



Office of the Ohio Consumers' Counsel

Your Residential Utility Consumer Advocate

CONSUMERS' FACT SHEET

Office of the Ohio Consumers' Counsel

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IMPROVING ACCESS TO TELECOMMUNICATIONS SERVICES

UNIVERSAL SERVICE FUND



What is the Universal Service Fund?

The Universal Service Fund (USF) was created in 1996 by Congress to make basic telephone service more affordable to low income consumers and available in rural or high-cost areas at rates that are comparable to rates in more populated urban areas. The Federal Communications Commission (FCC) finalized the rules establishing the USF in 1997.

The FCC developed two separate programs to administer funds collected through the USF. Among them are:

- ▶ **The Connect America Fund** (formerly the High-Cost Support program) allows eligible telecommunications carriers in areas of the country that are very costly to serve to recover some of their operating costs through the USF; and
- ▶ **The Low-Income** program, which among other things, funds discounts made available through the Lifeline Assistance Program.

Two additional programs fund the availability of broadband and other telecommunications services to schools libraries, and health care providers in rural areas.

UNIVERSAL SERVICE FUND

Improving access to telecommunications services

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The Office of the Ohio Consumers' Counsel (OCC), the residential utility consumer advocate, represents the interests of 4.5 million households in proceedings before state and federal regulators and in the courts.

The state agency also educates consumers about electric, natural gas, telephone and water issues.

For more information, please visit the OCC website at www.occ.ohio.gov.



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How does the USF affect my telephone bill?

The USF is paid through an assessment on the interstate and international revenues of telecommunications providers. It is administered by the Universal Service Administrative Company, a non-profit company with a Board of Directors appointed by the FCC.

Some companies include a “universal service fee” or “national access fee” on their residential customers’ bills to recover their contributions to the USF. Other companies have chosen not to add a separate charge for their contributions.

Financial assistance for low income consumers

Federal and state universal service programs provide financial assistance to low-income residential telephone subscribers and help ensure that low-income customers can afford telephone service. The OCC offers a separate fact sheet, [Telephone Lifeline Programs in Ohio](#), that details eligibility requirements for and benefits of Lifeline assistance programs offered by both wireline and wireless

companies. Lifeline-eligible customers are limited to only one Lifeline benefit per household and must choose to receive the Lifeline benefit either from a wireline service provider or a wireless provider.

For more information or to find out whether you are eligible for the Lifeline program, contact your service provider.

Updating the Universal Service Fund

In 2011, the FCC issued an order committing to overhaul the USF. In 2014, the FCC began shifting USF money from helping to support voice telephone services to providing support for universal broadband availability to residential customers. This is called Connect America Fund II, or CAF II, money. Companies accepting CAF II money agreed to provide broadband at designated speeds in mostly rural areas. So far, CAF II projects are expected to bring broadband to about 100,000 Ohio homes.

By 2018, it is expected that the USF will be completely replaced by the Connect America Fund.