

**Remarks of Gigi B. Sohn
Counselor to Chairman Tom Wheeler
New America Foundation
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Good afternoon.

Thank you to the Benton Foundation, Georgetown Law's Institute for Public Representation and the Open Technology Institute for organizing this event and inviting me to speak. Many of you know that IPR is the home of my mentor Andy Schwartzman. Andy gave me my first job in communications law in 1988. So you can thank or blame Andy for my remarks today.

Thank you to September Hargrove for warming up the audience for me. I hadn't met September before today, but I looked at her bio online and all I can say is: Wow. You have done so much in such a short time. I know I'll be reading about your accomplishments for years to come.

Most importantly, I want to thank all the organizations represented here for your hard work and your support of the Lifeline modernization order that Chairman Wheeler circulated to the other Commissioners on March 8. It is incredibly meaningful to us that those of you who have toiled in the trenches for years believe in what we are trying to accomplish – a modern and sustainable Lifeline program that provides affordable broadband Internet access for low-income Americans.

Of course, a special debt of gratitude is due to the incredible intellectual and moral leadership of my friend Commissioner Mignon Clyburn. She has shaped this order and this debate in innumerable ways.

As you all know, Lifeline modernization is one piece of a broader FCC agenda to promote fast, fair and open broadband networks. We've adopted strong and balanced net neutrality rules; promoted competition to help drive innovation and investment in our broadband networks; raised broadband benchmark speeds; and advanced multiple initiatives to make more of the public airwaves available for broadband. In fact, just last week, the FCC Chief of Staff spoke at a separate OTI event describing Chairman Wheeler's new proposal to empower consumers to control how and whether their data is used and shared by their broadband providers.

Lifeline modernization is a critical piece of our agenda, because part of promoting fast, fair, and open broadband networks is ensuring that people have meaningful access to those networks. A revitalized Lifeline can help tackle the biggest barrier to broadband adoption: cost. According to the Pew Research Center, Americans today are much more likely to say that a lack of home broadband service is a major disadvantage than they were five years ago. However, home broadband adoption has plateaued in our country and non-adopters consistently identify the monthly cost of service as the main reason they don't have service. The new Lifeline can be – well – a lifeline for these low-income Americans on the wrong side of the digital divide.

So what has Chairman Wheeler proposed?

As many of you know, the order we circulated would, for the first time, allow low-income consumers to apply the \$9.25 Lifeline subsidy to stand-alone broadband, as well as to bundled mobile voice and data

packages. If adopted, it would set minimum service levels for voice and for fixed and mobile broadband. It would streamline the process for becoming a Lifeline provider to incentivize more broadband provider participation in the program. It would require the creation of a National Eligibility Verifier to take Lifeline eligibility determinations out of the hands of providers and further reduce waste, fraud and abuse. Finally, it would for the first time create a budget for Lifeline.

The substantive proposals in the draft order have received support from a wide swath of stakeholders, including civil rights organizations, public interest and digital inclusion groups, schools and libraries, veterans' advocates, cable and wireless companies. But as with any Commission proceeding, we've heard a number of concerns. Let me address them.

First, we have an obligation to focus the Lifeline program on broadband. While mobile voice will continue to be a supported service, after December 1, 2019, it will have to be bundled with data to be Lifeline-eligible. Our firm belief is that voice service will continue to be an important part of Lifeline. But we also believe that low-income Americans must have access to broadband as well if they are to participate fully in today's society.

To give Lifeline providers time to adjust, we will phase down support for stand-alone mobile voice over a multi-year period. We plan to eliminate the subsidy for stand-alone mobile voice starting on December 1, 2019, although the Commission will examine the market in mid-2019 to determine whether there needs to be an adjustment. We believe that three years will be enough time for the market to adapt and for promising technologies to develop, and that by the end of 2019, there will be affordable bundled mobile voice and data plans that meet, and hopefully exceed, Lifeline's minimum service standards. But again, if that is **not** the case, the Commission has a safety valve by which it can examine how the market has evolved between now and 2019, and preserve a subsidy for stand-alone mobile voice if it's deemed necessary.

Second, minimum service standards for voice and data will ensure that Lifeline is not a second-class service, while ensuring that it is still affordable. The Lifeline order the Chairman circulated sets the following minimums: for fixed broadband Internet access, the minimum speed is 10 Mbps down and 1 up and the minimum data allowance is 150 GB. For mobile voice, the minimum is unlimited minutes, and for mobile data, the minimum data allowance starts at 500 MB on December 1, 2016 with increases to 2GB by December 1, 2018. Finding the right balance between robust service and affordability is difficult, and we continue to talk to a variety of stakeholders on this issue. Our goal, which I know that you share, is to allow low-income Americans to take full advantage of the myriad opportunities access to broadband brings while ensuring that service remains within their reach. But that objective is unlikely to be fulfilled unless we provide incentives for carriers to offer meaningful broadband to low-income communities.

Third, states will continue to play a critical role in the Lifeline Program. Aside from moving the program to broadband, the single most important thing the proposed order does, in my opinion, is streamline the process for becoming a Lifeline provider to make it more attractive for new entrants. Chairman Wheeler's mantra, "competition, competition, competition," is just as relevant and important in the Lifeline context as in any other. The more we can encourage competition for Lifeline service, the more prices will decrease and service quality and quantity will increase. More competition can also help us create a Lifeline marketplace where we don't have to choose between affordability and robust broadband service that also includes voice.

But this new nationwide Lifeline Broadband Provider category does not eliminate the states' role in the Lifeline Program. It simply gives a new entrant a choice in how it becomes a designated Lifeline provider. Where states have their own Lifeline subsidy, providers would still have to apply to be an Eligible Telecommunications Carrier (or ETC) in that state to receive that subsidy. Of course, a provider would still have to get a state ETC designation to provide high-cost and standalone voice service. Moreover, for those states with their own Lifeline eligibility verifiers, the FCC would work closely with them to determine eligibility for their residents, and it would do so in a way that minimizes any financial burden on the state.

Fourth, the budget will limit the impact on ratepayers while at the same time provide a safety valve to protect society's most vulnerable. The proposed order sets a budget of \$2.25 billion, indexed to inflation, which is sufficient to allow for increased participation generated by support for broadband service. The safety valve is triggered when spending reaches 90% of the budget. If that occurs, the Wireline Competition Bureau must notify the Commission and prepare an analysis of the causes of spending growth, followed by Commission action within 6 months. With this process, we can responsibly manage growth in the program without creating waiting lists or denying anyone service.

Like the minimum service standards, a budget is all about balance. While we do expect that there will be more demand for Lifeline as it becomes a broadband program, we don't expect that growth to be precipitous – remember, only about 30% of Lifeline eligible consumers take advantage of the program today. So, the proposed budget leaves room to meet increased demand, while also giving the Commission a mechanism to monitor and control spending to ensure the program is using ratepayer dollars efficiently and wisely.

Friends – we are on the cusp of a historic moment. If things go as planned on March 31st, the Commission, with your input, will have taken a giant step toward ensuring that every American can afford access to the most important network of our lifetime – a network that has revolutionized how we communicate, how we learn, how we work and how we participate in our democracy and our economy. Thank you.