American Civil Liberties Union Comments in Response to the Universal Service Fund Bipartisan Working Group Request for Comment

September 15, 2025

A. The Inability to Connect to Broadband and Other Communications Services Creates an Inequitable Society

The American Civil Liberties Union (ACLU) writes today about the Universal Service Fund because of its critical importance for systemic equality. Home broadband is necessary for everyone in the United States to access their full potential. It offers the tools needed to work, learn, access healthcare, and to connect with almost every facet of modern society. Likewise, mobile service is an essential safety net for Americans that enables them to connect on the go. They can use it to keep up with loved ones, schedule healthcare appointments, and call 911 during an emergency. Home broadband and mobile service are not always substitutes for one another. Without the ability to make calls and texts and access data while out of the house – just like without the ability to connect to broadband at home - individuals would be left behind.

Unfortunately, both services have been out of reach of a large percent of Americans for too long. 23.3 percent of Americans in rural areas, and 27.7 percent of Americans on tribal lands lack even the slowest broadband connections (25/3 mbps).[1] Likewise, 27% of African-American and Latinx households didn't subscribe to home internet in 2024.[2] Income is a key determinant in who is connected to broadband. A mere 57% of households making less than $30,000 a year have home broadband.[3] These same communities are also less likely to have mobile phone service. Just 36% of households with incomes below $25,000 a year have both a wireless data plan and a home broadband subscription (as compared to 75% of households with incomes above $50,000).[4] Moreover, about 40% of Lifeline recipients are African American or Latinx and nearly 37% reside in a rural area.[5]

While these numbers are disheartening, the Universal Service Fund (USF) has improved broadband connectivity, and without it, marginalized communities will stand an even smaller chance of breaking onto the right side of the digital divide. We write today in response to the USF Working Group Request for Comment, to urge you to reform and expand the USF. The USF can be a one-stop source for ongoing funding that can close the digital divide for good.

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[1] USDA, Broadband, available at https://www.usda.gov/sustainability/infrastructure/broadband.
[2] *Internet/Broadband Fact Sheet,* Pew Research Center (November 13, 2024) https://www.pewresearch.org/internet/fact-sheet/internet-broadband/
[3] *Internet/Broadband Fact Sheet,* Pew Research Center (November 13, 2024) https://www.pewresearch.org/internet/fact-sheet/internet-broadband/
[4] John B. Horrigan, *Reimagining Lifeline: Universal Service, Affordability and Connectivity*, Benton Institute for Broadband and Society (February 2022) at 4, https://www.benton.org/sites/default/files/reimaginginglifeline_final1_0.pdf.
[5] 2022 Annual Consumer Survey, National Lifeline Association, https://www.nalalifeline.org/wp-content/uploads/2023/01/NaLA-ConsumerSurvey-Graphs_Long-Form_12.19.22.pdf https://eqm2782zctq.exactdn.com/wp-content/uploads/2025/01/NaLA-Annual-Consumer-Survey-CORRECTED-1.31.25.pdf at 12-13.

B. USF Has Effectively Carried Out Section 254 of the Communications Act

Section 254 of the Communications Act enables the Federal Communications Commission (FCC) to create policies that preserve and advance universal service.[6] According to the law, these policies must ensure that quality telecommunications and information services are available at just and affordable rates, and that service is available to those regardless of where in the country they live.[7] Although this country still has a long way to go to achieve affordable, universal connectivity, we have made significant progress because of the USF.

The high-cost fund's work to build new networks in unserved areas has significantly reduced the percentage of adults who can't connect to broadband at home. In 2010, about 60% of adults had broadband at home.[8] In 2021, that number shot up to about 77% of adults in 2021.[9] Small rural broadband providers have also noted that they rely upon the high cost fund to support their broadband deployment projects. In a survey of small rural broadband providers, 71% said they would have had to cancel 2026 broadband deployment projects (representing almost 83% of these companies' planned broadband investments for the year) if the universal service fund didn't exist.[10]

There are also countless anecdotes about how the Lifeline program has been a literal lifeline for those in need. For example, one foster youth in San Jose was going to lose her own child if she couldn't attend a court mandated parenting class. Her Lifeline connection allowed her to participate remotely. Another foster youth in college went from failing their class to getting a B, by using their Lifeline connection to Zoom into their class and do schoolwork.[11] The program has also helped countless people get back on their feet, by enabling them to access critical government resources.[12]

