdf.

[73] The school bus Wi-Fi expansion has been challenged in a lawsuit, *Molak v. FCC*. The case was argued before the U.S. Court of Appeals for the Fifth Circuit on November 4, 2024. The expansion may be overturned by the current FCC, as Chairman Brendan Carr dissented in the original order. FCC, *FCC Announces E-Rate Funding Can Support Wi-Fi on School Buses*, October 25, 2023. Legislation is also pending in both the House and the Senate that would nullify the order (see "Addressing the Homework Gap Through the E-Rate Program," S.J.Res. 7).

[74] FCC, "Wireline Competition Bureau Announces E-Rate and RHC Programs' Inflation-Based Caps for Funding Year 2023," public notice, March 3, 2023, https://docs.fcc.gov/public/attachments/DA-23-178A1.pdf.

2025, through June 30, 2026) will be $5.06 billion, a 2.4% inflation-adjusted increase from the previous year's cap.[75]

Emergency Connectivity Fund

During the COVID-19 pandemic, Congress established the $7.171 billion Emergency Connectivity Fund (ECF) through ARPA (P.L. 117-2). The ECF allowed schools and libraries to purchase eligible equipment and services for students, school staff, and library patrons.[76] For example, ECF had wider coverage than E-Rate for wireless services delivered to a range of end-user devices, such as laptops and tablets.[77] Congress intended the funding as an emergency supplement to the E-Rate program to purchase services and hardware not eligible for E-Rate funding.

As of November 1, 2023, the program supported approximately 18 million students, 11,500 schools, 1,070 libraries, and 128 consortia and provided nearly 13 million connected devices and over 8 million broadband connections in all 50 states, the District of Columbia, and U.S. territories.[78]

The Further Consolidated Appropriations Act, 2024 (P.L. 118-47), rescinded funds from the ECF. Specifically, Congress provided in Section 639 that "the unobligated balances of amounts made available under section 7402(c)(2)(A) of the American Rescue Plan Act of 2021 (Public Law 117–2), $1,768,000,000 are hereby rescinded not later than September 30, 2024."

Congressional Considerations

As with the Lifeline Program and the ACP, assessing the collective impact of ECF and BEAD funding on network construction and broadband adoption may prove difficult until construction is fully completed and services are available. Once such an assessment has been conducted, the FCC may consider, for example, expanding the list of technology and services eligible for E-Rate, such as those that were made available through the ECF, and giving equal priority to category one and category two services.

NTIA—in response to a Government Accountability Office (GAO) recommendation made in 2022[79]—intends to submit a report to Congress on federal broadband coordination by May 31, 2026.[80] The report is intended to "identify barriers and statutory limitations that limit the beneficial alignment of broadband programs and offer potential legislative changes."[81] Congress may wish to examine whether E-Rate and BEAD could be funding redundant infrastructure in schools (schools may be designated as BEAD "Community Anchor Institutions" and may

[75] FCC, "E-Rate and RHC Programs' Inflation-Based Caps for Funding Year 2025," public notice, March 7, 2025, https://www.fcc.gov/document/e-rate-and-rhc-programs-inflation-based-caps-funding-year-2025.

[76] American Rescue Plan Act (ARPA; P.L. 117-2), Title VII, §7402.

[77] FCC, "Emergency Connectivity Fund FAQs," May 6, 2025, https://www.fcc.gov/emergency-connectivity-fund-faqs.

[78] FCC, "FCC Announces over $5 Million in Emergency Connectivity Funding for Schools," press release, November 1, 2023, https://docs.fcc.gov/public/attachments/DOC-398178A1.pdf.

[79] GAO, *Broadband: National Strategy Needed to Guide Federal Efforts to Reduce Digital Divide*, GAO-22-104611, May 31, 2022, https://www.gao.gov/assets/gao-22-104611.pdf.

[80] GAO, *Broadband: A National Strategy to Coordinate Fragmented, Overlapping Federal Programs*, GAO-23-106818, May 10, 2023, p. 12, https://www.gao.gov/assets/gao-23-106818.pdf.

