Universal Service Fees and Telephone Research

Background
The Universal Service Fund (USF) serves a variety of useful 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 Administrator's quarterly filings with the Federal Communications Commission (FCC). In the 2nd quarter of 2000 the USF fee was 5.7%, but has since grown to 12.3% (proposed for the fourth quarter of 2009).

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 users – the equivalent of a tax on telephone users. While the survey and opinion 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 so much of 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 users 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.
  - For example, witness the erratic changes to the contribution factor in the last 2 years:
    - 9.7% in the first quarter of 2007; 11.7% in the second quarter of 2007;
    - 11.3% in the third quarter of 2007; 11% in the last quarter of 2007;
    - 10.2% in the first quarter of 2008; 11.3% in the second quarter of 2008;
    - 11.4% in the third and fourth quarters of 2008;
    - 9.5% in the first quarter of 2009; 11.3% in the second quarter of 2009;
    - 12.9% in the third quarter of 2009;
    - and a proposed 12.3% in the fourth quarter of 2009.
- The dramatic fluctuations in the USF fee may have minimal impact on an ordinary user’s phone bill. However, on the bill of a survey and opinion 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.