

**STATEMENT OF
COMMISSIONER MEREDITH ATTWELL BAKER**

***In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45;
Lifeline and Link Up, WC Docket No. 03-109***

The Commission's low-income programs provide the means for 8.6 million Americans to afford basic telephone service, and the ability to reach public safety, schools, and employers. I support our effort to reform these important programs to ensure their long-term sustainability. This item is an appropriate and timely follow-up to last month's review of our high-cost programs, and an important step forward in implementing the Joint Board's November Recommended Decision.

The themes here mirror closely the challenges and opportunities we face with the high-cost fund. To put these programs on a stronger foundation both operationally and financially, we need to take a comprehensive look at these programs to evaluate whether they are effective, fiscally responsible, as well as whether they properly reflect today's consumer demands and market realities.

Operationally, I believe the Commission has let critical questions about program eligibility linger too long, and I am happy to see us take affirmative steps to update these programs and curb waste, fraud, and abuse. As we work together collectively on reform, we need carriers receiving low-income support today to act as responsible partners in the interim minimizing any wasteful or duplicative expenditures.

Our reforms must also reflect the need for greater fiscal discipline in accomplishing our mission. Much like the high-cost fund, the low-income programs have grown significantly. In the past ten years, these programs have more than doubled from \$577 million to over \$1.3 billion today. I support our efforts to address the need for real cost containment, and to recognize that—in difficult economic times—escalating contribution burdens on consumers can create their own affordability challenges undermining our efforts.

We are also beginning our dialogue on how to update these programs to support broadband. I appreciate that we are looking before leaping on broadband funding. By all metrics, adoption of broadband for low-income Americans lies well below the national average, and this poses an important challenge for all of us. The promising news is that the gap is beginning to shrink. Broadband adoption for those making between \$15,000 and \$25,000 a year has jumped from 24 percent in October 2007 to over 42 percent last year. There is obviously still much to do, and our low-income programs are a potentially untapped resource to help. Moving forward with broadband pilot programs appears to be the right next step. Adoption is not a one-size-fits-all challenge and affordability is but one of the core challenges we must face. Indeed, those making between \$15,000 and \$25,000 a year identify relevance as the primary impediment to adoption (44.3 percent), affordability is a distant second (27 percent). More money alone will not solve this problem.