[81] GAO, *Broadband: A National Strategy Needed to Coordinate Fragmented, Overlapping Federal Programs*, GAO-23-106818, May 10, 2023, p.10, https://www.gao.gov/assets/gao-23-106818.pdf.

therefore be eligible for funding through both programs) and explore ways to obtain status updates on the agency's findings prior to 2026.

Rural Health Care Program

The Rural Health Care (RHC) Program allows rural health care providers to pay rates for internet and telecommunications services similar to those paid by their urban counterparts, making telehealth services more affordable in rural areas.[82] The COVID-19 pandemic brought increased attention to the need for reliable high-speed internet services for health care providers and their patients. The pandemic also accelerated the adoption of telehealth services, which some observers perceived as increasingly critical in providing health care in rural areas of the country.[83] The RHC has two permanent programs—the Healthcare Connect Fund (HCF) Program and the Telecommunications Program—and a three-year program—the Connected Care Pilot Program.[84]

In 2024, 13,164 health care providers received funding commitments through the RHC Program. The RHC Program funding cap for funding year 2024 (July 1, 2024, through June 30, 2025) is $706.93 million. On March 7, 2025, the FCC announced that the RHC Program funding cap for funding year 2025 (July 1, 2025, through June 30, 2026) will be $723.89 million, a 2.4% inflation-adjusted increase from the previous year's cap.[85] The cap for the HCF Program is $182.78 million.[86]

Healthcare Connect Fund Program

The FCC established the HCF Program in 2012.[87] The HCF Program supports broadband connectivity to eligible health care providers, and applicants are encouraged to establish consortia. A consortium is a group of two or more health care providers that request support through a single application. Each consortium has one leader, who files the required forms on behalf of everyone in the group. Non-rural eligible health care providers may participate as part of a consortium consisting of a majority of rural health care provider sites. Both rural and non-rural sites are eligible for funding as part of a consortium as long as a majority (i.e., more than 50%) of the consortium members are rural sites.

[82] FCC, "Rural Health Care Program," https://www.fcc.gov/general/rural-health-care-program. The Communications Act of 1934, as amended, defines *eligible health care providers* as "(i) post-secondary educational institutions offering health care instruction, teaching hospitals, and medical schools; (i) community health centers or health centers providing health care to migrants; (iii) local health departments or agencies; (iv) community mental health centers; (v) not-for-profit hospitals; (vi) rural health clinics; (vii) skilled nursing facilities ... ; and (viii) consortia of health care providers consisting of one or more entities" falling into the first seven categories. 47 U.S.C. §254(h)(7)(B)(vi).

[83] Rural Health Information Hub, "Telehealth and Health Information Technology in Rural Healthcare," March 17, 2025, https://www.ruralhealthinfo.org/topics/telehealth-health-it.

[84] In April 2020, "the FCC established a three-year Connected Care Pilot Program [that] provides up to $100 million of support from the [USF] to help defray eligible health care providers' costs of providing connected care services and help assess how USF funds might be used to support connected care services. The [program] provides funding for selected pilot projects to cover 85% of the eligible costs of broadband connectivity, certain network equipment, ... and information services necessary to provide connected care services to the intended patient population." See USAC, "Connected Care Pilot Program," https://www.usac.org/rural-health-care/connected-care-pilot-program.

[85] FCC, "Wireline Competition Bureau Announces E-Rate and RHC Programs' Inflation-Based Caps for Funding Year 2025," public notice, March 7, 2025, https://docs.fcc.gov/public/attachments/DA-25-199A1.pdf.

[86] The internal cap for up-front payments and multiyear commitments will apply only if RHC Program demand exceeds available funding.

[87] FCC, "Healthcare Connect Fund—Frequently Asked Questions," https://www.fcc.gov/general/healthcare-connect-fund-frequently-asked-questions.

Under the HCF Program, eligible rural health care providers receive a 65% discount on internet services. Eligible non-rural health care providers that are members of a consortium with more than 50% rural health care providers receive the 65% discount as well.[88] In addition, *ineligible* health care provider sites may participate in a consortium and take advantage of lower contract prices often associated with consortia bulk buying, but they will not receive universal service support.

