



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

October 26, 2004

**S. 1380
Rural Universal Service Equity Act of 2003**

*As ordered reported by the Senate Committee on Commerce, Science,
and Transportation on September 22, 2004*

S. 1380 would make changes to the formula used by the Universal Service Fund (USF) program to calculate funding levels for states with high-cost telecommunications services. As a result, more states would be eligible for funding; however, USF funds collected for high-cost services would not change, so total expenditures under this program would not change.

Universal Service is a program intended to promote the availability of telecommunications services at affordable rates. Charges imposed by the federal government on telecommunications services to support Universal Service are recorded in the federal budget as revenues. Because the bill would not make any changes to the total amount of funding collected and distributed for high-cost services, CBO estimates that enacting S. 1380 would not affect revenues or direct spending. The bill would not have a significant effect on spending subject to appropriation.

S. 1380 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA), but the change in the formula for part of the Universal Service Fund would alter the distribution of money among the states. The bill contains no new private-sector mandates as defined in UMRA.

The CBO staff contacts for this estimate are Melissa E. Zimmerman (for federal costs), Sarah Puro (for the state and local impact), and Jean Talarico (for the private-sector impact). The estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.