WRITTEN STATEMENT

of

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Chairman

Federal Communications Commission

on

Universal Service

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SUMMARY OF WRITTEN STATEMENT OF FCC CHAIRMAN MICHAEL K. POWELL

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Providing high-quality telecommunications services to all Americans at affordable rates is a cornerstone of the Telecommunications Act. The 1996 Act directed the FCC to advance two key objectives – opening local markets to competition and preserving and advancing universal service. To promote these dual goals, the FCC is currently reexamining nearly every aspect of the program, to ensure that the program is administered efficiently and remains sustainable as it confronts widespread marketplace and technological developments that have occurred since the Commission first adopted its rules.

We are in the throes of major changes in communications. As I have discussed with this Committee before, the telecommunications industry has embarked on a great Digital Migration. Traditional telecommunications services are migrating from old circuit-switched networks to new and advanced Internet protocol networks. The demand pull of consumer choice and technological push of network innovation mean that this migration is inevitable. Indeed, regulators cannot stop it, nor should we want to for it promises new competitive choices and spell-binding innovation for consumers. Our efforts to reform the nation's universal service programs must embrace change and provide sufficient, forward-looking flexibility to ensure that supported services remain affordable and ubiquitous.

Digital migration should not be seen as a threat to our universal service objectives, but an opportunity. Indeed, the fact that our Schools and Libraries program has succeeded in connecting 99 percent of public schools to the Internet is an example of universal service success in the Digital Age. And there is good news, among the challenges, for advancing our goals of ubiquity and affordability. New technology can reduce the costs of providing supported services, particularly in the higher-cost areas of our country. The introduction of technologically advanced, lower-costs networks also can have a disciplining effect on the high-cost fund over time, thereby limiting the burden our policies place on consumers. Deployment of network infrastructure to high-cost areas directly benefits consumers, and as many of you are aware, a high-quality network can serve as the basis for economic development and job creation in rural America.

However, as we progress further in our digital journey, we will have to confront some significant challenges in the short and long term. Fully recognizing this challenge, the FCC is currently reexamining nearly every aspect of the universal service program to ensure that the program is administered effectively and that it remains sustainable as major marketplace and technological developments take root.

At the center of our efforts to reform universal service are the goals of ubiquity and affordability. To advance these goals, we must do a number of critical things.

First, we must reform the FCC's contribution methodology for collecting Universal Service Funds to address changes in the market and to ensure a more stable funding base. Several trends have put pressure on the contribution factor: Interstate revenues have been flat or in decline since 1999 as a result of price competition, bundled packages and technology substitution. Moreover, expanding the base to include intra-state revenues may be needed to stem the declining tide.

Second, we must control the growth of the Universal Service Fund, mindful that consumers ultimately pay for achieving our universal service objectives. Particularly, we need a more rational method of distributing universal service support that promotes competition, but preserves the fund. To this end, the Joint Board will soon make recommendations to the Commission on ETC eligibility and portability.

Third, we must improve the administration of our vast and sometimes unnecessarily technical rules in our programs. Clarifying and simplifying our eligibility criteria in the Schools and Libraries program, Rural Health Care program and low income programs has been a priority. Indeed, at our November meeting, I will present to the Commission an item that will advance the important homeland security and public health interests of rural America by unlocking the funds that Congress designated for rural health care providers.

And, finally, we must continue to diligently enforce the universal service rules that are currently on the books if we are to sustain universal service in a digital age, as well as maintain the accountability of these programs. Our recent enforcement activities are designed to ensure that every responsible entity pays their fair share. I am happy to announce that because of our stepped up enforcement efforts, the contribution factor for the first quarter of next year likely will drop below 9 percent, as opposed to increase to 10 percent as was feared.

To get things right, this must be a joint effort of Congress, the FCC and the State Commissions. Recently, Senator Burns, in partnership with Senator Stevens and Dorgan, hosted a second industry summit on universal service in an attempt to find consensus on the critical question of which contribution methodology will best support the statutory goals. The summits, which have been very well attended, play an important role in informing the debate and reaching fair and equitable solutions, and I thank the Senators for their leadership on this issue.

Thank you and I look forward to your questions.

Good morning, Mr. Chairman and distinguished members of the Committee. It is my pleasure to come before you today to discuss the Federal Communications Commission's (the "FCC" or the "Commission") efforts to preserve and advance universal service.

