

TESTIMONY OF FCC COMMISSIONER MICHAEL J. COPPS
U.S. SENATE COMMITTEE ON COMMERCE, SCIENCE
AND TRANSPORTATION HEARING ON THE
“PRESENT AND FUTURE OF THE UNIVERSAL SERVICE FUND”
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Mr. Chairman, Mr. Vice-Chairman, Members of the Committee, I am pleased to visit with you again today to focus on one of the most important challenges confronting this Committee, our Commission and the country. This is the challenge to bring advanced telecommunications to all our citizens and to ensure that our Universal Service System, which has accomplished so much, can make this happen in a sustainable way. Since I went to the FCC nearly six years ago, my overriding objective has been to help bring the best, most accessible and cost-effective communications system in the world to all our people—and I always underline the “all.” Each and every citizen of this great country should have access to the wonders of communications—whether they live in rural areas, on tribal lands, or in our inner cities; whether they have limited incomes or disabilities; whether they are schoolchildren or rural health care providers.

If we are going to ensure that no community, no citizen, is left behind by lack of access to basic or advanced telecommunications in this new digital age, we need to think anew, adjust our policies and craft the proper incentives. We must include these new opportunity-creating technologies as part of our Universal Service Program. In plainer English, it is time to bring broadband into the Universal Service System. We must also update and broaden the USF contribution base. We must make sure funds are distributed with maximum equity among consumers, areas and technologies. And we must recognize that the economics of non-rural, rural and truly remote service areas are fundamentally different.

Permit me to begin by emphasizing the importance of a USF commitment to broadband because this is, far and away, the most meaningful step we can take to create opportunity for our citizens, to ensure community development in every area of our country and to keep our nation competitive in the global economy. Broadband is the great network and infrastructure challenge of our time. If you double back through the years of this nation’s history, you will find that just about every formative era has had its own major infrastructure challenge. Go back to the very beginning as settlers pushed into the frontier and populated new lands. Their infrastructure challenge was to develop ways to deliver their produce and products to increasingly far-away markets. So they found ways to build roads and turnpikes and canals and ports to meet that challenge. Later, as we industrialized, the need was to lay a railway grid, first across regions and then across the country, climaxed by the great saga of the Transcontinental railroads as we became a continental power following the Civil War. Closer to our own era, in the Eisenhower years as suburbs grew and our demography changed, came the Interstate Highway System binding the country more closely together. We saw it in communications, too, in extending telephone service to rural America with the Rural Electrification amendments under Harry Truman and with the Universal Service Fund that we are gathered here to discuss this morning. In all of these infrastructure build-outs, there was a critical role for government, business and local community organizations to work together toward a great national objective. This is really the American Story. It’s how we built our nation and how we grew. It is, I believe, the only way we will continue to grow it.

From where I sit, broadband networks *are* the canals and railroads and highways of the digital age. Our future will be in significant measure decided by how we master, or fail to master, advanced communications networks and how quickly and how well we build out broadband connectivity.

So first we need to look at what part Universal Service should play in meeting this great infrastructure challenge. I recognize that the process of incorporating broadband into Universal Service will involve many complex and difficult choices about what mix of technologies—like wireless, copper-based, and fiber—to support, how to support them, and on what time frame. I certainly don't have a silver bullet answer here today, and I am not sure that anyone else does either. But I do know that we need to confront these questions in a forthright and honest fashion, and we need to resolve them through a process that involves *all* the stakeholders in this important issue. That surely includes the state authorities, like those sitting beside me here today, who are a fountain of creative and insightful ideas on this subject. I hope the FCC will play a more proactive role in this effort—not least by gathering the hard data that is absolutely essential to sound policymaking, doing the analysis and teeing up options for Congress to consider. We also need to make sure that decisions about Universal Service are part of a complete national broadband strategy, which might involve additional components such as matching grants and tax incentives. More than anything else, I know that we simply can't throw up our hands and say that there shouldn't be *any* federal Universal Service support for broadband. Yet in too many ways that is exactly what our approach to Universal Service does today.

In truth, I believe that Congress already gave the FCC and the states the statutory mandate to advance the cause of bringing access to advanced telecommunications to each and every citizen of our country. I'm not sure, however, that all my colleagues on the Commission agree that we have the authority to be more proactive in encouraging broadband deployment and penetration, and this is why I am hopeful that Congress will choose to make this clear for all of us to understand.

Earlier this year I was fortunate enough to meet a small business owner who was able to work out of his home on a rural hilltop on the Big Island of Hawaii after broadband service was installed—rather than trekking each day to the nearest town miles away to get online. And not too long ago I visited an Inuit village in Alaska, totally unreachable by road, where a sick child with an ear infection could be examined by a doctor hundreds of miles away. In another Alaskan village, students had used their broadband connection to speak in real time with the crew of the International Space Station. Like a string wrapped around a finger, stories like these remind us that lives and livelihoods and our very health are hugely influenced by the communications infrastructure available to us.

As we work on implementing these lofty concepts, we must also of course deal with nitty-gritty of administering the program we have today. Permit me propose three things that I believe could be done immediately to put Universal Service on a more solid footing so that it can be better deployed to shape our future. First, with boundaries between local and long distance eroding, and the skyrocketing success of any-distance calling plans, assessing Universal Service contributions only on interstate services is anachronistic. While it will require a legislative fix, I believe that assessing both intrastate and interstate revenues is a good idea. Second, it is as clear

as clear can be that the costs of investing and maintaining wireless and wireline infrastructure are inherently different. I believe that wireless can and should be a part of Universal Service, but the time has come to put an end to the irrational and costly system of supporting wireless carriers based on the cost of wireline incumbents. The identical support rule is the subject of a five-year old Joint Board referral; I believe it is high time for the Board to make a recommendation to the full Commission so we can take corrective action. Finally, I believe that the Universal Service System cannot thrive without regular review and care. The high-cost fund, like many other good programs, can only benefit from additional oversight and auditing to ensure that a few bad actors do not jeopardize the strength of this great enabling program.

The Joint Board and the FCC are in the midst of a serious debate on how to best shore up the Universal Service Fund and how it can meet the changing needs of the country as we head into the 21st century. Board Chairman Tate and our state colleagues here this morning are hard at work developing recommendations for the Commission. Our state colleagues on this panel are among the nation's leading experts on Universal Service. They have put creative ideas before the Joint Board and Commissioner Tate and I may well be asked to vote on these ideas in the months ahead. Last week, the Joint Board held a valuable *en banc* hearing addressing some of the issues we will be discussing today. I continue to urge my colleagues that we act quickly and deliberately to address the rising demands on Universal Service. All of us want this system to work. None of us wants our country, or anyone in it, to miss the opportunities of the digital age. None of us wants to see any kind of digital gap anywhere in America. But, truth is, if we don't get our policies right, we could experience a 21st Century Digital Gap, in spite of the wonder of all these new technologies, greater than the one we experienced with plain old telephone service in the last century. The USF can do great things for America. It can help ensure that often unserved areas of our country are connected to vital education, public health, public safety, employment, and business opportunities. But we don't have the luxury of time to get this right because the rest of the world isn't planning on waiting for us.

I look forward to our conversation today to see how we maintain a robust, effective, and forward-looking Universal Service System that remains true to its essential mission and true to the mission of our country.

Thank you for your attention and for holding this hearing today.