And it's not just households that are more connected. When the E-Rate program began offering discounts to help schools and libraries obtain affordable telecommunications and broadband access, less than a quarter of public libraries offered free public internet access. Now

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[6] 47 USC Sec 254(b)
[7] Id.
[8] *Part 1: Internet adoption and trends,* Pew Research Center (February 3, 2010), https://www.pewresearch.org/internet/2010/02/03/part-1-internet-adoption-and-trends/.
[9] *Internet/Broadband Fact Sheet*, Pew Research Center (April 7, 2021) https://www.pewresearch.org/internet/fact-sheet/internet-broadband/.
[10] NTCA–The Rural Broadband Association, *NTCA Survey Highlights Significant Risks of Skyrocketing Consumer Bills, Plummeting Broadband Investment & Loans in Peril if USF Support were Eliminated*, NTCA–The Rural Broadband Association (September 2024), https://www.ntca.org/newsroom/press-releases/2024/4/ntca-survey-highlights-significant-risks-skyrocketing-consumer-bills.
[11] Jenna Leventoff, Twitter, September 15, 2020 https://twitter.com/LeventoffJ/status/1305906974681427970.
[12] *NaLA ACP & Lifeline Customer Testimonials*, National Lifeline Association, https://www.nalalifeline.org/testimonials/

98.9 percent do.[13] According to a recent survey of E-rate applicants, 87% said their school has fast internet directly because of E-Rate.[14]

The rural healthcare program has also made it easier for individuals in rural communities to access quality healthcare. Rural communities often lack the number of specialists and the resources needed to handle complex medical cases. Telehealth allows rural residents to access many of these services virtually, improving patient outcomes and reducing burden. According to Congressional testimony, the UVA health system has connected 153 sites across the state of Virginia to telemedicine, due in part to rural healthcare funds.[15] Increased telemedicine has saved Virginians not only 17 million miles of driving, but it has also saved lives.[16] Telehealth has reduced hospital readmissions by more than 40%.[17]

Of course – our nation has not yet achieved universal service. Because high-cost fund grants have been used to build relatively slow networks, the percent of the country served with "broadband" will significantly decrease should the FCC (rightly) increase the broadband threshold speed. And, Lifeline's $9.25 subsidy hasn't even come close to keeping up with the cost of broadband service, which now hovers between $50-90 per month.[18] The resulting limits to minutes and data often leave individuals unable to fulfil their needs. For example, one Lifeline recipient noted that they "had to completely cut out any virtual classes online training, or appointments" because of the limit, while another is "unable to complete telehealth appointments and schedule rides for medical transport" after their data runs out in the first week of the month.[19] But, it's impossible to argue that the USF hasn't significantly improved connectivity. With tweaks to the contributions methodology, and to the programs within the fund, the USF can continue to be a key driver of universal connectivity.

C. The Commission Must Add Broadband Adoption Programs to USF to Promote Broadband Adoption

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[13] John Bertot and Kara Palmer, *U.S. Public Libraries Provide Access to Computers, the Internet, and Technology Training*, Bill and Melinda Gates Foundation, (https://www.gatesfoundation.org/ideas/media-center/pressreleases/2005/06/support-needed-for-librarytechnology#:~:text=New%20data%20shows%20that%2098.9,one%20in%20four%20libraries%20did

[14] Giovanni Albanese, Report: E-Rate a Sucess but Needs Cybersecurity Investment, Government Technology (November 11, 2022), https://www.govtech.com/education/k-12/report-e-rate-a-success-but-needscybersecurity-investment.

[15] Testimony of Karen S. Rheuban, Senate Hearing 115-280, The Universal Service Fund and Rural Broadband Investment (June 20, 2017), available at https://www.govinfo.gov/content/pkg/CHRG-115shrg30768/html/CHRG-115shrg30768.htm.

[16] *Id.*

[17] *Id.*

[18] Jonathan Schwantes, Broadband Pricing: What Consumer Reports Learned from 22,000 Internet Bills (November 17, 2022), https://advocacy.consumerreports.org/wp-content/uploads/2022/11/FINAL.reportbroadband.november-17-2022-2.pdf.

