

110TH CONGRESS  
1ST SESSION

# S. 101

To update and reinvigorate universal service provided under the  
Communications Act of 1934.

---

IN THE SENATE OF THE UNITED STATES

JANUARY 4, 2007

Mr. STEVENS (for himself, Mr. LOTT, and Mrs. HUTCHISON) introduced the  
following bill; which was read twice and referred to the Committee on  
Commerce, Science, and Transportation

---

## A BILL

To update and reinvigorate universal service provided under  
the Communications Act of 1934.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Universal Service for Americans Act” or “USA Act”.

6       (b) TABLE OF CONTENTS.—The table of contents for  
7       this Act is as follows:

### TITLE I—CONTRIBUTIONS TO UNIVERSAL SERVICE

Sec. 101. Stabilization of universal service funding.  
Sec. 102. Modification of rural video service exemption.  
Sec. 103. Interconnection.

Sec. 104. Treatment of substitute services under section 254(g).

## TITLE II—DISTRIBUTIONS FROM UNIVERSAL SERVICE

Sec. 201. Encouraging broadband deployment.  
 Sec. 202. Establishment of broadband program.  
 Sec. 203. Competitive neutrality principle.  
 Sec. 204. Transition rules for modifications adversely affecting carriers.  
 Sec. 205. Eligibility guidelines.  
 Sec. 206. Primary line.  
 Sec. 207. Phantom traffic.  
 Sec. 208. Random audits.  
 Sec. 209. Integrity and accountability.  
 Sec. 210. Improving effectiveness of rural health care support mechanism.  
 Sec. 211. Communications services for libraries.  
 Sec. 212. USF support for insular areas.

# 1      **TITLE I—CONTRIBUTIONS TO** 2                      **UNIVERSAL SERVICE**

## 3      **SEC. 101. STABILIZATION OF UNIVERSAL SERVICE FUND-** 4                      **ING.**

5              (a) ENSURING AN EQUITABLE CONTRIBUTION BASE  
 6 FOR UNIVERSAL SERVICE.—

7              (1) IN GENERAL.—Section 254(d) of the Com-  
 8 munications Act of 1934 (47 U.S.C. 254(d)) is  
 9 amended to read as follows:

10            “(d) UNIVERSAL SERVICE SUPPORT CONTRIBU-  
 11 TIONS.—

12            “(1) CONTRIBUTION MECHANISM.—

13            “(A) IN GENERAL.—Each communications  
 14 service provider shall contribute as provided in  
 15 this subsection to support universal service.

16            “(B) REQUIREMENTS.—The Commission  
 17 shall ensure that the contributions required by  
 18 this subsection are—

1 “(i) applied in a manner that is as  
 2 competitively and technologically neutral as  
 3 possible;

4 “(ii) specific, predictable, and suffi-  
 5 cient to sustain the funding of networks  
 6 used to preserve and advance universal  
 7 service; and

8 “(iii) applied in such a manner that  
 9 no methodology results in a communica-  
 10 tions services provider being required to  
 11 contribute more than once to support Fed-  
 12 eral universal service for the same trans-  
 13 action, activity, or service.

14 “(C) ADJUSTMENTS.—The Commission  
 15 shall adjust the contribution for communication  
 16 service providers for their low-call volume, non-  
 17 business customers.

18 “(2) EXEMPTIONS.—The Commission may ex-  
 19 empt a communications service provider or any class  
 20 of communications service providers from the re-  
 21 quirements of this subsection in the following cir-  
 22 cumstances:

23 “(A) The services of such a provider are  
 24 limited to such an extent that the level of its  
 25 contributions would be de minimis.

1           “(B) The communications service is pro-  
 2           vided pursuant to the Commission’s Lifeline As-  
 3           sistance Program.

4           “(C) The communications service is pro-  
 5           vided only to in-vehicle emergency communica-  
 6           tions customers.

7           “(D) The communications service is pro-  
 8           vided by a not-for-profit communications service  
 9           provider that is neither an affiliate of a for-  
 10          profit organization nor has a for-profit affiliate  
 11          and which provides voice mailboxes to low in-  
 12          come consumers and the homeless.

13          “(3) CONTRIBUTION ASSESSMENT FLEXI-  
 14          BILITY.—

15               “(A) METHODOLOGY.—To achieve the  
 16               principles in this section, the Commission may  
 17               base universal service contributions upon—

18                       “(i) revenue from communications  
 19                       service;

20                       “(ii) in-use working phone numbers or  
 21                       any other identifier protocol or connection  
 22                       to the networks; or

23                       “(iii) network capacity.

24               “(B) USE OF MORE THAN 1 METHOD-  
 25               OLOGY.—If no single methodology employed

1 under subparagraph (A) achieves the principles  
2 described in this subsection, the Commission  
3 may employ a combination of any such meth-  
4 odologies.

5 “(C) REMOVAL OF INTERSTATE/INTRA-  
6 STATE DISTINCTION.—Notwithstanding section  
7 2(b) of this Act, the Commission may assess  
8 the interstate, intrastate, and international por-  
9 tions of communications service for the purpose  
10 of universal service contributions.

11 “(D) GROUP PLAN DISCOUNT.—If the  
12 Commission utilizes a methodology under sub-  
13 paragraph (A) based in whole or in part on in-  
14 use working phone numbers, it may provide a  
15 discount for additional numbers provided under  
16 a group or family pricing plan for residential  
17 customers provided in 1 bill.

