

*STATEMENT OF FCC CHAIRMAN KEVIN J. MARTIN ON INTERCARRIER  
COMPENSATION AND UNIVERSAL SERVICE REFORM*

November 3, 2008

The issues of Intercarrier Compensation and Universal Service reform have been in front of the Commission for years. Last summer I publicly indicated my intention to put forward concrete and comprehensive proposals to reform the inefficient and outmoded Intercarrier compensation and Universal Service programs. Those proposals have been with my colleagues for several weeks now. I am disappointed that we will miss the opportunity for comprehensive reform. Instead my colleagues have requested that we once again seek public comment on several proposals. As a result such a notice would make little progress and ask for comment again on the most basic and broad questions about reforming the two programs. For example, the Commission would again ask should broadband be supported by the Universal Service Fund and should we move to one uniform rate for all traffic or should that rate vary by the type of company?

I would like to be encouraged by my colleagues' commitment that they will truly be ready to complete this much needed reform on December 18. The nature of the questions they would like to include makes me doubt they will have found their answers with an additional seven weeks. I believe the far more likely outcome is that, in December, the other Commissioners will merely want another Further Notice and another round of comment on the most difficult questions. I do not believe they will be prepared to address the most challenging issues and that the Commission will be negotiating over what further questions to ask in December.

Additionally, I have instructed the Bureau to draft a narrow order to address the Court's remand. However, I remain skeptical that such an order which retains artificial and unsupported distinctions between types of Internet traffic will be seen any more favorably by the Court than the Commission's two previous attempts.

I recognize that few other issues before the Commission are as technically complex and involved, with as many competing interests, as are reforming the Intercarrier Compensation and Universal Service programs. But neither of those two realities are an excuse for inaction. They will be true in one month, in one year or as we have now seen at the Commission, in ten years. I too remain committed to tackling the most difficult issues, providing answers to the toughest questions, fixing broken and outdated government programs and providing broadband to all Americans including those living in rural areas. I look forward to completing these long overdue and much needed reforms as soon as possible.