

**STATEMENT OF
CHAIRMAN TOM WHEELER**

Re: *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, *Telecommunications Carriers Eligible for Universal Service Support*, WC Docket No. 09-197, *Connect America Fund*, WC Docket No. 10-90.

Universal access to affordable communications is a bedrock principle on which the FCC has stood since its creation in 1934. For more than 30 years, the Lifeline program has been one important way the agency sought to achieve this worthy goal by helping low-income consumers afford phone service. Today, we take the next major step in fostering the FCC's commitment to universal service by modernizing Lifeline to support broadband and refocusing the program to meet the 21st century's communications challenges.

By dramatically improving Lifeline's management and design, and putting the program on sound fiscal footing moving forward, we will help low-income Americans all across our nation connect to the Internet and the opportunities of the broadband revolution.

Internet access has become essential for full participation in our modern economy and our society, but 64.5 million Americans are missing out on the opportunities made possible by the most powerful and pervasive platform in history.

The FCC has a Congressional mandate to ensure "consumers in all regions of the country, including low-income consumers . . . should have access to . . . advanced telecommunications services." With affordability still the largest single barrier to broadband adoption in low-income households, modernizing Lifeline is a key part of upholding our statutory obligations.

Lifeline was established by the FCC in 1985 to help low-income Americans afford access to vital communications, which, in those days, was a telephone call. Over a span of three decades, the program has helped tens of millions of Americans afford basic phone service. At a time when our economy and lives are increasingly moving online, it doesn't make sense for Lifeline to focus only on 20th century narrowband voice service.

That's why, last June, the Commission initiated a proceeding to recast Lifeline for the broadband era.

This reform effort was driven by two equally important goals: (1) modernizing the program to help connect low-income Americans to the Internet; and (2) reforming program management to ensure the fiscal integrity of the program going forward.

In modernizing the program, we were guided by the principles of competition and choice. Reforms are designed to encourage more providers to participate in the program so that competition in the marketplace can increase the value of the subsidy and provide choices for consumers.

The Order allows qualifying low-income consumers to apply the \$9.25 per month support to stand-alone mobile or fixed broadband service as well as bundled voice and data service packages. It also ensures that low-income consumers are not relegated to second class service and have choices that allow them to get the most value for the subsidy. It sets minimum service standards to ensure supported services meet modern needs. These benchmarks will be transitioned in over time to avoid undue disruption for existing lifeline providers and consumers.

The Order also retains long-term support for voice service as part of a mobile voice and data bundle. At the same time, the Order anticipates technological advances in the convergence of mobile voice and data. And, as such, sets a 5 and one half year transition for requiring voice to be provided as part of a data bundle. To ensure voice remains affordable, it requires a mid-2021 program review and

report by the FCC's Wireline Competition Bureau to assess the state of the Lifeline marketplace and propose recommendations to the Commission prior to the completion of the transition.

To encourage participation by broadband providers and thereby increase availability and consumer choice, the Order provides streamlined, nationwide entry to the Lifeline program for broadband providers. This is an additional, centralized option for those providers who seek a one-stop-shop lifeline broadband designation. States can still have their own Lifeline subsidy, and providers will still need to get permission from the state to receive that subsidy. Today's Order also modernizes rules to improve program flexibility, reduce burdens, and incentivize participation by providers.

This Order gets to the heart of the historic issues that have undermined this program's efficiency, so we get more bang for our Lifeline buck. Reforms initiated by Chairman Genachowski and Acting Chairwoman Clyburn have already reduced annual Lifeline spending by more than 20 percent by eliminating more than \$1 billion in duplicate payment.

Building on these reforms, the Order addresses remaining vulnerabilities to curb waste, fraud, and abuse. It establishes a National Eligibility Verifier as neutral third-party entity that removes the opportunity for providers to enroll ineligible subscribers. It refines the list of federal programs that may be used to validate Lifeline eligibility to those that support electronic validation, are most accountable, and best identify people needing support. It increases transparency by making program data publicly available and understandable, including subscriber counts by provider and uniform disclosure of annual subscriber recertification data.

To minimize impact on ratepayers, the Order establishes, for the first time, a Lifeline budget mechanism. It sets budget of \$2.25 billion, indexed to inflation. This is a ceiling sufficient to allow for increased participation generated by support for broadband service. The FCC's Wireline Competition Bureau will be required to notify the Commission when spending reaches 90 percent of the budget and to prepare an analysis of the causes of spending growth, followed by full Commission action within 6 months. This mechanism will ensure that the Commission has the notice and comprehensive information it needs to determine the reasons for growth in the program and to promptly make any necessary changes to the program to keep in on sound financial footing.

By making the program more efficient, the reforms contained in this Order will make Lifeline more effective at making broadband more affordable for low-income consumers.

Thank you to the staff from across the Commission who have worked on this item, in particular Jon Wilkins, Chief of the Wireless Telecommunications Bureau and Matt DelNero, Chief of the Wireline Competition Bureau and a Wireline team led by Trent Harkrader and Jay Schwartz. Thank you also to those like Senator Booker, Congresswoman Matsui and the civil rights and public interest groups that make up the Lifeline Coalition, who for years have worked tirelessly to ensure this program truly is a lifeline for those who rely on it. Most of all, thank you to Commission Clyburn. Without her leadership, today's reforms would not have happened.