18 “(4) NON-DISCRIMINATORY ELIGIBILITY RE-  
19 QUIREMENT.—A communications service provider is  
20 not exempted from the requirements of this sub-  
21 section solely on the basis that such provider is not  
22 eligible to receive support under this section.

23 “(5) BILLING.—

24 “(A) IN GENERAL.—A communications  
25 service provider that contributes to universal

1 service under this section may place on any cus-  
 2 tomer bill a separate line item charge that does  
 3 not exceed the amount for the customer that  
 4 the provider is required to contribute under this  
 5 subsection that shall be identified as the ‘Fed-  
 6 eral Universal Service Fee’.

7 “(B) LIMITATION.—A communications  
 8 service provider may not separately bill cus-  
 9 tomers for administrative costs associated with  
 10 its collection and remission of universal service  
 11 fees under this subsection.

12 “(6) DEFINITIONS.—In this subsection:

13 “(A) BROADBAND SERVICE.—The term  
 14 ‘broadband service’ means any service (whether  
 15 part of a bundle of services or offered sepa-  
 16 rately) used for transmission of information of  
 17 a user’s choosing with a transmission speed of  
 18 at least 200 kilobits per second in at least 1 di-  
 19 rection, regardless of the transmission medium  
 20 or technology employed, that connects to the  
 21 public Internet directly—

22 “(i) to the public; or

23 “(ii) to such classes of users as to be  
 24 effectively available directly to the public.

1           “(B) COMMUNICATIONS SERVICE.—The  
2           term ‘communications service’ means tele-  
3           communications service, broadband service, or  
4           IP-enabled voice service (whether part of a bun-  
5           dle of services or offered separately).

6           “(C) CONNECTION.—The term ‘connection’  
7           means the facilities that provide customers with  
8           access to a public or private network, regardless  
9           of whether the connection is circuit-switched,  
10          packet-switched, wireline or wireless, or leased  
11          line.

12          “(D) IN-VEHICLE EMERGENCY COMMU-  
13          NICATIONS.—The term ‘in-vehicle emergency  
14          communications’ means services and technology,  
15          including automatic crash notification, roadside  
16          assistance, SOS distress calls, remote  
17          diagnostics, navigation or location-based serv-  
18          ices, and other driver assistance services, which  
19          are integrated into passenger automobiles to fa-  
20          cilitate communications from the automobile to  
21          emergency response professionals.

22          “(E) IP-ENABLED VOICE SERVICE.—The  
23          term ‘IP-enabled voice service’ means the provi-  
24          sion of real-time 2-way voice communications  
25          offered to the public, or such classes of users as

1 to be effectively available to the public, trans-  
 2 mitted through customer premises equipment  
 3 using Internet protocol, or a successor protocol,  
 4 for a fee (whether part of a bundle of services  
 5 or offered separately) with 2-way interconnec-  
 6 tion capability such that the service can origi-  
 7 nate traffic to, and terminate traffic from, the  
 8 public switched telephone network.

9 “(F) WORKING PHONE NUMBERS.—The  
 10 term ‘working phone number’ means an as-  
 11 signed number (as defined in section 52.15 of  
 12 the Commission’s regulations (47 C.F.R.  
 13 52.15)) or an intermediate number (as defined  
 14 in that section).”.

15 (2) CONFORMING AMENDMENT.—Section  
 16 254(b)(4) of the Communications Act of 1934 (47  
 17 U.S.C. 254(b)(4)) is amended by striking “tele-  
 18 communications services” and inserting “commu-  
 19 nications services (as defined in subsection  
 20 (d)(6)(B))”.

21 (3) STATE AUTHORITY.—Section 254(f) of the  
 22 Communications Act of 1934 (47 U.S.C. 254(f)) is  
 23 amended to read as follows:

24 “(f) STATE AUTHORITY.—



1           “(1) IN GENERAL.—A State may adopt regula-  
 2           tions not inconsistent with the Commission’s rules to  
 3           preserve and advance universal service. In adopting  
 4           those rules, a State may require telecommunications  
 5           service providers and IP-enabled voice service (as de-  
 6           fined in subsection (d)(6)(E)) providers to con-  
 7           tribute to universal service on the basis of—

8                   “(A) revenue;

9                   “(B) in-use working phone numbers or any  
 10           other identifier protocol or connection to the  
 11           networks;

12                   “(C) network capacity; or

13                   “(D) any combination of such methodolo-  
 14           gies.

15           “(2) DISREGARD OF INTERSTATE COMPO-  
 16           NENT.—A State may require telecommunications  
 17           service providers and IP-enabled voice service pro-  
 18           viders to contribute under paragraph (1) regardless  
 19           of whether the service contains an interstate compo-  
 20           nent.

21           “(3) BUNDLING.—If a telecommunications serv-  
 22           ice or IP-enabled voice service is offered as part of  
 23           a bundle of services, the Commission shall determine  
 24           a fair allocation of revenue between the tele-  
 25           communications service or IP-enabled voice service

1 and other bundled services if the primary place of  
 2 use of such bundled services is within the State.

3 “(4) GUIDELINES.—Regulations adopted by a  
 4 State under this subsection shall result in a specific,  
 5 predictable, and sufficient mechanism to support  
 6 universal service and shall be competitively and tech-  
 7 nologically neutral, equitable, and nondiscrim-  
 8 inatory.”.