[19] 2024 Annual Consumer Survey, National Lifeline Association, https://eqm2782zctq.exactdn.com/wp-content/uploads/2025/01/NaLA-Annual-Consumer-Survey-CORRECTED-1.31.25.pdf at 9

Policies to promote broadband deployment alone are insufficient to achieve universal service. Congress has recognized, on a bi-partisan basis, that affordability, access to a device, and digital literacy skills are all necessary components of adoption. However, Congress cannot promote these goals on its own. With reform, the USF can provide sustainable and reliable support for adoption initiatives, including home broadband and mobile subsidies for households in need, vouchers to offset the high cost of computers, and grants to help communities teach critical digital literacy skills.

As the Supreme Court noted in *FCC vs. Consumer Research*, the FCC is well within its authority to subsidize new services meeting the goals of Section 254. According to the Court, given technological change "if universal service did not evolve… the program would have long since become obsolete."[20] Thus, in order for the program to survive, it *must* evolve. And this was, in fact, Congress's intent. The court noted that "the Act's embrace of evolution – the permission it gives the FCC to subside different services now than 30 years ago – ensures that the universal-service program will be of enduring utility."[21]

Creating new programs within USF to promote universal connectivity would allow millions of Americans to access education, employment, healthcare and social interaction. Moreover, universal connectivity would improve our nation's economy. Every 10 percent increase in broadband penetration raises annual per-capita growth by .9-1.5 percent.[22] Broadband access is also associated with a 1.8 percent increase in the employment rate, with even larger effects in rural and isolated areas.[23] Internet access also improves educational outcomes – ultimately improving lifetime economic outcomes. Students with fast home internet access have an overall GPA of 3.18, as compared wo an average GPA of 2.81 for students with no internet access, and a 2.75 GPA for students with only a cell phone.[24] Those with higher grades are more likely to go onto postsecondary school, raising their median lifetime earnings by up to $900,000.[25] Ultimately, investing in broadband adoption through a reformed USF will improve the lives of individuals who currently can't connect, and improve our nation as a whole.

a. The FCC Should Create a New Broadband Subsidy Program within USF

Affordability is key to universal adoption of telecommunications and information services. However, the cost of broadband far exceeds what many low-income families can afford. In fact, one of the top reasons that households don't subscribe to the internet is because they can't afford to. And that's likely because broadband in the U.S is amongst the most expensive in the world.

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[20] *FCC v. Consumers' Research*, 606 U.S. ___, 28 (2025).
[21] Id.
[22] Nina Czernich, Oliver Falck, Tobias Kretschmer, and Ludger Woessmann, Broadband Infrastructure and Economic Growth, CESifo Working Paper Series No. 2861 (December 2009).
[23] Atasoy, H. (2013). The Effects of Broadband Internet Expansion on Labor Market Outcomes. ILR Review, 66(2), 315-345. https://doi.org/10.1177/001979391306600202 (Original work published 2013)
[24] Keith N. Hampton, Laleah Fernandez, Craig T. Robertson & Johannes M. Bauer, Broadband and Student Performance Gaps, James H. and Mary B. Quello Center, Michigan State University at 33, (Mar. 3, 2020), https://quello.msu.edu/wp-content/uploads/2020/03/Broadband_Gap_Quello_Report_MSU.pdf.
[25] Tamborini, Christopher R., ChangHwan Kim, and Arthur Sakamoto, "Education and Lifetime Earnings in the United States.", (November 2015), Social Security Office of Retirement Policy, https://www.ssa.gov/policy/docs/research-summaries/education-earnings.html

The average US household pays $84.37 a month, as compared to $46.83 in Europe and $64.29 in Asia.[26] Additionally, half of low-income households who do subscribe to broadband are "subscription vulnerable," meaning they would be subject to service interruption during financially difficult times.[27]

While it existed, the Affordable Connectivity Program helped more than 20 million households connect to the internet.[28] Unfortunately, since the program ran out of funds, the Brattle group has estimated that nearly 5 million households lost their broadband connections.[29] Millions more likely downgraded their connections. And others had to make difficult choices to stay connected. According to a survey by the National Lifeline Association, 40% of ACP households had to cut their spending on food to pay their monthly internet bills after the end of the program.[30]

Creating a broadband subsidy within the USF would ensure that price is not a barrier to broadband adoption. Because the average household has, and needs, both home and mobile internet, this new broadband subsidy could be used to fund home broadband, while a reformed Lifeline program could be used to fund wireless service. Keeping these programs separate will prevent families from having to pick one service or the other.