I. INTRODUCTION

Providing high-quality telecommunications services to all Americans at affordable rates is a long-held telecommunications policy goal and a cornerstone of the Telecommunications Act of 1996 (the "1996 Act"). The 1996 Act directed the FCC to further two key objectives – opening local markets to competition and preserving and advancing universal service in high-cost areas. Section 254 of the 1996 Act represents this country's shared social policy of ensuring ubiquitous and affordable service. Seven years after the passage of the 1996 Act, the Commission remains committed to furthering both these goals.

We are in the throes of major changes in communications. As I have discussed with this Committee before, the telecommunications industry is immersed in a great Digital Migration. Traditional telecommunications services are migrating from old circuit-switched networks to new and advanced Internet protocol networks. The demand pull of consumer choice and technological push of network innovation mean that this migration is inevitable. Indeed, regulators cannot stop it, nor should we want to for it promises new competitive choices and spell-binding innovation for consumers. Our efforts to reform the nation's universal service programs must embrace change and provide sufficient, forward-looking flexibility to ensure that supported services remain affordable and ubiquitous.

Too often regulators and carriers alike try to conform the new to the old, whether for competitive reasons or simply because it is familiar. In cooperation with our state colleagues, we must evolve our universal service programs to be in sync with the exciting, and unstoppable, changes in the competitive digital communications landscape.

Digital migration should not be seen as a threat to our universal service objectives, but an opportunity. There is good news, among the challenges, for advancing our goals of ubiquity and affordability. New technology can reduce the costs of providing supported services, particularly in the higher-cost areas of our country. The introduction of technologically advanced, lower-costs networks also can have a disciplining effect on the high-cost fund over time, thereby limiting the burden our policies place on consumers. Deployment of network infrastructure to high-cost areas directly benefits consumers, and as many of you are aware, a high-quality network can serve as the basis for economic development and job creation, two things that are sorely needed in rural America.

However, as we progress further in our digital journey, we will have to confront some significant challenges in the short and long term. Fully recognizing this challenge, the FCC is currently reexamining nearly every aspect of the universal service program, not only to ensure that the program is administered as efficiently and effectively as possible and that the overall program remains sustainable, but also in response to widespread marketplace and technological developments that have occurred since the Commission first adopted its rules.

At the center of our efforts to reform universal service are the goals of affordability, ubiquity and sufficiency. To meet these goals, we must do a number of critical things:

- First reform the FCC's contribution methodology for collecting Universal Service Funds to address changes in the market.
- We must control the growth of the Universal Service Fund, mindful that consumers ultimately pay for achieving our universal service objectives.
- We need a more rational method of distributing universal service support to promote competition, but preserve the fund.
- We must streamline the administration of our vast and sometimes unnecessarily technical rules in this area.
- And, finally, we must continue to diligently enforce the universal service rules that are currently on the books if we are to sustain universal service in a digital age.

To get things right, this must be a joint effort of Congress, the FCC and the State Commissions. Recently, Senator Burns, in partnership with Senators Stevens and Dorgan, hosted a second industry summit on universal service in an attempt to find consensus on the critical question of which contribution methodology will best support the statutory goals. The summits, which have been very well attended, play an important role in informing the debate and reaching fair and equitable solutions, and I thank the Senators for their leadership on this issue.

II. BACKGROUND ON CURRENT UNIVERSAL SERVICE PROGRAMS

As always, the Commission's work in the universal service arena is guided by the public interest and the principles set out by Congress in the 1996 Act. Section 254 of the 1996 Act directs the Commission to base universal service policies on several fundamental principles, including (1) promoting the availability of quality services at just, reasonable, and affordable rates; (2) increasing access to advanced telecommunications and information services throughout the Nation; and (3) providing comparable access to telecommunications services to all consumers, including those in low income, rural, insular, and high-cost areas. In addition, the 1996 Act expanded the scope of universal service by directing the Commission to establish support mechanisms for schools and libraries and for rural health care facilities for advanced services.

In its present form, universal service consists of several programs which provided some $5.96 billion in support in 2002 and are projected to provide some $6.34 billion in support in 2003. The largest part of the fund goes to support service in high-cost areas. The monopoly environment once enabled regulators to promote universal service by building implicit subsidies into local and long distance rate structures. In a competitive environment, however, these implicit subsidies cannot be sustained, since the monopoly era rates that provided surplus funds – such as business rates in urban areas – are undercut by new entrants and are driven towards a cost-based level. In the 1996 Act, Congress directed the FCC to adopt explicit support mechanisms that would be sufficient to ensure that rates remain affordable and reasonably comparable throughout the nation.