9 (b) PROPER ACCOUNTING OF UNIVERSAL SERVICE  
 10 CONTRIBUTIONS.—

11 (1) FROM ALL BUDGETS.—Notwithstanding any  
 12 other provision of law, the receipts and disburse-  
 13 ments of universal service under section 254 of the  
 14 Communications Act of 1934 (47 U.S.C. 254) shall  
 15 not be counted as new budget authority, outlays, re-  
 16 ceipts, or deficit or surplus for purposes of—

17 (A) the budget of the United States Gov-  
 18 ernment as submitted by the President;

19 (B) the Congressional budget;

20 (C) the Balanced Budget and Emergency  
 21 Deficit Control Act of 1985; or

22 (D) any other law requiring budget seques-  
 23 ters.

24 (2) ADDITIONAL EXEMPTIONS.—Section 1341,  
 25 subchapter II of chapter 15, and sections 3302,

1        3321, 3322, and 3325 of title 31, United States  
2        Code, shall not apply to—

3                (A) the collection and receipt of universal  
4                service contributions, including the interest  
5                earned on such contributions; or

6                (B) disbursements or other obligations au-  
7                thorized by the Federal Communications Com-  
8                mission under section 254 and 254A of the  
9                Communications Act of 1934 (47 U.S.C. 254  
10              and 254A).

11        (c) FINANCIAL MANAGEMENT.—The Federal Com-  
12        munications Commission and the Administrator of the  
13        Universal Service Fund—

14              (1) shall account for the financial transactions  
15              of the Fund in accordance with generally accepted  
16              accounting principles for Federal agencies;

17              (2) shall maintain the accounts of the Fund in  
18              accordance with the United States Government  
19              Standard General Ledger; and

20              (3) may invest unexpended balances only in  
21              Federal securities (as defined in section 113(b)(5) of  
22              Office of Management and Budget circular OMB A-  
23              11 or any revision of that circular).

24        (d) RULEMAKING.—Not later than 180 days after the  
25        date of enactment of this Act, the Federal Communica-

1 tions Commission shall issue a rule to implement section  
 2 254(d) of the Communications Act of 1934 (47 U.S.C.  
 3 254(d)) as amended by this section.

4 (e) CONGRESSIONAL REVIEW.—Any rule issued  
 5 under subsection (d) shall—

6 (1) be submitted to Congress, along with any  
 7 data and information relied upon to establish such  
 8 rule; and

9 (2) not take effect until the date that is 90  
 10 days after the date of such submission.

11 **SEC. 102. MODIFICATION OF RURAL VIDEO SERVICE EX-**  
 12 **EMPTION.**

13 (a) RURAL TELEPHONE COMPANIES.—Section  
 14 251(f)(1) of the Communications Act of 1934 (47 U.S.C.  
 15 251(f)(1)) is amended—

16 (1) by striking “Subsection” in subparagraph  
 17 (A) and inserting “Except as provided in subpara-  
 18 graph (B), subsection”;

19 (2) by striking “interconnection, services, or  
 20 network elements” in subparagraphs (A) and (B)  
 21 and inserting “services or network elements”;

22 (3) by striking “(under subparagraph (B))” in  
 23 subparagraph (A) and inserting “(under subpara-  
 24 graph (C))”;

1           (4) by redesignating subparagraphs (B) and  
2           (C) as subparagraphs (D) and (E);

3           (5) by inserting after subparagraph (A) the fol-  
4           lowing:

5                   “(B) CERTAIN CARRIERS.—Subsection (c)  
6                   (other than paragraphs (1) and (2) thereof) of  
7                   this section shall not apply to a rural telephone  
8                   company in Alaska with fewer than 10 access  
9                   lines per square mile installed in the aggregate  
10                  in its service area (as defined in section  
11                  214(e)(5)).

12                   “(C) INTERCONNECTION.—Notwithstand-  
13                   ing subparagraphs (A) and (D), paragraphs (1)  
14                   and (2) of subsection (c) of this section shall  
15                   not apply to a rural telephone company until  
16                   such company has received a bona fide request  
17                   for interconnection.”; and

18           (6) by striking subparagraph (E), as redesign-  
19           nated.

20           (b) OTHER RURAL CARRIERS.—Section 251(f)(2) of  
21           the Communications Act of 1934 (47 U.S.C. 251(f)(2))  
22           is amended by inserting “(other than paragraphs (1) and  
23           (2) of subsection (c))” after “subsection (b) or (c)” in the  
24           first sentence.

1 (c) EFFECTIVE DATE.—Notwithstanding any other  
2 provision of this Act, the amendments made by this sec-  
3 tion shall take effect on the date of enactment of this Act.

4 **SEC. 103. INTERCONNECTION.**

5 Title VII of the Communications Act of 1934 (47  
6 U.S.C. 601 et seq.) is amended by adding after section  
7 714 the following new section:

8 **“SEC. 715. RIGHTS AND OBLIGATIONS OF IP-ENABLED**  
9 **VOICE SERVICE PROVIDERS.**

10 “(a) IN GENERAL.—A facilities-based IP-enabled  
11 voice service provider shall have the same rights, duties,  
12 and obligations, including any obligation imposed under  
13 section 276, as a requesting telecommunications carrier  
14 under sections 251 and 252, if the provider elects to assert  
15 such rights. A telecommunications carrier may not refuse  
16 to transport or terminate IP-enabled voice traffic solely  
17 on the basis that it is IP-enabled. A provider originating,  
18 transmitting, or terminating IP-enabled voice traffic shall  
19 not be exempted from paying compensation for interstate  
20 traffic owed to another provider or carrier solely on the  
21 basis that such traffic is IP-enabled, and any obligations  
22 to pay compensation with respect to traffic that originates  
23 or terminates on the public switched telephone network  
24 shall be reciprocal, including any payment to an IP-en-

1 abled voice service provider that receives traffic from, or  
2 sends traffic to, the public switched telephone network.

