United States Congress
Washington, D.C.

In the Matter of:	**)**	
Universal Service Fund (USF)	**)**	**REQUEST FOR COMMENTS**
Working Group	**)**	

John Staurulakis, LLC (JSI) Response

John Staurulakis, LLC (JSI) thanks the members of the bipartisan bicameral Universal Service Working Group for the opportunity to respond to its Request for Comments. Congressional action is needed to reinforce the principles and objectives of federal universal service. These actions are needed to ensure that all citizens of the nation have access to reliable, affordable voice and broadband services that are increasingly important for employment, education, health, civic and social activities in 2025 and beyond. JSI believes Congressional actions taken now have the promising potential to guarantee voice and broadband universal service to all. This is a goal worth working toward and JSI files these comments to help craft policies that will make this goal a reality.

JSI was founded in 1962 by John Staurulakis with a single purpose: to help independent communications providers succeed. What began as one advisor supporting rural telephone companies has grown into a national firm serving hundreds of providers in more than 40 states.

Over the decades, JSI has built its reputation on trust, expertise, quality, and value. Our growth has been fueled not only by expanding services but also by bringing in companies that shared our client-first mindset and deep commitment to community. These include:

- CSS – pioneers in CABS billing, audits, and access services
- NCOM – innovators in DHCP and DDoS protection for rural ISPs
- Mid-State – an employee-owned firm known for loyalty, resilience, and client care
- Mitchell Engineering – seasoned telecom design and consulting experts

- Inteserra – respected leaders in telecom tax, regulatory compliance, and advisory services
- CRAM Industries, LLC dba LogicomUSA – trusted consultants with a partnership-first approach

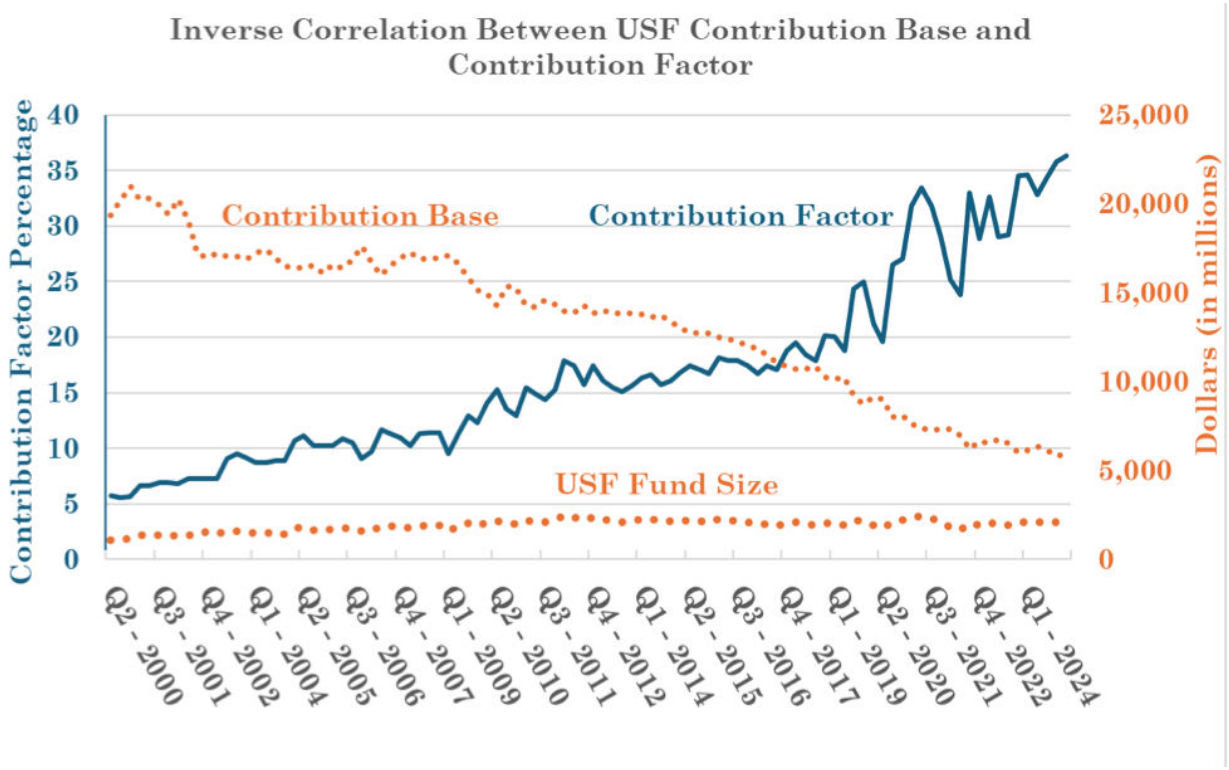
Together, these teams strengthened JSI's ability to help providers navigate change, embrace innovation, and build the networks that connect their communities.
Today, JSI remains driven by the same founding vision: to empower community-based providers, support their growth, and give them the tools to thrive in a rapidly changing industry.

