

**Remarks of Gigi B. Sohn  
Counselor to the Chairman  
Federal Communications Commission  
Net Inclusion 2016: The National Digital Inclusion Summit  
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Good afternoon. I'm delighted to be with you, but --- I'm not going to lie – I can't say I'm excited to be in Kansas City. This city caused me a lot of grief last fall. That's right: I'm a New York Mets fan. Watching the Mets come so close to winning their first World Series in 29 years was bad enough – but losing to Commissioner Pai's hometown team made it so much worse.

However, I'm willing to forgive since Kansas City rolled out free public Wi-Fi plans as a peace-offering.

Thank you to Angela Siefer for inviting me to speak and for being a tireless advocate for ensuring that each and every American is connected to the broadband Internet. Congratulations on celebrating NDIA's first birthday and on putting together a terrific and very timely summit.

Congratulations to David Keyes for receiving the first Charles Benton Digital Equity Champion Award. Charles was a public interest colleague and a friend, and I couldn't agree with Adrienne more – he is certainly beaming today both because of the honor being bestowed on David and the gathering of so many of you who are dedicated to empowering the most vulnerable in society through access to communications.

Over the past year, I've attended several digital inclusion forums – and saw many of you. Each time, I spoke about Chairman Wheeler's vision to reform Lifeline – the Commission's program to help low-income Americans afford vital communications. Today, that vision is a newly adopted Lifeline order.

Thank you to the many people in this room and across the public interest community who helped make this possible. Your advocacy and expertise were instrumental in shaping the Lifeline rules and driving their adoption.

But, as you know, adopting new rules does not mean our work is done; it just means our work has changed. Now we start the job of transforming new Lifeline rules into more connected Americans. Today, I want to talk about what the road ahead will look like, and what will be required of all of us.

But, first, I'd like to put our Lifeline order in some context.

I'm sure all of you are familiar with the iconic Shepard Fairey posters of Barack Obama, where his image is red, white, and light-blue and at the bottom they say Hope or Change.

There's a knock-off of this poster that pertains to the FCC's recent reforms. Instead of the President, it's Charles Darwin, and the caption is "Very Gradual Change We Can Believe In."

The Lifeline order is a big deal in its own right, but it's part of a much greater accomplishment that I don't think people rightly appreciate – largely because it happened so gradually over a span of seven years. I'm talking about universal service reform writ large.

Universal service has been at the heart of the FCC's mission going back to our founding law – the Communications Act of 1934. Historically, the Commission's universal service programs – the USF high-cost fund, E-rate, Rural Health Care, and Lifeline-Linkup – did a tremendous amount of good, helping millions of Americans.

But back in 2009, these programs were in serious need of repair. They were focused on legacy phone service in an era when Internet access had become the dominant communications platform. They were inefficient and unnecessarily open to abuse. The USF high cost fund was paying as much as \$17,000 a year to support a single phone line in some areas. That fund was linked to the outdated Intercarrier Compensation system that did not create the right incentives for investment in building out broadband. Lifeline had tens of thousands of duplicate subscribers, inflating the fund by hundreds of millions of dollars. We had E-rate recipients with slower connections than a typical home and almost no money going to Wi-Fi connectivity inside of schools and libraries.

Seven years ago, USF provided basic connectivity for millions of Americans and tens of thousands of anchor institutions. But the program was outdated and inefficient. Today, it's the exact opposite – a fiscally responsible set of ambitious programs that target resources where they are most needed, with the flexibility to keep pace with market changes. In 2009, the FCC's universal service programs were part of the digital divide problem; now they are part of the solution.

The transformation of USF started with the establishment of the Connect America Fund to support expanded broadband connectivity in rural America. CAF-supported projects are in the process of connecting more than a million Americans in 45 states, and by 2020 CAF is poised to invest \$9 billion and leverage private investment to deliver broadband to 7.3 million rural Americans.

This March, we updated our universal service support for small "rate-of-return" carriers, which serve some of the most remote rural areas. This is a pretty in-the-weeds issue, so I'll spare you the details. Just know that getting this done was a heavy, bipartisan lift, and it will mean faster, better broadband for the 4 million Americans who live in these areas.

In 2014, we completed the first major modernization of E-rate since it was established 20 years ago. We improved the program's cost-effectiveness, set specific, ambitious targets for the broadband capacity delivered to schools and libraries, improved program administration, and re-purposed funding for Wi-Fi and robust broadband connections capable of supporting cutting-edge, one-to-one digital learning. A report issued last year by Education Superhighway demonstrates that we are well on our way to meeting our speed and connectivity goals for both schools and libraries.