3       “(b) DISABLED ACCESS.—An IP-enabled voice serv-  
4 ice provider or a manufacturer of IP-enabled voice service  
5 equipment shall have the same rights, duties, and obliga-  
6 tions as a telecommunications carrier or telecommuni-  
7 cations equipment manufacturer, respectively, under sec-  
8 tions 225, 255, and 710 of the Act. Within 1 year after  
9 the date of enactment of the Universal Service for Ameri-  
10 cans Act, the Commission, in consultation with the Archi-  
11 tectural and Transportation Barriers Compliance Board,  
12 shall prescribe such regulations as are necessary to imple-  
13 ment this section. In prescribing the regulations, the Com-  
14 mission shall take into account the differences between IP-  
15 enabled voice service and circuit-switched communications,  
16 and the functionalities required by the disabled commu-  
17 nity. Every 2 years after the date of enactment of the Uni-  
18 versal Service for Americans Act, the Commission shall  
19 submit a report to the Committee on Commerce, Science,  
20 and Transportation of the Senate and the Committee on  
21 Energy and Commerce of the House of Representatives  
22 that assesses the level of compliance with this section and  
23 evaluates the extent to which any accessibility barriers still  
24 exist with respect to new technologies and hearing aid  
25 compatibility.

1       “(c) IP-ENABLED EMERGENCY RESPONSE SYS-  
2   TEMS.—Prior to installation or activation of an IP-enabled  
3   voice service for a customer, an IP-enabled voice service  
4   provider shall provide clear and conspicuous notice to the  
5   customer that—

6           “(1) such customer should arrange with his or  
7       her emergency response system provider, if any, to  
8       test such system after installation;

9           “(2) such customer should notify his or her  
10      emergency response system provider as soon as the  
11      IP-enabled voice service is installed; and

12          “(3) a battery backup may be required for cus-  
13      tomer premises equipment installed in connection  
14      with the IP-enabled voice service in order for the  
15      signaling of such system to function in the event of  
16      a power outage.

17      “(d) NO EFFECT ON TAX LAWS.—Nothing in this  
18      section shall be construed to modify, impair, supersede,  
19      or authorize the modification, impairment, or supersession  
20      of, any State or local tax law.

21      “(e) DEFINITIONS.—In this section:

22          “(1) EMERGENCY RESPONSE SYSTEM.—The  
23      term ‘emergency response system’ means an alarm  
24      or security system, or personal security or medical  
25      monitoring system, that is connected to an emer-



1 agency response center by means of a telecommuni-  
 2 cations carrier or IP-enabled voice service provider.

3 “(2) EMERGENCY RESPONSE CENTER.—The  
 4 term ‘emergency response center’ means an entity  
 5 that monitors transmissions from an emergency re-  
 6 sponse system.

7 “(3) FACILITIES-BASED.—The term ‘facilities-  
 8 based’ includes an IP-enabled voice service provider  
 9 with control and operation within a local access  
 10 transport area of—

11 “(A) communications switching and rout-  
 12 ing equipment;

13 “(B) long-haul trunks; or

14 “(C) local transmission facilities.

15 “(4) IP-ENABLED VOICE SERVICE.—The term  
 16 ‘IP-enabled voice service’ means the provision of  
 17 real-time 2-way voice communications offered to the  
 18 public, or such classes of users as to be effectively  
 19 available to the public, transmitted through cus-  
 20 tomer premises equipment using Internet protocol,  
 21 or a successor protocol, for a fee (whether part of  
 22 a bundle of services or offered separately) with inter-  
 23 connection capability such that the service can origi-  
 24 nate traffic to, and terminate traffic from, the public  
 25 switched telephone network.”.

1 **SEC. 104. TREATMENT OF SUBSTITUTE SERVICES UNDER**  
 2 **SECTION 254(g).**

3 Section 254(g) of the Communications Act of 1934  
 4 (47 U.S.C. 254(g)) is amended by inserting after “State.”  
 5 the following: “This section shall also apply to any services  
 6 within the jurisdiction of the Commission that can be used  
 7 as effective substitutes for interexchange telecommuni-  
 8 cations services, including any such substitute classified  
 9 as an information service that uses telecommunications.”.

10 **TTITLE II—DISTRIBUTIONS**  
 11 **FROM UNIVERSAL SERVICE**

12 **SEC. 201. ENCOURAGING BROADBAND DEPLOYMENT.**

13 (a) IN GENERAL.—Beginning 2 years after the date  
 14 of enactment of this Act, and biennially thereafter, an eli-  
 15 gible communications carrier shall submit a report to the  
 16 Commission and to the State commission in each State  
 17 in which it provides communications service that sets forth  
 18 the following:

19 (1) The percentage of households to which it of-  
 20 fers broadband service in each of its service areas.

21 (2) The percentage of households that subscribe  
 22 to broadband service in each of its service areas.

23 (3) The service plans and speeds at which  
 24 broadband service is offered in each of its service  
 25 areas.

1           (4) The types of technologies used in offering  
2           broadband service in each of its service areas.

3           (5) Any planned upgrade or deployment of  
4           broadband service in the next 2 years in each of its  
5           service areas.

6           (b) INFORMATION TREATED AS CONFIDENTIAL.—  
7           The Commission and State commissions shall treat infor-  
8           mation received pursuant to subsection (a) as confidential  
9           and proprietary, and shall protect sensitive business infor-  
10          mation from disclosure in any reports made public.