The ACLU will not weigh in on the exact amount of this subsidy, particularly because of the fast-evolving nature of broadband pricing, and the slow-moving nature of policymaking. However, we believe that the FCC should ensure that the subsidy amount is high enough that households can access high speed home internet without a co-pay. When determining the subsidy amount, the FCC should consider what activities households must be able to access to fully engage in modern life. Today, households regularly need to join video calls, stream content, and conduct other high-bandwidth activities – requiring speeds of at least 100mbps.[31] However, as technology continues to evolve, household internet speed requirements will also evolve. Because higher speeds often cost more, the Commission should bi-annually reevaluate both household internet needs, and typical internet prices, and adjust the benefit amount accordingly. As the Supreme Court noted in *FCC vs. Consumer Research*, Section 254 "embrace[es]… evolution,"

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[26] Becky Chao & Claire Park, Joshua Stager, The Cost of Connectivity 2020: Global Findings, New America Open Technology Institute (July 15, 2020), https://www.newamerica.org/oti/reports/cost-connectivity-2020/global-findings/.

[27] John B. Horrigan, Philadelphia's Digital Divide by the Numbers, City of Philadelphia (October 2021) at 20, https://www.phila.gov/media/20211019110414/Connecting-Philadelphia-2021- Household-Internet-Assessment-Survey.pdf

[28] Universal Service Administrative Company, ACP Enrollment and Claims Tracker, Universal Service Administrative Company, https://www.usac.org/about/affordable-connectivity-program/acp-enrollment-and-claims-tracker/

[29] Coleman Bazelon, Paroma Sanyal, and Yong Paek, Paying for Itself: How the Affordable Connectivity Program Delivers More Than It Costs, The Brattle Group (February 2025), https://www.brattle.com/wp-content/uploads/2025/02/Paying-for-Itself-How-the-Affordable-Connectivity-Program-Delivers-More-Than-It-Costs.pdf.

[30] National Lifeline Association, NaLA Releases Findings from Annual Consumer Survey, National Lifeline Association (2025), https://nalalifeline.org/blog/nala-releases-findings-from-annual-consumer-survey/

[31] Tyler Cooper, How Much Internet Speed Do You Need?, BroadbandNow, (April 17, 2025), https://broadbandnow.com/guides/how-much-internet-speed-do-i-need

and the program can only evolve if the benefit facilitates the ability of beneficiaries to connect to the same quality internet as other households across the country.[32]

As noted above, the FCC must also ensure that eligible households do not have to pay a co-pay for service (meaning the subsidy should cover the full amount of service). Not only does nearly every Lifeline recipient surveyed by the National Lifeline Association claims they cannot afford an additional monthly payment for broadband service, but about half also note that they don't have a bank account, making it logistically impossible for them to contribute to their broadband service regardless of their ability to afford it.[33] Accordingly, the only way the subsidy can effectively connect households in need is to ensure that the subsidy covers the full cost of a household's home internet.

The ACLU will also not weigh in on who, exactly, should be eligible for this new benefit except to say that in order to secure universal service, eligibility should be sufficiently broad so that all individuals in need can access the benefit. We will also note that it is important for verification of eligibility to be as easy as possible both to increase enrollment and to reduce the likelihood of waste, fraud, abuse, or mistakes. To do this, we suggest that this benefit use the already established National Verifier, and that the National Verifier increase its connections with relevant state databases, subject to compliance with the Privacy Act of 1974 and related laws. When the National Verifier is connected to the appropriate state databases, eligible individuals need only enter their identifying information and the assistance program that qualifies them to be eligible into the National Verifier website. However, when these connections do not exist, individuals must undergo manual verification by submitting documentation proving that they participate in a qualifying program (either online or through the mail). According to the Government Accountability Office, more than 2/3 of individuals who undergo manual verification do not complete their applications.[34] This is likely because of the difficulty of obtaining and submitting documentation when these individuals already lack an internet connection. Thus, the FCC should prioritize data sharing agreements with relevant state databases.

Ultimately, the most important component of this new program is that it is funded through the USF, and doesn't rely solely upon whims of Congress. By nature, Congressional funding is not predictable or sustainable. It is subject not just to the whims of the party in charge, but to Congress's ability to pass legislation altogether. Funding a home broadband subsidy through the USF would promote universal service by ensuring that the FCC knows not only that it will have funding, but will know how much funding it has, in advance.

b. The FCC Should Reform Lifeline to Serve as a Mobile Broadband Subsidy

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[32] FCC v. Consumers' Research, 606 U.S. ___, 28 (2025).
[33] 2024 Annual Consumer Survey at 11, National Lifeline Association, https://eqm2782zctq.exactdn.com/wp-content/uploads/2025/01/NaLA-Annual-Consumer-Survey-CORRECTED-1.31.25.pdf
[34] Andrew Von Ah, Telecommunications: FCC Has Implemented the Lifeline National Verifier but Should Improve Consumer Awareness and Experience, GAO-21-235, U.S. Gov't Accountability Office, (Jan. 28, 2021), https://www.gao.gov/assets/gao-21-235.pdf.

