

**ORAL DISSENTING STATEMENT OF
COMMISSIONER MICHAEL O'RIELLY**

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.

Wow. After everything that has taken place in the last 24 hours and about a thousand drafts of statements from every possible angle you can imagine, it seems that this item has done a complete 360. You can read all of my thoughts in great detail in my written statement, but for now: two things.

First, after months of asking the majority to discuss the budget, let it be known that late yesterday they finally came to me with an offer, one that was tough for me to accept but ultimately seemed to balance our differing concerns. For all the many process flaws that led us to where we were at that point, I approached the table in good faith with the belief that I could trust the word of a Commissioner. Now it seems that even that basic foundation has gone out the windows of the Eighth Floor. What has happened will do irreparable harm to our ability to engage going forward.

Second, I would hope that absolutely no one in this room walks away with the idea or repeats the falsehood that this Order includes a budget. To make sure this point is understood, I have prepared two simple slides.

Slide 1: Here we see a fair representation of what any reasonable person is talking about when they say the word "budget." A number is set, and once spending approaches this level you have two options. Either act affirmatively to raise the budget, *or* act affirmatively to control the spending and keep it within the set budget. This is the plain and normal meaning of the word and this was my number one goal for any potential Lifeline reform, because Lifeline is the only Universal Service program that does *not* operate this way. And what I found out was that the majority also understands this concept, because that was what we agreed on last night.

Slide 2: Here we see what the "Fact" Sheet for this item refers to as a "budget mechanism," and has been erroneously reported ever since as a budget. You see here the notable addition of the big yellow box that transforms a budget into NOT-a-budget. Of course, when spending approaches the magic number thrown in the air today, the Commission could choose to treat it as an actual budget and use one of the options already described. As Commission staff admitted earlier this week, the very soonest any affirmative Commission action could happen is 2019. But critically, the yellow box offers a third option. If the Commission does absolutely nothing, spending blows right through the magic number and continues indefinitely. What does that make the magic number? A joke. Not a budget.

The majority can and will misrepresent, cut corners and welch on deals. But please, can the rest of us at least agree to describe what the Commission has done in honest language?