



# NEWS

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC, 515 F.2d 385 (D.C. Circ 1974).

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FOR IMMEDIATE RELEASE:  
August 1, 2001

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## **CONSUMER/DISABILITY ADVISORY COMMITTEE TO HOLD SECOND MEETING ON AUGUST 6 *FCC Chief of Staff to Address FCC'S Commitment to Consumer Issues***

Washington, DC – Next Monday, August 6, the FCC's Consumer/Disability Telecommunications Advisory Committee (CDTAC) will hold its second meeting. Among the issues expected to be discussed will be recommendations on proposed changes to the Universal Service Fund. The all-day meeting will also include an address by Marsha McBride, the FCC's Chief of Staff, who will talk about the FCC's commitment to consumers.

The Universal Service Fund consists of money collected from telephone companies which is used: to provide telephone service discounts to consumers with qualifying low-incomes; to provide financial support to companies that provide telecommunications services in areas of America where the cost of providing service is high; to ensure that the nation's classrooms and libraries have Internet access; and to link rural health care providers to urban medical centers so that patients living in rural America will have access to the best medical services.

The Committee is composed of 40 distinguished representatives of business, academia, consumer groups and the public. It is chaired by consumer advocate Shirley Rooker, President of "Call For Action," the international network of radio and television stations that support consumer hotlines. A list of the Committee members is attached.

The FCC announced the establishment of the Committee on November 30, 2000, and it held its first meeting on March 26, 2001. Organized under the provisions of the Federal Advisory Committee Act, the CDTAC plays a large role in keeping the Commission apprised of the needs and concerns of consumers. It makes recommendations to the Commission regarding consumer and disability issues within the jurisdiction of the Commission and facilitates the participation of

consumers, including people with disabilities and underserved populations, in proceedings before the Commission.

The Committee is divided into three subcommittee working groups: Consumer Protection and Education; Access by People with Disabilities; and Availability and Affordability of Telecommunications Products and Services.

The meeting will be held at FCC Headquarters, 445 12<sup>th</sup> St., SW, in the Commission Meeting Room, and is open to the public. It will begin at 9:00 AM and conclude at 5:00 PM. The agenda is attached.

The meeting will be broadcast on the Internet in Real Audio/Real Video format with captioning at [www.fcc.gov/cib/cdtac](http://www.fcc.gov/cib/cdtac). The meeting will be sign language interpreted and realtime transcription will also be available. Meeting agendas and handout material will also be provided in accessible formats. The meeting site is fully accessible to people with disabilities.

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## **The Universal Service Fund and the issues under discussion by the CDTAC**

The Universal Service Fund (USF) is the means by which the FCC ensures that affordable telecommunications service is available to all Americans. The FCC has rules which govern the Universal Service Fund. Under these rules, telephone companies must contribute money to the fund. The amount they contribute generally is based on a percentage of their interstate and international revenues (at the end of the year 2000, the percentage was 5.7%; it is now approximately 6.9%). Telephone companies are allowed to collect this money back (i.e., recover this money) from their customers. Companies are free to decide for themselves whether, how, and how much to recover from their customers. Most companies recover their USF costs by adding a charge, called a line item, on their customer telephone bills. In the past, the majority of companies have charged their customers anywhere from 5.9% to 8.6 % of the customers' interstate and international phone charges; one company charges its customers 12%, well above the 6.9% USF contribution.

Money in the USF is then distributed to telephone companies that: 1) provide telecommunications services in high-cost or rural areas; 2) provide discounts on telecommunications services to low-income consumers; 3) provide discounts on telecommunications services, Internet access and internal connections to schools and libraries; and 4) provide discounts on telecommunications services to rural health care providers.

Under current FCC rules, certain local telephone companies cannot recover their USF contributions from low-income customers who receive discounts on their service. These customers are called Lifeline customers.

Current rules also allow wireless telephone companies to contribute to the USF fund in a manner that is different from the way in which wireline companies contribute.

The Commission's new rulemaking proceeding seeks comment on several proposals including:

- Whether to require companies to contribute based on a percentage of *collected* revenues, rather than their *billed* revenues.

- Whether to assess universal service contributions based on current or projected revenues.
- Whether the different treatment for wireless companies should continue.
- Should companies assess a flat fee or per account charge, instead of a percentage, on customer bills? Would a flat fee or per account charge have an unfair impact on consumers who only make a small number of interstate/international telephone calls? How could this be modified to lessen negative effects? Would a flat fee or per account charge for universal service make the customer's bill more understandable and enable consumers to more easily compare rates?
- When companies recover their contribution costs from their customers, should they have to use a line description on telephone bills that is the same for all individuals across the states? Would a uniform description of the USF charge on the customer's bill be more understandable?
- When companies recover their contribution costs from their customers, should they be limited to charging no more than what they contribute to the USF? Is it fair to limit the companies' recovery of their USF contribution to the actual amount paid?
- Should all companies be prohibited from recovering USF contributions from Lifeline customers?
- Should different classes of customers (such as residential customers, pre-subscribed accounts, or dial-around customers) be charged the same amount for universal service?

The full text of the Commission's proposals can be downloaded from the Commission's website at

[http://hraunfoss.fcc.gov:8835/edocs\\_public/attachmatch/FCC-01-145A1.doc](http://hraunfoss.fcc.gov:8835/edocs_public/attachmatch/FCC-01-145A1.doc)