



For Immediate Release

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Wireless Sector Inflates USF Growth

Wireline growth steady or decreased in recent years

Arlington, Va. (March 16, 2007) – The Federal Communications Commission (FCC) announced yesterday it is increasing the Universal Service Fund contribution rate from 9% to 11.7%. One reason for this significant increase is due to the growth in the number of wireless carriers receiving funds from the USF.

The FCC Chairman Kevin Martin himself has linked fund growth to the wireless industry. Martin told the Federal-State Joint Board on Universal Service that USF growth could be directly linked to universal service support provided to competitive eligible telecommunications carriers (CETCs), and not to incumbent local exchange carriers (ILECs) providing carrier of last resort services in high-cost areas.

“In 2006, wireless CETCs received close to \$1 billion in universal service support, and it is forecast that they will receive more than \$2 billion in support by 2009,” said Coalition Representative Lisa Zaina, Executive Director of the Independent Telephone & Telecommunications Alliance. “Meanwhile, growth in the ILEC sector has remained steady or has declined in recent years. The Commission can take a positive step forward in controlling the fund growth by eliminating the identical support rule and tightening the requirements for carriers to receive ETC status,” she added.
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The Coalition to Keep America Connected is dedicated to ensuring that all consumers have access to affordable telecommunications services and the latest technologies—no matter where they live. The effort is organized by four rural telecom associations, whose memberships include 700 small and midsize communications companies. Together these companies serve millions of consumers and 40% of the landmass across America. Visit us at www.keepamericaconnected.org.