High-cost Programs

Accordingly, the FCC's high-cost mechanisms provide support to eligible telecommunications carriers for a portion of the costs of providing telephone service in rural and high-cost areas where such services otherwise might be prohibitively expensive. In 2002, approximately $2.9 billion in high-cost support was provided to approximately 1,500 carriers in all 50 states, American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the Virgin Islands. In 2002, Alaska, Wyoming, Montana, and North Dakota were among the top five states, in terms of amount of federal high-cost support per line received.

Schools and Libraries Program

The schools and libraries program, or the E-Rate program, provides discounts to eligible schools and libraries for telecommunications services, internal connections, and Internet access. The program provides up to $2.25 billion in annual support and has enabled millions of school children and library patrons to gain access to advanced telecommunications services, internal connections, and Internet services. As a direct result of the e-rate program, 99 percent of America's schools are connected to the Internet.

Lifeline and LinkUp

Other components, the federal Lifeline and LinkUp programs, provide discounts off monthly service charges and connection fees to ensure that low-income consumers have access to basic telephone service. This year, these programs will provide approximately $691 million in support.

Rural Health Care

And finally, the rural health care mechanism provides support to rural health care providers. While, as many of you are aware, participation in the rural health care mechanism has fallen short of the $400 million annual program cap, I am pleased to report that the Commission will be considering a variety of measures designed to strengthen this program at the FCC's November Open Meeting. In addition, I am going to be joined by members of Congress next week to tour a major rural health care facility to see how we can continue to improve this program.

The Commission is constantly striving to ensure that the federal universal service programs remain effective in a changing telecommunications marketplace. Indeed, we are currently engaged in proceedings regarding nearly every aspect of the universal service program, from contribution to distribution, to ensure that each component is administered as efficiently and effectively as possible and that the overall program remains sound. As the Commission engages in our ongoing review, our commitment remains steadfast to improve and strengthen all of our support mechanisms for the benefit of all consumers – especially consumers in high-cost areas, individuals with low incomes, and patrons of schools, libraries, and rural health care facilities. I will begin by discussing one of our biggest challenges – a reexamination of how we collect the monies used to support universal service.

III. ONGOING CHALLENGES AND PROCEEDINGS

CONTRIBUTION METHODOLOGY

Our first task in the area of universal service reform must be in the area of contribution methodology. The Commission collects funds for the various universal service support programs pursuant to section 254(d) of the 1996 Act. Service providers must pay a percentage of their revenues from interstate end-user telecommunications services to the Universal Service Fund. This percentage, called the contribution factor, changes on a quarterly basis depending on the demand for funding and the base of reported revenues. The contribution factor for the fourth quarter of 2003 is 9.2 percent.

Several trends have combined to put upward pressure on the contribution factor, which in turn has increased the funding burden on some consumers. While interstate telecommunications revenues grew between 1984 and 1999, they have since been flat or in decline as a result of price competition and migration to bundled services and new technologies. For years, wireless carriers have offered buckets of any-distance minutes at flat rates, and now wireline carriers are offering packages including local and long distance for a single price. In addition, many carriers offer business customers bundles that include local and long distance voice services, information services such as Internet access, and customer premises equipment. Such bundling has been a boon for consumers, but has made it difficult to isolate revenues for interstate telecommunications services. Additional competitive pressures lie ahead on the technological horizon, as communications become more internet-centric, as is the case with email, instant messaging and voice over IP applications.

Because federal universal service contributions under existing rules are assessed only on interstate revenues from end-user telecommunications services, this shrinking of the applicable revenue base has contributed to a steady, incremental rise in the contribution factor over time. And this trend is likely to continue as these new products and technologies become more and more popular.

In December 2002, the Commission adopted a number of measures to stabilize the universal service contribution factor in an effort to mitigate the growing funding burden on consumers:

- The Commission increased the safe harbor that wireless carriers may use to determine the interstate percentage of their revenues from 15 percent to 28.5 percent.