11          (c) COMMISSION REPORT.—The Commission shall in-  
12          corporate the data from reports it receives under sub-  
13          section (a) into its advanced telecommunications capability  
14          reports under section 706 of the Telecommunications Act  
15          of 1996.

16       **SEC. 202. ESTABLISHMENT OF BROADBAND PROGRAM.**

17          Part I of title II of the Communications Act of 1934  
18          (47 U.S.C. 201 et seq.) is amended by inserting after sec-  
19          tion 254 the following:

20       **“SEC. 254A. BROADBAND FOR UNSERVED AREAS PROGRAM.**

21          “(a) PROGRAM ESTABLISHED.—

22               “(1) IN GENERAL.—The Commission shall es-  
23          tablish a new separate program to be known as the  
24          ‘Broadband for Unserved Areas Program’.

1           “(2) PURPOSE.—The purpose of the Program  
 2           is to provide financial assistance for the deployment  
 3           of broadband equipment and infrastructure nec-  
 4           essary for the deployment of broadband service (in-  
 5           cluding installation costs) to unserved areas  
 6           throughout the United States.

7           “(3) FUNDING.—The Program shall be funded  
 8           by amounts collected under section 254(d).

9           “(b) IMPLEMENTATION.—

10           “(1) IN GENERAL.—Within 180 days after the  
 11           date of enactment of the Universal Service for  
 12           Americans Act, the Commission shall issue rules es-  
 13           tablishing—

14           “(A) guidelines for determining which  
 15           areas may be considered to be unserved areas  
 16           for purposes of this section, which may be por-  
 17           tions of service areas or study areas;

18           “(B) criteria for determining which facili-  
 19           ties-based providers of broadband service and  
 20           which projects are eligible for support from the  
 21           Program;

22           “(C) procedural guidelines for awarding  
 23           assistance from the Program on a merit-based  
 24           and competitive basis;

1 “(D) guidelines for application procedures,  
2 accounting and reporting requirements, and  
3 other appropriate fiscal controls for assistance  
4 made available from the Program, including  
5 random audits with respect to the receipt and  
6 use of funds under this section;

7 “(E) a procedure for making funds in the  
8 Program available among the several States on  
9 an equitable basis; and

10 “(F) the Universal Service Administrative  
11 Company as the administrator of the Program,  
12 subject to Commission rules and oversight.

13 “(2) FACILITIES-BASED PROVIDER ELIGI-  
14 BILITY.—For purposes of this section, satellite  
15 broadband service providers, terrestrial wireless  
16 broadband service providers, and wireline broadband  
17 service providers shall be considered to be facilities-  
18 based providers eligible for support from the Pro-  
19 gram. The deployment of satellite broadband service  
20 customer premises equipment shall be considered to  
21 be a project eligible for support from the Program.

22 “(3) DE MINIMIS SUBSCRIBERSHIP EXCEP-  
23 TION.—The availability of satellite broadband service  
24 in an area shall not preclude the designation of that  
25 area as an unserved area if the Commission deter-

1        mines that subscribership to broadband satellite  
2        service in the area is de minimis.

3            “(4) MULTIPLE AREAS WITHIN STATE.—There  
4        may be more than 1 unserved area within a State.  
5        “(c) LIMITATIONS.—

6            “(1) ANNUAL AMOUNT.—Amounts obligated or  
7        expended under subsection (b) for any fiscal year  
8        may not exceed \$500,000,000.

9            “(2) UNOBLIGATED BALANCES.—To the extent  
10       that the full amount in the program is not obligated  
11       for financial assistance under this section within a  
12       fiscal year, any unobligated balance shall be used to  
13       support universal service under section 254.

14           “(3) SUPPORT LIMITED TO SINGLE FACILITIES-  
15       BASED PROVIDER PER UNSERVED AREA.—Assistance  
16       under this section may be provided only to 1 facili-  
17       ties-based provider of broadband service in each  
18       unserved area.

19        “(d) APPLICATION WITH SECTION 410.—Section  
20       410 shall not apply to the Broadband for Unserved Areas  
21       Program.

22        “(e) BROADBAND SERVICE DEFINED.—

23            “(1) IN GENERAL.—In this section, except to  
24       the extent revised by the Commission under para-  
25       graph (2), the term ‘broadband service’ means any

1 service used for transmission of information of a  
 2 user's choosing at a transmission speed of at least  
 3 400 kilobits per second in at least 1 direction, re-  
 4 gardless of the transmission medium or technology  
 5 employed, that connects to the public Internet di-  
 6 rectly—

7 “(A) to the public; or

8 “(B) to such classes of users as to be ef-  
 9 fectively available directly to the public.

10 “(2) ANNUAL REVIEW OF TRANSMISSION  
 11 SPEED.—The Commission shall review the trans-  
 12 mission speed component of the definition in para-  
 13 graph (1) biannually and revise that component as  
 14 appropriate.

15 “(f) REPORT.—The Commission shall transmit an  
 16 annual report to the Senate Committee on Commerce,  
 17 Science, and Transportation and the House of Represent-  
 18 atives Committee on Energy and Commerce making rec-  
 19 ommendations for an increase or decrease, if necessary,  
 20 in the amounts credited to the program under this sec-  
 21 tion.”.