And then, weeks ago, we completed the last major piece of universal service modernization – our Lifeline overhaul.

The push to reform USF began in earnest in early 2010 with the release of the National Broadband Plan. Then, for six straight years, with the help of folks like you, the FCC staff steadily pushed that boulder up the hill. It was not easy. These were complex issues that raised legal, economic and engineering challenges. But the staff collected the facts, analyzed the data, and – piece by piece,

program by program -- they put forth solutions that serve the public interest. Millions of Americans will directly benefit in the form of expanded digital opportunities, and that's the recognition that matters most.

First, a recap of what the Order does.

We all know that cost is the biggest barrier to broadband adoption. For the first time, the new Lifeline will 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.

The new Lifeline sets minimum service levels for voice and for fixed and mobile broadband; we refuse to allow Lifeline broadband service to be a second-class service. But we listened and we learned when folks like you expressed concern that we were proposing minimum service levels that might render Lifeline service unaffordable and that we were transitioning too quickly away from stand-alone voice service. Working with the carriers and many of you, we set minimum standards and transition times that ensure that no one will become disenfranchised.

The order requires 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. Previous reforms to crack down on duplicate subscribers decreased Lifeline payouts by 30 percent. We believe that the Verifier will greatly diminish a significant vulnerability to abuse.

The order sets an annual budget of \$2.25 billion for Lifeline, to ensure that the program is on sound financial footing. This is consistent with our other universal service programs, which also have budgets. The Commission set the budget at this level to allow for increased participation in the program, now that it supports broadband. There's also a mechanism that anticipates further Commission action if 90% of the budget is spoken for in any given year.

Finally, and perhaps most importantly from my perspective, the Lifeline Order streamlines the process for becoming a Lifeline provider to incentivize more broadband provider participation in the program. 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.

So how do we translate these new rules into new broadband subscribers?

That's where you come in. Successful broadband adoption programs come from the bottom up, not the top down. Trusted community-based organizations and anchor institutions know how best to serve residents most in need of the tools to get connected.

We at the FCC will be counting on you and your partners to do one-on-one work with people in your communities to help eligible consumers who don't have Internet access take advantage of the new Lifeline.

But don't get me wrong, while we expect community-level leaders and activists to take the lead on the retail work of getting people signed up for broadband, the FCC is not passing the buck on

broadband adoption. We will be active partners, helping to craft strategies and serving as a convener and a facilitator.

The Lifeline order specifically instructs the Commission's Consumer and Governmental Affairs Bureau – or CGB as many of you know it –to develop a comprehensive digital inclusion plan for the Commission to better understand the non-price barriers to broadband adoption and to propose how the Commission can facilitate efforts to address those obstacles.

To this end, the Order also calls on CGB to engage with community-based organizations, philanthropic organizations, city, local and tribal governments, and industry stakeholders to explore strategies for promoting increased broadband adoption through the Lifeline program as well as increased digital literacy.

So working with you on this matter is not a “nice-to-do” part of our inclusion strategy; it's a must-do.

Internet service providers who deliver Lifeline service are obviously another key piece of the adoption equation. CGB is specifically tasked with aiding Lifeline providers in their work with schools, libraries, community centers, food banks and other organizations like yours that serve low-income consumers to increase adoption and address non-price barriers to adoption.

We welcome new ideas on how we can be an effective facilitator. For example, some community organizations who work to connect low-income Americans are able to obtain low-priced devices, but are not able to obtain the licenses for the operating and security software those devices need. Some have suggested the FCC could educate groups about programs like Microsoft's Citizenship Licenses or the Kansas City Public Library's software lending library, which addresses this exact issue. Alternatively, the FCC can connect groups with industry representatives who might be able to meet their needs.

Give us your ideas on ways we can alleviate pressure points. Advise us on who should be at the table. To paraphrase Jerry Maguire, help us, help you.

Here's the bottom line. We know that we're not going to close the digital divides in our country overnight. Heck, we've been talking about this challenge since the 1990s. But with the modernization of the FCC's universal service programs – notably Lifeline – we are in a stronger position to bridge the digital opportunity gaps in the years ahead. If we seize this opportunity and do the day-to-day work to get people connected, we will look up in a few years and there will be millions more Americans enjoying the benefits of high-speed Internet – for employment, for education, for entertainment, for health care, for civic engagement, for a better quality of life. Now that's very gradual change we can believe in.

Thank you.