- The Commission also adopted an interim regime that eliminated the time lag between the reporting of revenues and the recovery of contributions, which lessens the relative burden facing long distance carriers with declining interstate telecommunications revenues.

- And the Commission prohibited mark-ups of contribution costs on customers' bills to ensure that carriers cannot profit from inflated line charges (at least one major long distance carrier was assessing a "Universal Service Connectivity Charge" for residential customers of 11 percent when the relevant contribution factor was 7.28 percent).

While these are important steps, serious issues remain that the Commission must address to ensure the sustainability of universal service funding. Bundling together interstate and intrastate services and telecommunications and information services gives carriers the opportunity and incentive to understate the portion of their revenues that is subject to assessment and increases the difficulty of identifying interstate revenues. As a result, contribution factors over time are likely to continue their ascent given a contribution methodology based solely on interstate telecommunications service revenues.

The Federal-State Joint Board (the “Joint Board”) has recommended that Congress amend section 254 of the 1996 Act to provide the FCC with authority to assess intrastate revenues, in addition to interstate revenues. I heartily support this recommendation. At the Commission, we have begun considering the effect such a change would have on universal service. A total revenue assessment would make it easier for carriers to identify what revenues are counted for contribution purposes. Moreover, such an assessment would be lower and more stable than one based on interstate telecommunications revenues alone, although it bears mentioning that it is still the consumer that ultimately pays for universal service, and none of the proposals reduces the overall size of the fund.

The FCC has also been contemplating whether to make substantial changes to the current methodology under existing statutory authority and is actively considering different contribution approaches. The Commission has sought comment on alternative methodologies based (in whole or in part) on end-user connections, including an approach that would collect based on assigned telephone numbers.

These approaches arguably could create a more sustainable model for continuing universal service in the future as the digital migration marches on. The number of end-user connections has been more stable than the pool of interstate revenues, and connection-based charges can be adjusted based on the capacity of each connection to ensure an equitable distribution of the funding burden among business and residential customers. Additionally, proponents of a contribution methodology based on telephone numbers (with connection-based charges for high-capacity business lines) argue that it would not only be more stable but also promote number conservation.

Critics of these proposals – including carriers that would face increased assessments based on a connections-based methodology – argue that the effect of these proposals would be to reduce significantly the contributions of long-distance carriers (which have very few assigned telephone numbers or end-user connections) in violation of the statutory requirement that all carriers contribute on an equitable and nondiscriminatory basis.

I am convinced that reform of the Commission's contribution methodology is required in the short-term if we are to ensure the sufficiency and predictability of support. To that end, I hope to forge a consensus so that this proceeding can be completed in the first half of next year. As the market for telecommunications and information services continues to evolve, I believe that a purely revenues-based contribution methodology may no longer be the best way to promote Congress's universal service mandate. Our overriding goal is to ensure that universal service funding remains stable. I have challenged the industry and the Commission's staff to continue to explore flexible and forward-thinking options that meet this test. Rest assured that the Commission will leave no option unexplored.

As more communication services move to the internet, questions will persist as to whether information service providers should be required to contribute to the fund. Fortunately, Congress has afforded the Commission with discretionary authority to assess those that are not telecommunication service providers, but do use telecommunications. The Commission has sought comment, in the *Wireline Broadband Notice of Proposed Rulemaking*, on whether all facilities-based providers of broadband services should be subject to the same contribution obligations as providers of telecommunications services.

While a total-revenue methodology or one based on end-user connections or telephone numbers would address problems arising from the blurring of the line between interstate and intrastate telecommunications services, such changes would not necessarily broaden the contribution base to include all broadband providers. The Commission accordingly sought comment on whether it should exercise its permissive authority and require all facilities-based broadband Internet access providers to contribute to the universal service mechanisms.

Throughout our analysis, of course, we must balance the needs of funding these programs against the real burden that our contribution requirements could impose on consumers if we do not manage those requirements carefully.

DISTRIBUTION OF SUPPORT

The incremental increases in the contribution factor have resulted not only from the shrinking of the interstate revenue base, but also from the marked increases in the demand for money from the fund. Much of the increased demand has resulted from the FCC's reform of the interstate access charge system, which has removed the implicit support in interstate access charges and created two explicit universal service mechanisms. As a result of these changes, many incumbent LECs ("ILECs") now recover costs from the Universal Service Fund that previously were recovered through access charges from long distance carriers.