22 **SEC. 203. COMPETITIVE NEUTRALITY PRINCIPLE.**

23 Section 254(b) of the Communications Act of 1934  
 24 (47 U.S.C. 254(b)) is amended by redesignating para-

1 graph (7) as paragraph (8), and inserting after paragraph  
 2 (6) the following:

3 “(7) COMPETITIVE NEUTRALITY.—Universal  
 4 service support mechanisms and rules should be  
 5 competitively neutral. In this context, competitively  
 6 neutral means that universal service support mecha-  
 7 nisms and rules neither unfairly advantage nor dis-  
 8 advantage one provider over another, and neither  
 9 unfairly favor nor disfavor one technology over an-  
 10 other.”.

11 **SEC. 204. TRANSITION RULES FOR MODIFICATIONS AD-**  
 12 **VERSELY AFFECTING CARRIERS.**

13 If the Federal Communications Commission modifies  
 14 the high-cost distribution rules under section 254 of the  
 15 Communications Act of 1934 (47 U.S.C. 254), it shall  
 16 adopt transition mechanisms of not less than 5 years in  
 17 duration designed to alleviate any harmful affect of those  
 18 modifications on existing eligible communications carriers  
 19 and their customers.

20 **SEC. 205. ELIGIBILITY GUIDELINES.**

21 Section 214(e) of the Communications Act of 1934  
 22 (47 U.S.C. 214(e)) is amended by adding at the end the  
 23 following:

24 “(7) ELIGIBILITY GUIDELINES.—



1           “(A) IN GENERAL.—A common carrier  
2           may not be designated as a new eligible commu-  
3           nications carrier unless it—

4                   “(i) is committed to providing service  
5                   throughout its proposed designated service  
6                   area, using its own facilities or a combina-  
7                   tion of facilities and resale of another car-  
8                   rier’s facilities, to all customers making a  
9                   reasonable request for service;

10                   “(ii) has certified to the State com-  
11                   mission or the Commission that it will pro-  
12                   vide service on a timely basis to requesting  
13                   customers within its service area, if service  
14                   can be provided at reasonable cost;

15                   “(iii) has submitted a plan to the  
16                   State commission or the Commission that  
17                   describes with specificity proposed im-  
18                   provements or upgrades to its network that  
19                   will be accomplished with high-cost support  
20                   over the first 2 years following its designa-  
21                   tion as an eligible communications carrier;

22                   “(iv) has demonstrated to the State  
23                   commission or the Commission its ability  
24                   to remain functional in emergency situa-  
25                   tions, including a demonstration that it

1           has a reasonable amount of back-up power  
 2           to ensure functionality without an external  
 3           power source;

4           “(v) is committed to following applica-  
 5           ble consumer protection and service quality  
 6           standards; and

7           “(vi) has complied with annual report-  
 8           ing requirements established by the Com-  
 9           mission or by State Commissions for all  
 10          carriers receiving universal service support  
 11          to ensure that such support is used for the  
 12          provision, maintenance, and upgrading of  
 13          the facilities for which support is intended.

14          “(B) APPLICATION LIMITED TO POST  
 15          DATE-OF-ENACTMENT DESIGNATIONS.—Sub-  
 16          paragraph (A) applies only to an entity des-  
 17          ignated as an eligible communications carrier  
 18          after the date of enactment of the Universal  
 19          Service for Americans Act.

20          “(C) 6-MONTH DESIGNATION DEADLINE.—  
 21          Beginning 6 months after the date of enact-  
 22          ment of the Universal Service for Americans  
 23          Act, a State commission or the Commission  
 24          shall grant or deny an application for designa-  
 25          tion as an eligible communications carrier with-

1 in 6 months after the date on which it receives  
2 a complete application.

3 “(D) ELIGIBLE COMMUNICATIONS CAR-  
4 RIER.—In this paragraph, the term ‘eligible  
5 communications carrier’ means an entity des-  
6 ignated under paragraph (2), (3), or (6) of this  
7 subsection. Any reference to eligible tele-  
8 communications carrier in this section or in sec-  
9 tion 254 refers also to an eligible communica-  
10 tions carrier.”.

11 **SEC. 206. PRIMARY LINE.**

12 Section 214(e) of the Communications Act of 1934  
13 (47 U.S.C. 214(e)), as amended by section 205 of this  
14 title, is amended by adding at the end the following:

15 “(8) PRIMARY LINE.—In implementing the re-  
16 quirements of this Act with respect to the distribu-  
17 tion and use of Federal universal service support,  
18 the Commission shall not limit such distribution and  
19 use to a single connection or primary line, and all  
20 residential and business lines served by an eligible  
21 communications carrier shall be eligible for Federal  
22 universal service support.”.

23 **SEC. 207. PHANTOM TRAFFIC.**

24 (a) IN GENERAL.—Section 254 (47 U.S.C. 254) is  
25 amended by adding at the end the following:

1       “(m) NETWORK TRAFFIC IDENTIFICATION AC-  
2 COUNTABILITY STANDARDS.—

3               “(1) NETWORK TRAFFIC IDENTIFICATION AC-  
4 COUNTABILITY STANDARDS.—A provider of voice  
5 communications services shall ensure, to the degree  
6 technically possible, that all traffic that originates on  
7 its network contains, or, in the case of nonoriginated  
8 traffic, preserves, sufficient information to allow for  
9 traffic identification by other voice communications  
10 service providers that transport or terminate such  
11 traffic, including information on the identity of the  
12 originating provider, the class of service of the origi-  
13 nating line as required under Commission orders in  
14 effect on the date of enactment of the Universal  
15 Service for Americans Act, the calling and called  
16 parties, and such other information as the Commis-  
17 sion deems appropriate. Except as otherwise per-  
18 mitted by the Commission, a provider that trans-  
19 ports traffic between communications service pro-  
20 viders shall signal-forward without altering call sig-  
21 naling information it receives from another provider.

