



Universal Service Fees and Telephone Research

Background

The Universal Service Fund (USF) subsidizes a variety of programs for rural and low-income telecommunications, paid for by fees assessed on telecom companies, which the companies then pass through to telephone users. The USF “[Contribution Factor](#)”, which is the percentage of interstate end-user revenue that telecom companies must pay, changes quarterly depending on the needs of the programs, as determined by the Universal Service Administrative Company’s quarterly filings with the Federal Communications Commission (FCC). In the 2nd quarter of 2000, USAC set the USF fee at 5.7%, but it has since grown dramatically (and erratically). The prior high point of 17.9% in the first quarter of 2012 subsided a bit before overtaking that with **the proposed USF fee for first quarter 2016: 18.2%**.

Status

Congress and the FCC are considering broader reform of the Universal Service programs and their funding structure.

MRA’s Position on Funding the Universal Service Programs

- MRA opposes the imposition of the USF fees as a pass-through charge to telephone subscribers – the equivalent of a tax on telephone users. While the survey, opinion and marketing research profession (which serves as an ombudsman for the American public) conducts research across a wide variety of media and modes, the telephone remains an important tool.
- MRA’s membership generally supports the goals and ideals of the [Universal Service programs](#), but we support efforts to limit their growth, since an unfair proportion of the cost in the current funding arrangement falls directly on our membership.

MRA’s Position on the Frequency of Changes to the USF “Contribution Factor”

- MRA also advocates making the determination of the “Contribution Factor” an **annual change** instead of the current quarterly one, which will allow for telephone subscribers to better prepare for the costs on their phone bills.
- The quarterly changes can be quite drastic, and make it exceedingly difficult for telephone consumers to account for in their own annual budgeting.

The dramatic fluctuations in the USF fee may have minimal impact on an ordinary user’s phone bill. However, on the bill of a research company that does a considerable amount of interstate calling to conduct its surveys, those changes can be dramatic (and, in some cases, catastrophic) – and make it next to impossible to set budgets, and set a cost structure for research.

