

ITCI Industry Watch

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Long-term Reform for USF

The industry has been pushing for long term reform of the Universal Service Fund since the Supreme Court's decision in June of this year. USF which is managed by the FCC, provides roughly \$8-9 billion annually to support rural broadband networks, low-income households, schools, libraries, and healthcare facilities. In recent comments to a congressional USF working group, industry organizations including USTelecom and NTCA stressed that, despite significant federal investments such as the BEAD program to expand broadband infrastructure, the USF remains essential for maintaining and sustaining networks over the long term. NTCA and other rural broadband advocates argued that too much focus in past policy discussions has been placed on one-time construction grants, overshadowing the ongoing operational support rural providers need to keep networks viable. "Focusing solely on initial deployment neglects the larger issue of long-term sustainability." Several groups also highlighted the need to broaden the USF's contribution base, which is currently limited and increasingly strained by shifting telecommunications revenues. Expanding the pool of contributors may help stabilize the fund for the future.

At the same time, the National Lifeline Association urged lawmakers to strengthen support for low-income households by increasing the monthly Lifeline benefit from its current \$9.25 to \$30, citing the inadequacy of the existing support level and its role in the program's struggles. This would bring it in line with the now defunded Affordable Connectivity Program (ACP) which many Americans were able to utilize to afford in-home broadband service.

Taken together, the comments reflect a broad consensus within the industry: while the USF has been reaffirmed as constitutional, it requires meaningful reform to ensure it can continue bridging the digital divide through both sustainable operational support and stronger affordability programs.


Business Data Service


The FCC issued Docket 25-44 "Addressing Business Data Services Pricing Regulations" which deals with the rules governing legacy circuit-based Business Data Services (BDS) provided ILECs. These are services like TDM transport services, which use older circuit-based technology rather than modern packet-oriented systems. The docket involves a Report & Order (R&O) and a Further Notice of Proposed Rulemaking (FNPRM). The main points include eliminating certain ex ante regulation (tariffs, rate regulation) for those services in places where competition is sufficient, and reviewing how competitive market tests are applied. For decades, these services have been regulated to prevent carriers from charging excessive rates in areas with little competition. As the marketplace has evolved, the FCC has concluded that some of these protections may no longer be necessary, at least not everywhere. The new order would eliminate ex ante price regulation and tariffing obligations in markets where the FCC believes competition is robust enough to keep rates in check. At the same time, the FCC temporarily waived parts of its competitive market test rules, acknowledging that its methods of evaluating competition need to be modernized. The FCC plans to rely on data from its Broadband Data Collection in the next round of competitive market tests for 2026. In the meantime, regulators want to avoid forcing carriers to comply with outdated requirements that may not reflect actual marketplace conditions. For providers, this means a lighter regulatory burden and more flexibility in how legacy services are priced. The FCC is seeking input through the FNPRM: should the competitive market test itself be reformed or even eliminated. Stakeholder comments will play a critical role in shaping how the agency balances deregulation with continued consumer protection.


Notes in the News

- "We just came through a crisis over the past four years where we didn't know if the essential Universal Service Fund would survive. But through our hard work together, it did. And now that the debate is shifting to a new phase of challenges, it's the perfect time for the NTCA Board of Directors to start looking for that next leader to take you all over the next mountain!" — from Shirley Bloomfield's retirement announcement. Shirley announced retirement plans this week at the NTCA Fall Conference. She plans to retire in March 2026.
- The National Rural Electric Cooperative Association (NARUC) and NTCA were among the industry groups calling for raising the FCC fixed broadband benchmark from its current 100/20 Mbps benchmark. NTCA asks the FCC to take a future-focused, data-driven approach to broadband deployment policy. They stress the importance of higher benchmarks, streamlined permitting, precise rural definitions, and recognition that fixed and mobile broadband work together to support rural connectivity.

BEAD Tracker
As of September 12, 2025, 36 out of the 56 states and territories have submitted final proposals to NTIA in the BEAD Benefit of the Bargain Round.

 \$1.23 billion accounted for

 2,477,877 locations

 \$5,802 State average cost per location

It is likely NTIA may go back to states and ask for negotiation rounds to bring the costs down further

ITCI
Client Seminar



Nov. 19 - 20, 2025

Form Deadlines

September 25, 2025 - FCC
Regulatory Fees
September 30, 2025 - FCC 396C
October 14, 2025 - NANPA Fees
Due

ITCI Industry Events

September 30-October 1, 2025 -
WSTCA Fall Conference
October 1-2, 2025 - MTA Fall
Conference
October 6-7, 2025 - WSTA Fall
Conference
November 9-12, 2025 - NECA
Expo

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