22               “(2) NETWORK TRAFFIC IDENTIFICATION  
23 RULEMAKING.—The Commission, in consultation  
24 with the State commissions, shall initiate a single  
25 rulemaking no later than 180 days after the date of

1 enactment of the Universal Service for Americans  
2 Act to establish rules and enforcement provisions for  
3 traffic identification.

4 “(3) NETWORK TRAFFIC IDENTIFICATION EN-  
5 FORCEMENT.—The Commission shall adopt and en-  
6 force clear penalties, fines, and sanctions under this  
7 section.

8 “(4) VOICE COMMUNICATIONS SERVICE DE-  
9 FINED.—In this subsection, the term ‘voice commu-  
10 nications service’ means telecommunications service  
11 or IP-enabled voice service (as defined in section  
12 254(d)(6)(E)).”.

13 (b) CONFORMING AMENDMENT.—Section 276(d) of  
14 the Communications Act of 1934 (47 U.S.C. 276(d)) is  
15 amended—

16 (1) by striking “DEFINITION.—” and inserting  
17 “DEFINITIONS.—”; and

18 (2) by striking “services.” and inserting “serv-  
19 ices, and the term ‘call’ includes any communication  
20 coming within the definition of ‘communications  
21 service’ (as defined in section 254(d)) when it origi-  
22 nated from a payphone.”.

1 **SEC. 208. RANDOM AUDITS.**

2 Section 254 (47 U.S.C. 254), as amended by section  
3 207 of this Act, is amended by adding at the end the fol-  
4 lowing:

5 “(n) AUDITS.—The Commission shall provide for  
6 random periodic audits, to be administered by the Uni-  
7 versal Service Administrative Company, of each recipient  
8 of funds collected pursuant to subsection (d) with respect  
9 to its receipt and use of such support. With respect to  
10 an eligible communications carrier, the audit shall include  
11 a review of its relative cost to provide service compared  
12 to other, similarly situated, universal service recipients  
13 based on their respective service areas (as defined in sec-  
14 tion 214(e)(5)). The Commission shall take such remedial  
15 action as it deems necessary if any audit under this sub-  
16 section reveals improper use of universal service support,  
17 including the imposition of fines or other appropriate rem-  
18 edies.”.

19 **SEC. 209. INTEGRITY AND ACCOUNTABILITY.**

20 (a) IN GENERAL.—The Federal Communications  
21 Commission, in consultation with the Administrator of the  
22 Universal Service Administrative Company, shall—

23 (1) ensure the integrity and accountability of all  
24 programs established under sections 254 and 254A  
25 of the Communications Act of 1934 (47 U.S.C. 254  
26 and 254A); and

1           (2) not later than 180 days after the date of  
2 enactment of this Act, establish rules—

3           (A) identifying appropriate fiscal controls  
4 and accountability standards that shall be ap-  
5 plied to programs under sections 254 and  
6 254A;

7           (B) establishing a memorandum of under-  
8 standing, or contractual relationships, as the  
9 Commission determines appropriate, defining  
10 the administrative structure and processes by  
11 which the Universal Service Administrative  
12 Company administers programs under sections  
13 254 and 254A;

14          (C) creating performance goals and meas-  
15 ures for programs under sections 254 and  
16 254A, that shall be used by the Commission to  
17 determine—

18           (i) how efficiently and cost-effectively  
19 the Universal Service Administrative Com-  
20 pany spends funds pursuant to its oper-  
21 ation of all universal service programs; and

22           (ii) areas for improving operations;

23          (D) creating performance goals and meas-  
24 urements for the Schools and Libraries Pro-  
25 gram under section 254(h) that—

1 (i) determine the progress of schools  
 2 and libraries toward achieving advances in  
 3 connectivity goals; and

4 (ii) reflect the evolving level of ad-  
 5 vanced services; and

6 (E) establishing appropriate enforcement  
 7 actions, including the imposition of sanctions on  
 8 applicants and vendors who repeatedly and  
 9 knowingly violate program rules set forth in  
 10 section 254(h) or adopted by the Commission,  
 11 such as debarment from the program for indi-  
 12 viduals convicted of crimes or held civilly liable  
 13 for actions taken in connection with the Schools  
 14 and Libraries Program.

15 (b) PERMANENT BAN OF VENDORS CONVICTED OF  
 16 CRIMINAL FRAUD.—A vendor that has been convicted of  
 17 a criminal fraud violation in connection with the provision  
 18 of goods or services under section 254(h) of the Commu-  
 19 nications Act of 1934 (47 U.S.C. 254(h)) is not eligible  
 20 to provide goods or services to any school, library, or other  
 21 entity under the program authorized by that section.

22 **SEC. 210. IMPROVING EFFECTIVENESS OF RURAL HEALTH**  
 23 **CARE SUPPORT MECHANISM.**

24 (a) IN GENERAL.—Section 254(h) of the Commu-  
 25 nications Act of 1934 (47 U.S.C. 254(h)) is amended—



1           (1) by resetting so much of paragraph (1)(A) as  
 2 follows “AREAS.—” as an indented paragraph 6 ems  
 3 from the left margin and inserting “(i) IN GEN-  
 4 ERAL.—” before “A telecommunications”;

5           (2) by inserting “deployment of reasonable in-  
 6 frastructure and” after “including” in the first sen-  
 7 tence of paragraph (1)(A)(i), as designated by para-  
 8 graph (1) of this subsection;

9           (3) by striking “service.” in paragraph  
 10 (1)(A)(i), as designated by paragraph (1) of this  
 11 subsection, and inserting “service, and to receive re-  
 12 imbursement promptly of any amount in excess of  
 13 such obligations to participate in universal service  
 14 mechanisms.”;

15           (4) by adding at the end of paragraph (1)(A)  
 16 the following:

17                   “(ii) LIMITATION.—The discount re-  
 18 quired under clause (i) shall be available  
 19 only to a public or nonprofit health care  
 20 provider located in a rural area.

