

USF Contribution Factor Continues its Rollercoaster Ride

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After two quarters of near-18 percent contribution factors, the Universal Service Fund's quarterly contribution factor is declining again. For the third quarter of 2012, the USF contribution factor [will decline to 15.7%](#). This two percent decline again demonstrates the [volatility](#) of the contribution factor. The change is due primarily to a \$300 million increase in reportable revenues and a significant decline in Lifeline expenditures (presumably due to the Lifeline Reform Order).

But, [as Commissioner Pai points out](#), a 15% USF contribution factor is hardly good news. The drumbeat is sounding for USF reform. We hope the current FNPRM will lead to a reduction in USF costs for carriers and their end users.