

## USF Roller Coaster, Part 2: Contribution Factor Predicted to Return to Nearly 15 Percent

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As we have covered in this blog (see [here](#) and [here](#)), the Universal Service Fund contribution factor has bounced between 12 and 15 percent for the past year or so. Yesterday, telecommunications consultant Billy Jack Gregg predicted that the USF factor is in for another significant increase -- to a near-record level of 14.7% for 1Q 2011. **This would be the fourth quarter out of the last five where the USF factor changed (plus or minus) by at least 1.2 percentage points from the previous factor.** This hardly seems to satisfy the "predictability" standard for the Fund.

Mr. Gregg, of Universal Consulting, has kindly allowed us to post his calculations [here](#). He notes:

Assuming that the contribution base is the same as for the fourth quarter of 2010, **the USF assessment factor for the first quarter 2011 will rise from 12.9% to 14.7%**, the second highest assessment factor in history. USF revenue projections are due out in a month.

Mr. Gregg attributes the increase primarily to projected USF demand of \$2.212 billion -- the highest amount in history -- based on increases in the High Cost Fund and the Schools and Libraries Fund.