The new home broadband subsidy should work in conjunction with a reformed Lifeline program to ensure that all households can afford access to both home broadband and cell phone service. The Commission can do this by modifying the Lifeline program so that it better supports mobile voice, text and data plans.

Although access to broadband is important, those looking to thrive in modern society also need access to mobile voice, text and data. The FCC itself has noted that phone service is not outdated and "many consumers have demanded and will continue to demand voice communications."[35] And, as noted above, mobile service is critical for safety – as it enables individuals to call for help, schedule healthcare appointments, and find life-saving information while on the go. However, like broadband, mobile connections are often too expensive. The average cell phone bill is $141 a month.[36]

The vast majority of Lifeline subscribers already use their benefit for voice service (oftentimes bundled with broadband).[37] Modifying the program to subsidize only mobile service, while creating a new broadband subsidy program that would fund only home internet, will ensure that low-income and marginalized households have access to everything they need to stay connected. In order to make Lifeline an effective mobile subsidy, the Commission should significantly increase the subsidy amount to keep pace with the cost of a cell phone plan. The Commission should also remove the one per household limitation so that every member of a household can connect while outside of the house. In today's world where families are not together all day, it is no longer realistic or fair to expect multi-member households to share just one cell phone.

c. The Commission Must Create a Device Subsidy Within USF

Although the average household has 22 connected devices[38], 1 in 7 households don't have even a single computer.[39] Those who don't have a computer are disproportionately Black, Latinx, rural, or low-income. Black and Latinx households are two times less likely than white households to have a device.[40] Rural households are also less likely to have a device -- with

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[35] Third Report and Order, Further Report and Order, and Order on Reconsideration In the Matter of Lifeline and Link Up Reform and Modernization, Federal Communications Commission at paragraph 58 (April 27, 2016), https://docs.fcc.gov/public/attachments/FCC-16-38A1.pdf.
[36] Brett Holzhauer, *Cut your cell phone bill up to 50% with these 4 tips*, CNBC (June 15, 2023), https://www.cnbc.com/select/how-to-cut-your-cell-phone-billcosts/
[37] Report on the State of the Lifeline Marketplace, Wireline Competition Bureau of the Federal Communications Commission at 8 (June 2021), https://docs.fcc.gov/public/attachments/DOC-373779A1.pdf.
[38] Press release: Consumers benefit from virtual experiences, but need help managing screen time, security and tech overload, Deloitte (August 3, 2022), https://www2.deloitte.com/us/en/pages/about-deloitte/articles/pressreleases/connectivity-and-mobile-trends.html.
[39] Digitunity, The Issue, https://digitunity.org/the-issue/.
[40] David DiMolfetta, *Another Digital Divide: Americans Without Access to Devices*, S&P Global (June 15, 2022), https://www.spglobal.com/marketintelligence/en/news-insights/latest-newsheadlines/another-digital-divide-americans-without-access-to-devices-69125302.

nearly 30% of rural Americans saying they don't own a desktop or laptop computer.[41] In addition, more than 40% of low-income adults don't own a desktop or laptop.[42] And, many households don't have enough computers for everyone in the household to connect simultaneously. The inability to afford a computer is one of the key reasons that non-broadband users say they don't have broadband at home.[43] In fact, the FCC has already recognized that the "lack of access to affordable equipment, including computers… is a significant barrier to broadband adoption among low-income consumers."[44]

Absent a device, low income, rural, and marginalized consumers are beholden to public spaces, like libraries, to connect to the internet. But, what happens if a household needs to connect after library hours? Or what if the family, particularly a family in rural America, does not have a mode of transportation to reach a public computer? While many low-income households do have a cell phone, it's incredibly difficult to write papers, apply for jobs, or fill out forms, on a mobile device.