This reform was required by the 1996 Act's requirement that the Commission eliminate implicit funding of universal service and create explicit funding mechanisms instead. In addition, the designation of wireless carriers and other competitors as eligible telecommunications carriers ("ETCs") is increasing program demand. Growth on the demand side has been less of an issue with respect to the schools and libraries, rural health clinics, and low-income mechanisms, particularly since the first two mechanisms are capped under our rules, but the Commission must ensure that they remain efficient and effective as well.

<u>*High-Cost Support*</u>

1. *ETC/Portability Issues*

Before enactment of the 1996 Act, only incumbent LECs received universal service support. In recent years, however, wireless carriers and competitive LECs have been designated ETCs. While competitive ETCs receive a very small percentage of high-cost funds overall, their share has been increasing noticeably in the last year and there has been a coinciding surge in the number of ETC applications as competition blossoms.

Indeed, there are 27 pending applications at the FCC. Competitive ETCs receive support under the "identical support" rule (also called "portable support"), which provides per-line support based on the incumbent carrier's costs. Incumbents do not lose support when a competitive ETC captures a line, because they just receive more support per line for their remaining lines. Meanwhile, the competitive ETC gets support for every line it has as well. Rural LECs have argued that this regime creates uneconomic arbitrage opportunities and threatens the viability of universal service, while competitive ETCs generally contend that providing identical support – whether based on the ILEC's embedded costs or based on forward-looking economic costs – is essential to competitive neutrality.

In November 2002, the Commission asked the Federal-State Joint Board on Universal Service to consider the intersection of competition and universal service in rural areas. The Joint Board, under Commissioner Abernathy's able leadership on the federal side and Commissioner Nan Thompson's leadership on the state side, subsequently sought comment on several key issues, including the manner in which competitive ETCs receive support and the impact of providing support to competitive ETCs on the growth of the Universal Service Fund. The Joint Board also sought comment on the process for designating ETCs and whether the FCC should establish guidelines for consideration by the state commissions that make these determinations under section 214(e)(2) of the 1996 Act. In July, the Joint Board held a public forum on these issues, and a wide range of industry representatives, consumer advocates, and state commissioners provided valuable insights.

Parties have advanced a wide variety of proposals regarding portability in their comments and at the public forum. Several groups of ILECs argue that competitive ETCs should receive support based on their own embedded costs. Some competitive ETCs argue that incumbents and competitors should receive support based on forward-looking economic costs. One proposal to control growth would be to continue basing support for all ETCs based on the incumbent's costs, but cap per-line support amounts upon entry of a competitor and consider supporting only a single connection per customer. ILECs generally oppose this proposal, arguing that reforming the ETC-designation process – in particular, making the public interest analysis more exacting – would suffice to keep the Universal Service Fund from growing too large.

When it has finished considering the record, the Joint Board will make its recommended decision to the FCC, which we anticipate receiving in early January 2004. I look forward to reviewing it then.

2. *Support for Non-Rural Carriers*

While rural carriers receive the lion's share of high-cost funding, "non-rural" carriers (the Bell operating companies and other large LECs) also receive high-cost support. Whereas rural carriers receive support based on their embedded costs, non-rural funding is determined based on forward-looking economic costs. Non-rural carriers receive support in a particular state if the statewide average cost per line, as determined by a forward-looking cost model, exceeds the national average cost by a certain margin. Currently, non-rural carriers receive support in eight states (Alabama, Kentucky, Maine, Mississippi, Montana, Vermont, West Virginia, and Wyoming). While non-rural carriers in other states serve many high-cost wire centers, their statewide average costs are not sufficiently high to receive support. Nonetheless, rural carriers receive substantial support in each of the states for which non-rural support is unavailable under the other portion of the high-cost mechanism. Non-rural carriers in these states also receive federal support under the interstate access support mechanism, which distributes approximately $650 million annually to replace implicit support from interstate access charges.

I realize that this Committee is considering legislation that would alter the distribution of non-rural support. The Commission recently completed its own review of this support mechanism in response to a remand by the Tenth Circuit Court of Appeals of an earlier FCC decision. The court ruled that the Commission had not adequately explained how the non-rural support mechanism is sufficient to enable states to set rural rates that are reasonably comparable to those in urban areas. In addition, the court directed the Commission to consider how to induce states to ensure rural and urban rate comparability within their borders, since the federal mechanism aims primarily to mitigate cost differentials among the states and states have jurisdiction over local rates.

