



Below is a selection of facts and figures that illustrate some of the operations and responsibilities that USAC carries out as administrator of universal service collections and disbursements.

2015 USAC Expenses

USAC Administrative Expenses	
2015 Deductions \$8,483,722,000	Administrative Expenses \$143,568,000
Administrative Expense Rate 1.69%	

2015 Contributions

Contributors	
2015 Total Contributions \$8,643,473,000	Contributors at Year-end 3,117

2015 Universal Service Programs

UNIVERSAL SERVICE

Universal service is money collected from telecommunications companies and dedicated to fulfilling the goals of universal service programs. Telecommunications companies are required to make universal service contributions under the [Telecommunications Act of 1996](#). USAC administers the collection and disbursement of these contributions.

Universal service is based on the principle that all Americans should have access to a baseline level of telecommunications service and further the public interest of keeping all Americans connected. This principle is the cornerstone of the Communications Act of 1934, which established universal service in legislation and also created the Federal Communications Commission (FCC). Since that time, universal service policies have helped make telephone service widely available throughout the U.S., even in rural areas.

The law adopted explicit goals to guide the implementation of universal service policies. These goals include:

- Promote the availability of quality services at just, reasonable, and affordable rates.
- Increase access to advanced telecommunications services throughout the nation.
- Advance the availability of such services to all consumers, including those with a low income and those who live in 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.
- Provide equitable and nondiscriminatory contributions from all providers of telecommunications services to the fund supporting universal service programs.

Contributors, beneficiaries, USAC, and the federal government share the task of ensuring that universal service money is handled properly from start to finish. Through program administration, auditing, and outreach, USAC works with and for contributors, service providers, and program beneficiaries to make sure that accurate payments go to the right people for the appropriate uses.

The FCC is reforming universal service policies to encourage further investment in and access to evolving broadband and voice services, promote expansion and adoption of broadband services, and improve efficiencies, and eliminate waste in the programs.

Where does the money come from?

Universal service is paid for by contributions from telecommunications carriers, including wireline and wireless companies, and interconnected Voice over Internet Protocol providers, including cable companies that provide voice service, based on an assessment of their interstate and international end-user revenues.

Telecommunications companies are required by law to make contributions to universal service paying in a percentage of their end-user interstate and international revenues. This percentage is called the contribution factor, and it changes each quarter, varying with demand for universal service support.

Consumers may notice a universal service line item on their telephone bills. This line item appears when a telecommunications carrier chooses to recover its universal service contributions directly from its customers through a charge on their telecommunications bills.

The FCC does not require telecommunications carriers to pass through their universal service contribution obligations to their customers, but if a carrier does choose to assess its customers a

universal service charge, the FCC has established certain rules regarding how the charge must be calculated (see 47 CFR Section 54.712 and FCC orders).

Using information received from universal service program participants, USAC estimates how much money will be needed in each quarter to provide universal service support. USAC then provides this information, called "demand filing," to the FCC each quarter in its [FCC Filings](#). The demand filing includes projections of support requirements for the universal service programs and the fund size and administrative cost projections.