The Commission can increase broadband adoption by creating a device voucher program within the USF. This program should be modeled off of the Device Access for Every American Act, with some modifications. That legislation would provide low-income families with multiple vouchers that they can use to purchase a computer or tablet directly from a retailer or device refurbisher.[45] Vouchers can be used to pay for an eligible device, as well as taxes, shipping and warranties. Like with the Device Access for Every American Act, vouchers should be limited to computers, tablets and similar devices that are suitable for working and learning remotely. As written in the legislation, the Commission should set evolving minimum standards for devices and adjust the voucher amount to keep pace with the average price of a device, so that beneficiaries have the same opportunities as others for a quality connection.

Unlike in the Device Access for Every American Act, however, the voucher should be given to each eligible individual, instead of each eligible household. This will enable each member of a household to connect simultaneously – ensuring families don't have to choose between a child attending online classes or a parent completing a telehealth appointment. It will also promote parity with the average household who, as noted above, has an average of 22 devices per household.[46]

Additionally, it is critical that the device voucher program enable customers to secure a new device when their old one no longer works, or becomes too outdated, lest the device divide open

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[41] Emily A. Vogels, *Some digital divides persist between rural, urban and suburban America, Pew Research Center*, (August 19, 2021), https://www.pewresearch.org/short-reads/2021/08/19/some-digital-divides-persist-between-rural-urban-and-suburban-america/.

[42] *Id.*

[43] Michelle Cao and Rafi Goldberg, Switched Off: Why are one in five U.S. households not online?, National Telecommunications and Information Administration (2022), https://www.ntia.gov/blog/2022/switched-why-are-one-fiveus-households-not-online.

[44] Report and Order and Further Notice of Proposed Rulemaking in the Matter of Lifeline and Link Up Reform and Modernization, Federal Communications Commission at paragraph 349 (February 6, 2012), https://www.fcc.gov/document/fcc-reforms-modernizes-lifeline-program-lowincome-americans.

[45] See generally, Device Access for Every American Act, S. 2729, 117th Cong. (2021).

[46] *Id.*

up again. The average computer only works for 3-5 years.[47] Thus, the Commission should create mechanisms to offer eligible individuals' new vouchers every 3-5 years, or when the individual can prove that, through no fault of their own, their device has stopped working.

d. The FCC Should Create a Digital Literacy Grant Program Within USF

The lack of digital literacy skills are a tremendous barrier to closing the digital divide. A startling 1/3 of working adults lack digital skills.[48] Older Americans, those with limited English proficiency, and lower income households are more likely to lack digital skills.[49] Additionally, older people of color have lower levels of digital skills than their white counterparts.[50] According to a study by the Pew Research Center, just 4% of Americans can correctly answer all nine questions on a digital knowledge survey created by Pew.[51]

Through the Digital Equity Act Congress had invested nearly $3 billion in improving digital skills, and securing access to devices.[52] Unfortunately, the Trump administration repealed the program, leaving a significant number of Americans without the digital skills they need to get by in the modern world. As noted by Congress in the Digital Equity Act, "achieving digital equity for all people of the United States requires additional and sustained investment and research efforts."[53]

The Commission can take advantage of a reformed USF to create a permanent, and expanded program supporting digital equity initiatives, such as digital literacy training, AI literacy, and digital navigation. One option the Commission can consider is creating a Digital Equity Foundation, as proposed by Senator Lujan, within USF.[54] This foundation would be an independent body that can promote digital literacy, digital inclusion and digital equity by awarding grants to community organizations, leveraging private sector resources, and collecting data. Creating this program within the USF will allow the trusted community groups who have improved digital equity in their communities continue to do so. Each grant should be for multiple years, and have flexible usage, so that each community can decide for its self the best way to remedy its connectivity barriers.

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[47] Derek Walter, *How long do computers last? 10 signs you need a new one*, Business News Daily (February 21, 2023), https://www.businessnewsdaily.com/65-when-to-replace-the-companycomputers.html.
[48] Amanda Bergson-Shilcock, The new landscape of digital literacy, National Skills Coalition at 4 (May 2020), https://nationalskillscoalition.org/wpcontent/uploads/2020/12/05-20-2020-NSC-New-Landscape-of-DigitalLiteracy.pdf.
[49] Ian Hecker, Shayne Spaulding and Daniel Kuehn, Digital skills and older workers, supporting success in training and employment in a digital world, Urban Institute at 2 (September 2021), https://www.urban.org/sites/default/files/publication/104771/digital-skills-andolder-workers_0.pdf.
[50] *Id*
[51] Olivia Didoti and Emily A. Vogels, *What Americans Know About AI, Cybersecurity and Big Tech*, Pew Research Center (August 17, 2023), https://www.pewresearch.org/internet/2023/08/17/what-americans-know-aboutai-cybersecurity-and-big-tech/.
[52] Yvette Scorse, *NDIA Celebrates the Senate Passage of the Infrastructure Bill*, National Digital Inclusion Alliance (August 10, 2021), https://www.digitalinclusion.org/blog/2021/08/10/infrastructure-bill/.
[53] Digital Equity Act of 2021, H.R.1841 Sec 3 (3) (2021).
[54] Digital Equity Act Foundation Act, S. 4865 (2022).

