

Tech Daily

The FCC will decide "very soon" on a proposal to cap the multi-billion-dollar universal service fund by limiting subsidies to new participants, mostly wireless carriers, Commissioner **Deborah Taylor Tate** said Monday. Multiple sources predicted that the agency will accept the recommendation with tweaks designed to soften its impact.

The proposal, made by a government advisory board that Tate runs, has drawn mixed reaction on Capitol Hill and is strongly opposed by the wireless association CTIA, whose members would bear the brunt of it. The board will make broader recommendations on overhauling the fund to the full FCC by Nov. 1.

"We must balance the goal of encouraging competitive entry with many other services," Tate, a Republican, said at an event sponsored by the Coalition to Keep America Connected, which supports a cap.

The fund reduces communications connection costs for qualifying rural and low-income citizens, schools, libraries and hospitals.

The Coalition to Keep America Connected includes four telecom industry associations that represent hundreds of small and mid-sized carriers, mostly in rural areas, that would gain if limits are placed on money to new entrants.

At the event, the coalition released a report concluding that without a cap, reductions in USF support to rural carriers could leave 7 million rural Americans without access to subsidized telecom service. The document was prepared by the Hudson Institute, a nonpartisan think tank.

Also on Monday, Rep. **Lee Terry**, R-Neb., urged passage of a bill he is cosponsoring, H.R. 2054, to overhaul the fund and expand the subsidies to cover high-speed Internet access.

But Terry acknowledged that the measure is not a priority of Massachusetts Democrat **Edward Markey**, chairman of the House Energy and Commerce Telecommunications and the Internet Subcommittee. Markey has promised only hearings on the subject. "There's very little likelihood of any major telecom bills moving out of our committee," Terry said.

To jumpstart debate, Terry's office is holding staff-level discussions with the offices of Senate Commerce Committee Chairman **Daniel Inouye**, D-Hawaii, and

ranking Republican

Ted Stevens

of Alaska, who are interested in drafting their own universal service bill.

Terry described a USF cap as a "necessary evil" because Congress is preoccupied with curbing spending, but he noted that he and Virginia Democrat **Rick Boucher**

, the bill's sponsor, would consider alternatives.

Without a cap, the bill won't move, he warned. The congressman, backed by other speakers, said the fund faces a financial crisis as new technologies emerge that do not pay into it and as subsidies to competitive wireless carriers offering redundant services skyrocket.

Harold Furchtgott-Roth, formerly a GOP regulator at the FCC, noted that USF support to rural providers has barely increased in 10 years. "It's a program that's in need of a lot of mending, both at the FCC and on Capitol Hill," said Furchtgott-Roth, a senior fellow at the Hudson Institute.