21                   “(iii) DEFINITION.—For purposes of  
 22 this subparagraph, the term ‘rural area’  
 23 means—

24                           “(I) any incorporated or unincor-  
 25 porated area in the United States, or

1 in the territories or insular posses-  
2 sions of the United States that has  
3 not more than 20,000 inhabitants  
4 based on the most recent available  
5 population statistics published in the  
6 most recent decennial census issued  
7 by the Census Bureau;

8 “(II) any area located outside the  
9 boundaries of any incorporated or un-  
10 incorporated city, county, or borough  
11 that has more than 20,000 inhab-  
12 itants based on the most recent avail-  
13 able population statistics published in  
14 the most recent decennial census  
15 issued by the Census Bureau; or

16 “(III) any area that qualified as  
17 a rural area under the rules of the  
18 Commission in effect on December 1,  
19 2004.”;

20 (5) by striking “and” in paragraph (7)(B)(vi);

21 and

22 (6) by striking paragraph (7)(B)(vii) and in-  
23 serting the following:

24 “(vii) not-for-profit nursing homes or  
25 skilled nursing facilities;

1 “(viii) critical access hospitals;  
 2 “(ix) emergency medical services fa-  
 3 cilities;  
 4 “(x) hospice providers;  
 5 “(xi) rural dialysis facilities;  
 6 “(xii) tribal health clinics;  
 7 “(xiii) not-for-profit dental offices;  
 8 “(xiv) school health clinics;  
 9 “(xv) residential treatment facilities;  
 10 “(xvi) rural pharmacies;  
 11 “(xvii) consortia of health care pro-  
 12 viders consisting of 1 or more entities de-  
 13 scribed in clauses (i) through (xv); and  
 14 “(xviii) any other entity the Commis-  
 15 sion determines—  
 16 “(I) eligible to receive discounted  
 17 telecommunications service under  
 18 paragraph (1)(A); and  
 19 “(II) essential to the public  
 20 health.”.

21 (b) SCHOOLS, LIBRARIES, RURAL HEALTH CARE,  
 22 LIFE-LINE, LINK-UP, AND TOLL LIMITATION HOLD  
 23 HARMLESS.—Except as provided in subsections (h)(1)(A),  
 24 (h)(7)(B), and (h)(7)(J) of section 254 of the Communica-

1 tions Act of 1934 (47 U.S.C. 254), as amended by sub-  
2 section (a)—

3           (1) nothing in this Act (or the amendments  
4       made by this Act) shall be construed as limiting,  
5       changing, modifying, or altering the amount of sup-  
6       port or means of distribution for the schools, librar-  
7       ies, rural health care, life-line, link-up, and toll limi-  
8       tation programs; and

9           (2) the Federal Communications Commission  
10      shall ensure that such amendments do not result in  
11      a decrease of such support to a level below the level  
12      for the fiscal year preceding the fiscal year in which  
13      this Act is enacted.

14      (c) AMERICAN COMMUNITY SURVEY RESIDENTIAL  
15      INTERNET ACCESS QUESTION.—The Secretary of Com-  
16      merce, in consultation with the Federal Communications  
17      Commission, shall expand the American Community Sur-  
18      vey conducted by the Bureau of the Census to elicit infor-  
19      mation for residential households, including those located  
20      on Indian land (as defined in section 4(9) of the American  
21      Indian Agricultural Resource Management Act (25 U.S.C.  
22      3703(9))), as to what technology such households use to  
23      access the Internet from home.

1 **SEC. 211. COMMUNICATIONS SERVICES FOR LIBRARIES.**

2 Section 254(h)(4) of the Communications Act of  
3 1934 (47 U.S.C. 254(h)(4)) is amended to read as follows:

4 “(4) CERTAIN USERS NOT ELIGIBLE.—Notwith-  
5 standing any other provision of this subsection, the  
6 following entities are not entitled to preferential  
7 rates or treatment as required by this subsection:

8 “(A) An entity operated as a for-profit  
9 business.

10 “(B) A school described in paragraph  
11 (7)(A) with an endowment of more than  
12 \$50,000,000.

13 “(C) A library or library consortium not el-  
14 igible for assistance under the Library Services  
15 and Technology Act (20 U.S.C. 9101 et seq.)  
16 from a State library administrative agency.

17 “(D) A library or library consortium not  
18 eligible for assistance funded by a grant under  
19 section 261 of the Library Services and Tech-  
20 nology Act (20 U.S.C. 9161) from an Indian  
21 tribe or other organization.”.

22 **SEC. 212. USF SUPPORT FOR INSULAR AREAS.**

23 Within 180 days after the date of enactment of this  
24 Act, the Federal Communications Commission shall issue  
25 an order in FCC Docket 96–45 establishing a predictable  
26 and sufficient support mechanism for eligible carriers in

1 insular areas, including any insular area that is a State  
2 comprised entirely of islands, that includes assistance for  
3 high-cost communications transport services used by car-  
4 riers whose service territory includes multiple noncontig-  
5 uous service areas.

○