

Prepared Remarks of FCC Commissioner Mignon L. Clyburn
“Why Broadband Adoption Matters”
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Thank you, Ms. Armstrong, for that introduction. It is a pleasure to join you this morning. Just two short years ago, I spoke with you about the need for USF reform. At that time, the Commission staff was in the midst of completing its National Broadband Plan, and shortly thereafter, we launched a proceeding to comprehensively consider high-cost reform. The Order and Further Notice we voted last October was a significant step and a long time coming. Individually and collectively, I wish to thank you for the considerable amount of time and resources you spent contributing to the proceeding. As you know, the leadership here at OPASTCO was crucial to the FCC not adopting the original NPRM proposals in full, and for that I am grateful.

Of course, I realize that as an important step as our Reform Order was, we are not done. This organization and other parties have raised issues in petitions for reconsideration, that are being closely considered, and comments on the Further Notice are beginning to roll in. I look forward to continuing our dialogue about reform for the companies serving rural America because rural America means the world to me.

I wish to focus today on another matter teed up in the National Broadband Plan—how the Commission should address the barriers to broadband adoption. This is an issue that has been under consideration at the Commission and at other agencies in various proceedings. Indeed, allow me to note that some significant steps have already been taken. Pursuant to the Recovery Act, our sister agency, NTIA, has distributed approximately \$250 million for digital literacy and adoption programs across the nation through the BTOP program. The Commission also has been working with One Economy, and other private sector companies, to address the cost of service and equipment and digital literacy needs for low-income consumers. Known as Connect to Compete, this program has real promise to lower the barriers of adoption for low-income consumers who currently are on the wrong side of the digital divide.

As the Chairman announced last week, the Commission’s efforts to tackle the barriers to adoption are continuing and the reasons why are simple. One-third of Americans, or approximately 100 million consumers, have not adopted broadband at home. Yet, more services are moving online—from government services and information, to forms that doctors require patients to complete prior to their scheduled visits. And that’s just the tip of the iceberg. You want to look for a new job? Relying solely on traditional sources, such as newspapers or word of mouth, will put you at a severe disadvantage. For students, access to a high-speed Internet connection is crucial for completing their school work and achieving success. And those students with home access have a six to eight percent higher high school graduation rate.

High-speed, online access is no longer a luxury; it is a necessity. And for those who live in rural areas, it can make a significant difference with respect to educational and employment opportunities. Health care can be provided in the most remote towns and villages where residents would otherwise have to travel significant distances and incur travel expenses, in addition to losing time at work and possibly putting their health in greater jeopardy. As such, we need to tackle all of the obstacles that keep consumers from purchasing broadband service.

From our study conducted during the National Broadband Plan, we know that the cost of service and equipment is the number one reason why consumers have not adopted broadband. Digital literacy and relevancy are the other reasons. And for most consumers, it is a combination of these issues that keeps them on the digital sidelines. I believe the Commission has a duty to pursue the solutions that will address these issues, in conjunction with the numerous efforts underway. First, Congress asked the Commission to formulate the National Broadband Plan, in part, to ensure that all Americans not only have access, but also the capability to adopt broadband. From my perspective, that staff report was an important first step for our understanding of the adoption problems that need to be addressed in addition to the introduction of some possible answers for our consideration. Second, the statute contemplates that the universal service needs would evolve over time. In fact, the Commission's high-cost reform is based, in part, upon the Joint Board's recommendation that the high-cost fund should be used to support broadband-capable networks due to the evolving communications needs of this nation.

We have now reformed the high-cost fund to support broadband networks. As you all know, that is \$4.5 billion dollars annually, in addition to the tens of billions of dollars invested by the private sector in broadband-capable networks. With only two-thirds of Americans adopting broadband at home, the investments made are not being put to their full use. Imagine if our nation had deployed the electric grid, but one-third of Americans didn't purchase electric service—despite the fact that the networks run right down their streets and to their homes. You could say the same about telephone service. The billions of dollars spent on the telephone networks—both wired and wireless—would not be viewed a success and the investments well worth it if one-third of Americans couldn't access them.

In rural areas, the latest penetration numbers for broadband indicate that only 51% of consumers are connected to broadband. I know some rural areas see a higher penetration rate, but when on average, just over the majority of rural consumers are experiencing the benefits of broadband, I know and you know that we need to do better. Not only for the sake of improving the economic opportunities of rural communities and individual citizens who live there, but also for the sake of the public and private investments being made in the networks, including the high-cost universal service funding.