JSI applauds Congress' past actions to develop universal service. The codification of federal universal service principles in the Telecommunications Act of 1996 confirmed that universal service is a national goal and worth the effort and cost to attain. While 1996 was a watershed year for an explicit universal service program, the goal of universal service has been around since the creation of the Federal Communications Commission (FCC) in 1934, and even earlier in the adoption of the Kingsbury Agreement with AT&T in 1913, where the nation established that interconnection of separate networks and the assurance that traffic would be passed between these networks unimpeded. Since then, the objective to have universal access throughout the nation for vital communications services has played a pivotal role in public policy. Today, Congress can extend its commitment for universal service access through tailored reforms intended to preserve and advance universal service for all.

Contribution Mechanism

JSI urges Congress to address as soon as possible reforms to the current contribution mechanism. The FCC established a mechanism based on interstate and international telecommunications revenues. While the distribution of federal universal service high-cost support funds has remained relatively stable since 2000, the contribution base has

declined significantly. In the Supreme Court review of the constitutionality of the current mechanism, which was upheld, the following figure was submitted in brief and illustrates the current dilemma.



Source: Reply Brief for Petitioners SHLB Coalition, et al. at 3, FCC v. Consumers' Research, Supreme Court, Nos. 24-354 & 24-422 (Mar. 13, 2025).

The proposed 4Q:2025 contribution factor is 39.3 percent. Expectations are that the telecommunications revenue base will continue to decline, and this will cause the contribution factor to continue to rise. At the same time, the fund distributions are relatively stable over time. This is clearly a contribution-base problem that Congress can solve.

There are various remedies for this current problem facing the contribution mechanism. All involve including in some manner the broadband users of universal service networks supported by federal universal service. As expressed by United States Court of Appeals, District of Columbia Circuit in *Rural Cellular Association v. FCC* (685 F.3d 1083 (D.C.

Cir. 2012)), there are tangible benefits to all involved in deploying networks capable of providing voice and broadband services:

"… as the Fifth Circuit has explained, all telecommunications carriers, not just telephone subscribers, benefit from the expansion of universal service. Tex. Office of Pub. Util. Counsel v. FCC, 183 F.3d 393, 427–28 (1999) (TOPUC). That case concerned universal service support for telephone service rather than broadband access, but the same logic applies here. As the Commission explains, because the [Competitive Eligible Telecommunications Carriers] , including petitioners, themselves provide Internet access over subscribers' telephone lines, they will benefit from the increased utility of the Internet that comes with a greater number of users having enhanced access to broadband. Through these so-called network effects, the carriers whose contributions fund the temporary reserve will benefit from the use to which that reserve will be put. See Mark A. Lemley & David McGowan, Legal Implications of Network Economic Effects, 86 CALIF. L.REV. 479, 551 (1998) (''The Internet, like the telephone network, exhibits a very strong form of network effect—the network is the product in a very real sense''); cf. William H. Page & John E. Lopatka, Network Externalities, in ENCYCLOPEDIA OF LAW AND ECONOMICS: THE HISTORY AND METHODOLOGY OF LAW AND ECONOMICS 952, 954 (Boudewijn Bouckaert & Gerrit De Geest eds., 2000) (''Producers of network goods may also receive increasing returns to scale in production'')."

JSI recommends Congress pass a law that directs the FCC to establish a contribution mechanism that receives funds from all carriers and providers that benefit from this ubiquitous universal service network of networks. Congress does not need to be concerned that this new method of collection is a "tax" because as the *Rural Cellular Association* court stated:

‘‘a statute that creates a particular governmental program and that raises revenue to support that program, as opposed to a statute that raises revenue to support the Government generally, is not a ‘Bil[l] for raising Revenue.’’’ United States v. Munoz–Flores, 495 U.S. 385, 398, 110 S.Ct. 1964, 109 L.Ed.2d 384 (1990).”
And,

“The Commission would be imposing not a tax but a ‘fee’ that ‘bestows a benefit on the [payor], not shared by other members of society,’ Nat’l Cable Television Ass’n v. United States, 415 U.S. 336, 340–41, 94 S.Ct. 1146, 39 L.Ed.2d 370 (1974). See TOPUC, 183 F.3d at 427 n. 52 (finding ‘no basis’ for claim universal service support contributions violates the Taxing Clause because ‘it is payment in support of a service (managing and regulating the public telecommunications network) that confers special benefits on the [payors]’).”

JSI urges Congress to quickly pass legislation to addresses this critical issue.

Respectfully submitted on September 15, 2025,

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