Here again, the Commission has taken action. I am pleased to report that at the Commission's October Open Meeting the FCC took another step toward addressing the outstanding legal challenges to the non-rural mechanism. In the Tenth Circuit Remand Order, the FCC adopted a national threshold to determine when non-rural, high-cost support should be available by balancing the legitimate state need against the risk of excessive support. Importantly, in that proceeding the Commission asked a range of questions designed to make available additional, targeted federal support as a means of inducing states to adopt explicit support mechanisms that will be sustainable in a competitive market.

Low-Income Support

As I have described, a separate component of the federal universal service program is the low-income support mechanism, Lifeline/LinkUp. These programs provide funding that enables low-income consumers to receive discounts on monthly service and installation charges. An additional layer of discounts is available for eligible consumers living on Indian tribal lands. Earlier this year, the Joint Board released a Recommended Decision on proposals to bolster the effectiveness of Lifeline and LinkUp. This Recommended Decision suggests new ways for low-income consumers to qualify for support and also addresses questions regarding states' efforts to engage in outreach and to verify program eligibility. The goal of the pending rulemaking is to remove impediments to beneficiaries' receiving support while simultaneously preserving the integrity and enhancing the efficiency of the program.

As always, the Commission will also continue its universal service related outreach efforts. Announced in August of this year, "Project Heartland" is aimed at building connectivity in rural areas and specifically targets three regions for additional FCC efforts: Alaskan Native Villages, the Appalachian region and the Mississippi Delta region. The Commission will continue our work with groups such as the Appalachian

Regional Commission, the Delta Regional Authority, the Alaskan Rural Development Council and the National Congress of American Indians.

Schools and Libraries and Rural Health Care Facilities

Finally, the Schools and Libraries support mechanism ("E-Rate") and the support mechanism for rural health care facilities provide additional support that enables these institutions to receive discounts on basic and advanced telecommunications services (as well as internal connections in the E-Rate program). Now that the Commission has had significant experience overseeing these programs, we are considering a variety of rule changes in pending proceedings. These rulemakings, like the Lifeline/LinkUp rulemaking, aim to eliminate red tape while ensuring continued program integrity.

As I mentioned previously, at the Commission's Open Meeting on November 13, 2003, the Commission will consider an Order to modify the rural health care mechanism. This support mechanism has been underutilized, so the notice of proposed rulemaking sought comment on ways to alter eligibility requirements to eliminate obstacles to rural health clinics' receiving support, while remaining faithful to the statutory purposes. Facilitating telemedicine by connecting rural health clinics to regional hospitals and universities is perhaps one of the greatest applications enabled by advances in telecommunications technology, and it takes on added importance in light of the increased homeland security threats – including bioterrorism – that our nation confronts today.

ENFORCEMENT

Finally, there is an important and perhaps underappreciated component of our universal service work that I would like to call to your attention. In recent months the FCC has taken significant steps to bolster its Universal Service Fund enforcement. The FCC has taken swift and decisive enforcement action against wrongdoers and has streamlined its process for identifying future violations. For example, in September, the Commission proposed a forfeiture against Globcom, Inc., a long-distance reseller, for violating the Commission's rules by failing to pay universal service contributions and to report accurate revenue information. The *Globcom Notice of Apparent Liability* is the largest forfeiture the Commission has ever proposed for such violations.

Indeed, officials at USAC report that, in the wake of our enforcement action, USAC has experienced a notable increase in entities complying with our rules by paying their fair share into the fund. Through enforcement, the Commission is ensuring that the contribution burden is spread as widely as our rules currently require. This effort has contributed directly to slowing the rapid increase in the contribution factor and may well lead to a measurable decrease in this quarter's number.

The FCC's Enforcement Bureau is also actively enforcing the Commission's new debarment rules, which establish procedures to prevent persons who have defrauded the government or engaged in similar acts through activities associated with or related to the schools and libraries support mechanism from receiving the benefits associated with that program. Finally, the FCC has developed a formalized process for coordinating and referring apparent violations of our USF rules to other government agencies, such as the Department of Justice, where appropriate.

IV. CONCLUSION

I would like to thank you, Mr. Chairman, for calling this hearing, and I look forward to working with you and other members of the Committee on these challenging and critical issues.