Telecommunications Program

The FCC established the Telecommunications Program in 1997.[89] The program subsidizes the difference between urban and rural rates within a state for telecommunications and voice services to facilitate the use of telemedicine and telehealth.[90] This program provides nonprofit or public health care providers in rural areas with access to telecommunications services at rates reasonably comparable to rates charged in urban areas of a state.

Connected Care Pilot Program

Through the Connected Care Pilot Program, the FCC made up to $100 million available for selected pilot projects to defray the cost of providing connected care services for eligible entities.[91] The goal of the program was to support the delivery of connected care to patients, with a focus on low-income and veteran patients, as well as to generate data about whether and how USF support could be used to enable adoption of connected care services.[92] Although the goals of the program supported the COVID-19 response, the FCC conceived this program prior to the pandemic.

The FCC selected projects from eligible nonprofit or public health care provider applicants and funded coverage of 85% of eligible costs for broadband connectivity, network equipment, and information services. The program application window closed on December 7, 2020,[93] with recipients announced in early 2021. In October 2024, the FCC established a uniform completion deadline of December 31, 2025, for all projects funded by the Connected Care Pilot Program and waived the previous completion deadline of three years from each project's start date.[94]

Congressional Considerations

Congress could direct the FCC to reevaluate the current list of eligible entities and report its findings to Congress. At this time, the FCC may provide HCF Program support only to "eligible entities," as listed in the Communications Act.[95] "Non-eligible" consortia members in rural areas are currently ineligible to receive HCF funding; they only receive any lower rates secured through

[88] Ineligible entities are permitted to participate as members of a consortium but cannot receive support from the HCF Program.

[89] USAC, "Telecommunications Program," https://www.usac.org/rural-health-care/telecommunications-program.

[90] 47 U.S.C. §254(h)(1)(A); 47 C.F.R. §54.601(a).

[91] FCC, "Promoting Telehealth for Low-Income Consumers COVID-19 Telehealth Program," report and order, March 31, 2020 (hereinafter FCC, First Connected Care Report and Order).

[92] FCC, First Connected Care Report and Order, para. 83.

[93] FCC, "Wireline Competition Bureau Announces Connected Care Pilot Program Application Filing Window Opening," public notice, November 5, 2020, https://docs.fcc.gov/public/attachments/DA-20-1315A1.pdf.

[94] FCC, *In the Matter of Promoting Telehealth for Low-Income Consumers*, order, October 28, 2024, https://docs.fcc.gov/public/attachments/DA-24-1110A1.pdf.

[95] 42 U.S.C. §254(h)(7)(B)(vi).

their consortium. Congress could also consider directing the FCC to allow some non-eligible consortia members to receive funding on a case-by-case basis if such funding could be shown to benefit the community.

USF Program Fund Contributions

In accordance with Section 254(d) of the Communications Act, the FCC requires any entity that provides interstate or international telecommunications services to the public for a fee to contribute a percentage of its interstate and international telecommunications revenues to the USF (called the "contribution factor").[96] The act also grants the FCC permissive authority to assess contributions such that "any other provider of interstate telecommunications may be required to contribute to the preservation and advancement of universal service if the public interest so requires."[97] Contributions are determined quarterly, calculated based on the ratio of total projected quarterly costs of the USF programs to contributors' projected interstate and international telecommunications revenue. Providers may pass through the USF contribution cost to end users.[98]

The amount households pay for the "pass through" has been relatively stable in recent years, but the contribution factor has increased significantly—from 17.4% of revenues in the second quarter of 2015[99] to 36.6% in the second quarter of 2025.[100] These increases are in large part due to a decline in the contributions revenue base; that is, providers are reporting a declining share of telecommunications revenues and an increasing share of non-telecommunications revenues.[101] USF demand and disbursements, however, have remained relatively stable over the past decade—in 2014, USF disbursements were $7.82 billion;[102] in 2024, disbursements were $8.59 billion.[103] These figures indicate that the declining contribution base may be the primary driver of the increased contribution factor, rather than increased demand from consumers.