The newest component of this program would be enabling grantees to offer AI literacy training. AI offers a wealth of benefits, but also raises a significant number of concerns – including the proliferation of deepfakes, security concerns, and inaccurate responses to queries. Approximately 78% of Americans worried about AI being used to impersonate people.[55] For example, in 2024, a Brooklyn couple received a call from their loved ones who were screaming that they were going to be harmed if the couple did not send five hundred dollars to an unknown Venmo account.[56] Following the couple's transaction to save their family's life, they discovered that the terrified voices of their loved ones were all A.I.-generated.[57] The AI digital literacy classes provided by the commission can help individuals better identify deepfakes, so that they are not duped. It can also help them navigate AI-generated search results to better understand when the results may not be accurate. These programs need not focus only on ways to protect themselves from the potential harms of AI -- they can also position individuals to make the best use of AI to improve their daily lives – including increasing their efficiency and fostering creativity.

D. The FCC Should Reform the USF Contributions Methodology

While the Universal Service Fund has helped connect millions of households, its current contributions mechanism is not sustainable. Although the demand for broadband has significantly increased, the FCC has not changed its contributions mechanism since the USF was adopted more than 25 years ago. Accordingly, the contribution fee has increased from about 7% to approximately 36%, and the fund is still not sufficiently robust to ensure universal adoption.[58]

While the Commission has full authority to reform its own contributions mechanism, so far, it has been unwilling to do so. Accordingly, we urge Congress to require the Commission to change its contributions mechanism. Reforming the contributions mechanism, instead of leaving USF to the vagaries of the appropriations process will enable the FCC to maintain a *specific and predictable* funding mechanism.

One viable option for contributions reform is to assess broadband internet access (BIAS) revenues. If the FCC were to expand the contribution base to include broadband internet access revenues, it could raise upwards of 280 billion dollars a year.[59] With such a significant increase in funding, the FCC could create vital new programs to ensure universal adoption (like a fixed broadband subsidy, device voucher subsidy, and digital literacy program) and still keep the contributions factor significantly lower than it is today. While assessments for BIAS may be

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[55] Colleen McClain, Brian Kennedy, Haley Nolan, *How the U.S. Public and AI Experts View Artificial Intelligence* at 27, Pew Research Center, (April 2025), https://www.pewresearch.org/wp-content/uploads/sites/20/2025/04/pi_2025.04.03_us-public-and-ai-experts_report.pdf

[56] Charles Bethea, *The Terrifying A.I. Scam That Uses Your Loved One's Voice*, The New Yorker, (March 7, 2024), https://www.newyorker.com/science/annals-of-artificial-intelligence/the-terrifying-ai-scam-that-uses-your-loved-ones-voice.

[57] *Id.*

[58] Proposed Third Quarter 2025 Universal Service Contribution Factor, Federal Communications Commission (June 11, 2025), https://docs.fcc.gov/public/attachments/DA-25-475A1.pdf

[59] Carol Mattey, USForward at 14, September 2021, available at https://www.matteyconsult.com/_files/ugd/179aad_d610eca6ebd54082829f245229ec8c0e.pdf.

passed onto consumers, we urge the Commission to exempt those who can least afford that fee – like households who receive USF support – from it. This exemption will ensure that the USF has robust enough support to create and maintain new programs, without jeopardizing broadband adoption for low income households who cannot afford to pay a single dollar more for the service.

E. Conclusion

The USF plays a critical part in reducing the digital divide. However, with modifications, the USF can do more than reduce the digital divide – it can end it. We urge Congress to require the FCC to reform the USF contributions methodology. Once they do, we urge the Commission to ensure that the USF can be used to promote the affordability of service and devices, and improve digital literacy skills.