

# United States Senate

WASHINGTON, DC 20510

February 17, 2011

**0226**

The Honorable Julius Genachowski, Chairman  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Dear Chairman Genachowski:

We write regarding your effort to modernize and rationalize the Universal Service Fund (USF), including your effort to bring affordable broadband to all Americans and shifting away from subsidizing traditional telephone service. As part of your review and reform, we urge the Federal Communications Commission (FCC) to examine and reduce the disparate burden that the USF places on certain states.

The FCC has outlined several key principles that would guide USF reform, including controlling the size of the fund and reforming how taxpayer money is distributed. We appreciate the Commission's focus on constraining growth in the size of the USF. However, our states and others face a large disparity between contributions and receipts that has existed for many years. As currently contemplated, the FCC's USF reform proposals do not adequately take this disparity into account and propose how to reduce it.

The disparity between USF support and contributions for our states is significant. For example, in 2009, New Jersey's consumers paid \$4.68 to the fund for every dollar they got back, for a net USF contribution in excess of \$195 million. Consumers in Massachusetts paid \$3.66 to the fund for every dollar they received, for a net contribution of more than \$123 million. Florida's consumers paid \$2.23 to the fund for every dollar they got back, for a net USF contribution of nearly \$274 million. Significant disparities in net USF contributions also exist in many other states. As you work to modernize the USF, we urge you to bring relief to consumers in those states, who have for too many years borne a disproportionate share of the cost of the fund without commensurate benefits.

Although we support the concept of universal service, and recognize the importance of universal access to broadband for all Americans, the USF desperately needs to be changed to address the numerous inequities and inefficiencies in its current administration. While there may be benefits to having as many Americans as possible connected to the network, this does not mean we should tolerate a system that is either unfair to our states or structurally distracted from its true mission.

We appreciate your consideration and look forward to hearing about the steps the FCC intends to take to address our concerns.

Sincerely,

  
FRANK R. LAUTENBERG

  
BILL NELSON

  
JOHN F. KERRY