For your companies, in particular, I know that serving rural America means not only high-cost areas, but in many cases, low-income consumers which contributes to our lower penetration rate. If we don't address the cost of accessing the network for those consumers, then not only are we leaving them behind, we are not reaping the full rewards and value of our total investments in the networks. The economic benefits that broadband networks can bring to your communities include more jobs, better educational opportunities, and more effective health care delivery. And those benefits must be available for every citizen in your communities, no matter their means and no matter their abilities.

Low-income consumers need the capability to access the networks so they can benefit from the opportunities that are offered through broadband. This is the same reason that decades ago, policymakers determined that a program should be created to ensure low-income citizens have access to telephone service. The Lifeline program has been instrumental in connecting tens of millions of Americans who couldn't otherwise afford plain old telephone service. It is evident from the data that the telephone penetration rate wouldn't be what it is today, but for the Lifeline program, which is critical for these Americans to communicate.

There is no question about the substantial value of connecting low-income consumers to the telephone network—for us collectively as a society, and for them individually. Parents, seniors, and those who are disabled, can manage their lives more efficiently and effectively with the ability to call employers, child care providers, doctors, and family, and friends. And for those who live in remote areas, the telephone connection is vital for their well-being. Of course, these connections also are important for ensuring public safety and access to local emergency services.

With more information and services moving online, it is just as important that we find a way to connect low-income consumers to the broadband networks. As such, I support the Chairman's proposal to adopt as a goal for the Lifeline program, the availability of broadband for low-income Americans. I also concur that as a first step toward transitioning Lifeline to broadband, the Commission should establish a Broadband Adoption Pilot Program. A pilot program to test and determine how Lifeline can best be used to increase broadband adoption among low-income consumers is a logical next step for modernizing the Lifeline program.

These issues are squarely before us in a proposed Order to be voted at our Commission meeting this month, that are part of the Chairman's proposals to reform the Lifeline program. I agree with you that the proposed broadband pilot program needs the participation of companies from geographically diverse areas. We need rural companies, such as yours, to apply for and participate in the pilot. I encourage you individually and as an organization, to collaborate with one another, as I understand that planning and executing a pilot may be resource-intensive. In fact, if sharing your resources and expertise in this endeavor is preferred, a consortium approach to the pilot may be the most effective and efficient way for you to proceed.

I believe that your participation will be crucial because the low-income needs in rural America are very different than those in urban America. As you know, rural consumers are mostly more distant from community anchors, such as libraries and schools, and poverty can be more pervasive in rural areas. As we consider the pilot program applications, I am committed that we have a variety of projects that allow us to test the effectiveness of the disparate barriers low-income consumers face. I also believe that as we evaluate the various pilots, we must carefully and thoughtfully assess the transition of the Lifeline program to meet the needs of low-income consumers across the nation.

At this time, I agree that the pilot program should address the cost of service. But the cost of service is not the only barrier that will need to be tackled. The cost of equipment and digital literacy are also other significant issues for low-income consumers. As such, it will be important, that pilot participants are able to demonstrate how these issues will be handled in their proposals. I know that many of you are working in your communities to educate your customers on digital literacy. I would encourage you to continue to think about how you might leverage your existing efforts and how you might collaborate with others to provide digital literacy training. In some rural areas, online digital literacy may be a useful strategy to educate program participants due to distance.

So, I believe our review of the pilot applications needs to consider the varied conditions that exist across the nation as a result of the geographic and economic conditions. If we are successful in addressing the broadband digital divide, our nation will attain innumerable benefits. As I mentioned, more people online increases the value of our networks. We also will be able to further grow our online economy, and improve individuals' lives. And it is imperative that we act now. Fifty percent of today's job opportunities require digital literacy skills and that is expected to grow to 77% within a decade. We need to provide the access and digital skills to every American. We all stand to benefit more if we do; and your companies know that this makes good

business sense. It's better for your bottom line to have more customers using broadband in the long run, and the communities you serve will be stronger due to the improved economic opportunities that ultimately will produce.

I know that there are many other subjects that are important to you, like rural call completion, that you all continue to work on every day with our hard-working FCC staff. I was pleased that our USF/ICC Reform Order clarified and reiterated the FCC's prohibition against blocking, degrading, or choking off calls for any reason, including to avoid termination rates in rural areas. Of course, this step is just one of several, that the FCC is addressing, and I ask that you continue to work with us. So thank again for allowing me to share a bit about what's on my mind, and while there may be some issues on which we fail to agree, I wish for you to know how much I appreciate all of you for not being disagreeable. Good morning and Godspeed. Thank you.