Congressional Considerations

Changing how the FCC assesses USF contributions could be one way to reduce the contribution rate, while still maintaining the necessary level of funding for the four USF programs. That goal could be achieved, for example, through legislation to confirm the FCC's authority to assess contributions based on broadband revenues or to expand the FCC's authority to assess

[96] The Communications Act of 1934, as amended, directs that every telecommunications carrier that provides interstate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the FCC to preserve and advance universal service. 47 U.S.C. §254(d). For more detail on the contribution rates, see CRS Legal Sidebar LSB10904, *Fifth Circuit Considers Constitutionality of the Universal Service Fund*, by Chris D. Linebaugh.

[97] 47 U.S.C. §254(d). For example, in 2006, the FCC relied on this authority to require interconnected VoIP providers to contribute as a means of ensuring a level playing field among direct competitors.

[98] 47 C.F.R. §54.712.

[99] FCC, "Proposed Second Quarter 2015 Universal Service Contribution Factor," public notice, March 15, 2025, https://docs.fcc.gov/public/attachments/DA-15-326A1.pdf.

[100] FCC, "Proposed Second Quarter 2025 Universal Service Contribution Factor," public notice, March 13, 2025, https://docs.fcc.gov/public/attachments/DA-25-223A1.pdf.

[101] FCC, "Table 1.1," in *Universal Service Monitoring Report*, 2024, p. 9, https://docs.fcc.gov/public/attachments/DOC-408848A1.pdf.

[102] USAC, *2014 Annual Report*, https://www.usac.org/wp-content/uploads/about/documents/annual-reports/2014/2014-Annual-Report.pdf.

[103] USAC, *2014 Annual Report*, https://www.usac.org/wp-content/uploads/about/documents/annual-reports/2024/2024_USAC_Annual_Report.pdf.

contributions on the broadest range of revenues, such as digital advertising and certain other online services that benefit from broadband networks (e.g., from edge providers that provide content, applications, or services over the internet, such as Amazon, Facebook, Google, and Netflix). Regarding the latter option, without congressional action to provide the FCC with the authority to assess fees on edge providers, the FCC would need to determine that their services meet the statutory definition of "telecommunications" and that the contributions would be in the public interest.

Another option for future USF funding would be through direct congressional appropriations. This approach is supported, for example, by the U.S. Chamber of Commerce, AT&T, and some industry trade associations.[104] Such a decision would provide the broadest possible base for funding USF programs (i.e., all U.S. taxpayers), while reducing burdens on consumers. On the other hand, appropriated funding is in high demand for a wide range of other federal programs and may be limited by government-wide fiscal constraints. The appropriations process can be unpredictable, and USF programs rely on stable support, because telecommunications carriers rely on that stability to make long-term investment decisions, and consumers rely on continuous assistance for uninterrupted connectivity.

Congress could also direct revenues collected from one or more radio spectrum auctions to fund the USF. A typical spectrum auction may take five or more years to complete, and revenues would not be available until the auction was completed.[105] The FCC's general spectrum auction authority expired on March 9, 2023, and the agency cannot conduct any spectrum-related activity until it is renewed.

How the Supreme Court rules in *FCC v. Consumers' Research* may determine a path forward for Congress. If the USF is ruled unconstitutional and Congress determines that the goals of the USF require ongoing funding, it may consider legislation to create a new USF that relies on appropriations or some other funding mechanism. If the Court finds that the USF is constitutional, Congress still may consider legislation that would make changes to USF programs or otherwise clarify the FCC's authority to collect fees from providers and implement programs under the USAC.[106]

Legislative Activity in the 119th Congress

Table 3 describes legislation under consideration in the 119th Congress that would affect the USF or its individual programs.

[104] Ahmad Hathout, "In FCC Proceeding, Multiple Groups Recommend New General Tax for Universal Service Fund," Broadband Breakfast, March 17, 2022, https://broadbandbreakfast.com/in-fcc-proceeding-multiple-groups-recommend-new-general-tax-for-universal-service-fund/.

