

Informational Hearing: Universal Service Fund

House Labor & Commerce Committee

January 24, 2025

Prepared by the Office of Rep. Fields

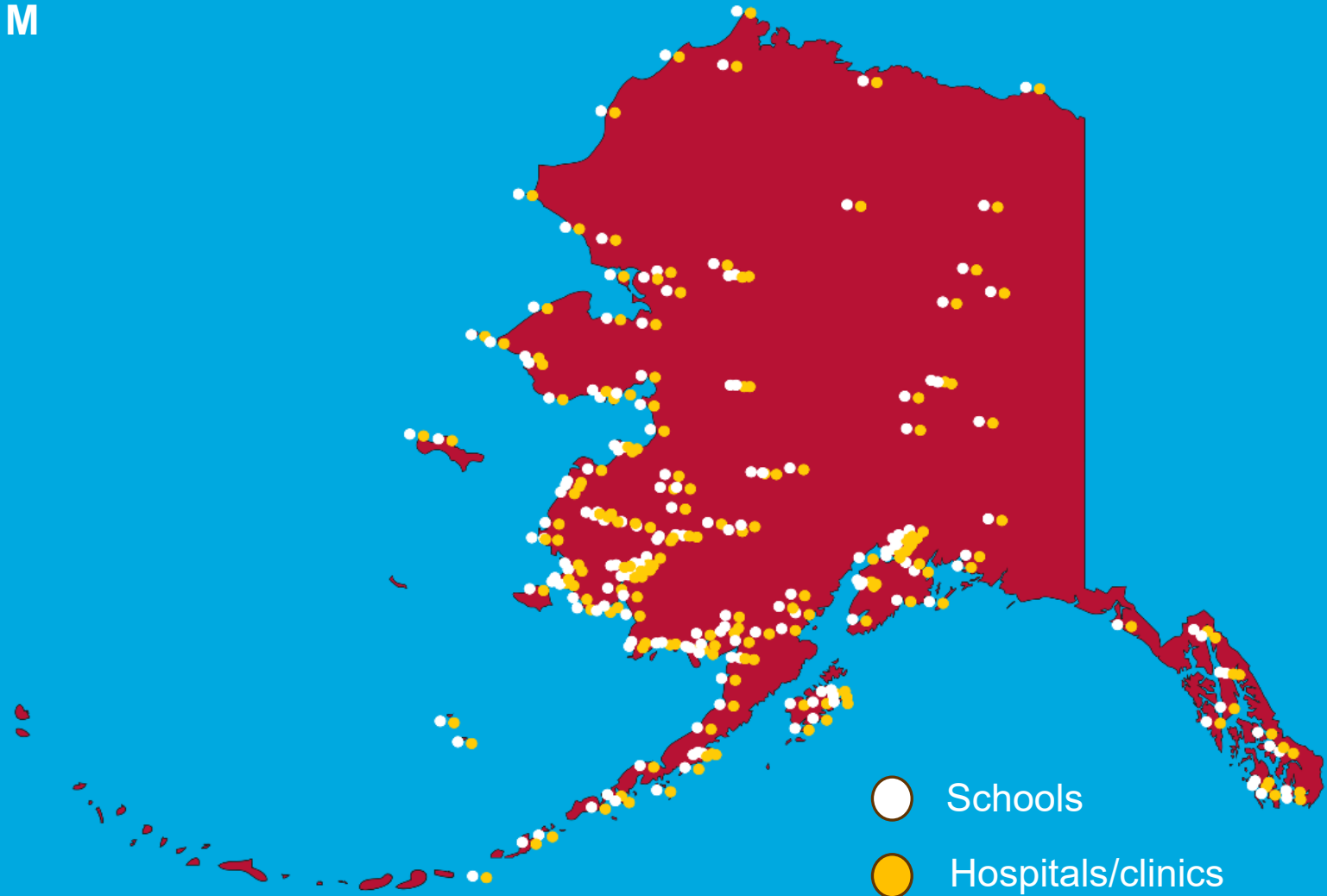
FCC's Universal Service Fund

1996 Communications Act: requires carriers that provide interstate telecommunications services to “contribute” to USF.

FCC must use money to subsidize universal service based on specific principles.
Ex: consumers in rural areas “should have access to telecommunications and information services . . . that are reasonably comparable to those services provided in urban areas.”

2023 Universal Service Fund Support for Alaska

Rural Health Care: \$221M
Alaska Plan: \$167M
E-rate: \$110M
Lifeline: \$11M



Potential Impacts of an Adverse Decision Alaska

E-Rate/Schools and Libraries	Rural Health Care	High Cost (Alaska Plan/Alaska Connect Fund)	Lifeline	BEAD, TBCP, ReConnect, etc.
~500 rural schools lose affordable broadband connection	~220 rural hospitals and health clinics lose \$221 million in annual support	In 2023, \$167 million was provided to connect rural households to basic phone service, mobile phone service, and broadband.	~19,000 Alaskans lose access to Lifeline supported communications services	Projects supported by recent federal grant funding will not be completed. BEAD participation will be impossible in most AK locations.

USF could cease within 32 days of a negative decision

Alaska USF Support

- Total Alaska USF of \$509 million in 2023
 - Exceeds the total net income of all telcom providers in the state.
 - Many telecom providers would be unable to operate without an alternate source of funding.
- Companies would be forced to stop all capital spending, shut down some networks and smaller communities, and layoff large numbers of employees.
 - Many would file for bankruptcy. Some would not survive.

Potential Impacts of an Adverse Decision
Nationwide

State	2022 Annual Support (in thousands of dollars)
Alaska	514,326
Texas	466,125
California	420,724
Oklahoma	255,743
Illinois	209,952
Iowa	207,619
Wisconsin	205,862
Minnesota	200,872
Georgia	192,323
South Carolina	192,129
New York	182,929
Washington	123,100

Existential Threat to Rural Alaska Networks

Rural networks would likely have to right size by

- Terminating unprofitable services (including rural wireless sites).
- Discontinuing service to schools and health care organizations.
- Shutting down many rural networks.
- Abandoning rural construction projects.
- Eliminating participation in BEAD projects.
- Terminating employees.
- Retreating to a service footprint mostly along the road system.

Remedies

- Potential for a seriously adverse decision is unknowable, but the consequences would be devastating for Alaska.
- Encourage Congressional Delegation to put legislative insurance policy in place before any Supreme Court decision.
- Imperative that SCOTUS understands the extensive damage its decision will do to Alaska.
- Amicus filings critical to this understanding.