[105] For information about spectrum auctions, see CRS Report R47578, *The Federal Communications Commission's Spectrum Auction Authority: History and Options for Reinstatement*, by Patricia Moloney Figliola and Jill C. Gallagher.

[106] For more detailed information about these cases, see CRS Legal Sidebar LSB11214, *Congressional Court Watcher: Circuit Splits from July 2024*, by Michael John Garcia, and CRS Legal Sidebar LSB10904, *Fifth Circuit Considers Constitutionality of the Universal Service Fund*, by Chris D. Linebaugh.

Table 3. Legislation Related to the Universal Service Fund and Its Programs, 119th Congress

Title	Sponsor	Latest Activity	Latest Summary
		Senate	
Lowering Broadband Costs for Consumers Act of 2025, S. 1651	Sen. Markwayne Mullin	Introduced 5/7/25. Read twice and referred to the Committee on Commerce, Science, and Transportation the same day.	This bill would direct the FCC to conduct a rulemaking to expand the USF contribution base to include, generally, large broadband providers (i.e., internet access) and edge providers (e.g., online shopping, social media, messaging companies).
Network Equipment Transparency (NET) Act, S. 503	Sen. John Hickenlooper	Introduced 2/10/25. Read twice and referred to the Committee on Commerce, Science, and Transportation on 2/10/25.	This bill would require the FCC to report biennially on the impact that network equipment availability has had on the deployment of advanced telecommunications capabilities (i.e., broadband). This assessment must be included in the FCC's reports on the state of the communications marketplace, which are submitted to Congress and published publicly every other year.
Kids Off Social Media Act, S. 278	Sen. Brian Schatz	Introduced 1/28/25. Ordered to be reported without amendment favorably by the Committee on Commerce, Science, and Transportation on 2/5/25.	Among other requirements, this bill would limit children's access to social media platforms and requires both platforms and schools to implement certain restrictions on children's social media usage. As a condition of receiving discounted telecommunications service under the E-Rate Program, schools must enforce policies preventing the use of E-Rate-supported services, networks, and devices to access social media and must use blocking or filtering technology to prevent such access.
Providing for congressional disapproval of the FCC rule "Addressing the Homework Gap Through the E-Rate Program," S.J.Res. 7	Sen. Ted Cruz	Passed the Senate 5/8/25; received in the House 5/9/25.	This joint resolution would nullify the final rule issued by the FCC, "Addressing the Homework Gap Through the E-Rate Program," published on August 20, 2024. The rule permits schools and libraries participating in the E-Rate Program to purchase discounted Wi-Fi hot spots and associated mobile connectivity service for off-premises use by students, school staff, and library patrons.
Rural Broadband Protection Act of 2025, S. 98	Sen. Shelley Moore Capito	Introduced 1/15/25. Ordered to be reported without amendment favorably by the Committee on Commerce, Science, and Transportation on 2/5/25.	This bill would require the FCC to vet applicants for certain funding programs that support affordable broadband deployment in high-cost areas, including rural communities. Specifically, among other requirements, the FCC must conduct a rulemaking to develop a vetting process for applicants seeking funding under high-cost USF programs.
		House of Representatives	
Rural Broadband Protection Act of 2025, H.R. 2399	Rep. Erin Houchin	Introduced 3/27/25. Passed the House 4/28/25; received in the Senate 4/29/25.	See summary for S. 98 above.

Title	Sponsor	Latest Activity	Latest Summary
Providing for congressional disapproval of the FCC rule "Addressing the Homework Gap Through the E-Rate Program," H.J.Res. 33	Rep. Russ Fulcher	Introduced 2/4/25. Referred to the House Committee on Energy and Commerce on 2/4/25.	See summary for S.J.Res. 7 above.
Rural Broadband Window of Opportunity Act, H.R. 46	Rep. Jack Bergman	Introduced and referred to the House Committee on Energy and Commerce on 1/3/25.	This bill would direct the FCC to prioritize the timely processing of certain long-form applications in the RDOF Phase II auction.

Sources: Compiled by CRS from information on congress.gov.

Notes: FCC = Federal Communications Commission; USF = Universal Service Fund; RDOF = Rural Digital Opportunity Fund.

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