

**DISSENTING STATEMENT OF  
COMMISSIONER MICHAEL J. COPPS**

*In the Matter of High-Cost Universal Service Support, WC Docket No. 05-337; Federal-State  
Joint Board on Universal Service, CC Docket No. 96-45*

Congress made clear what it expected of the Federal-State Joint Board on Universal Service in section 254 of the Communications Act: the Board shall recommend policies to preserve and advance universal service. Since I rejoined the Joint Board over two years ago, my colleagues and I have worked with this singular purpose in mind. As anyone who toils in the field of universal service knows, there are many worthy ideas on how to achieve the purposes set forth in the Act. Today the Joint Board recommends that the FCC impose a so-called “interim, emergency cap” on the high cost support available to competitive eligible telecommunications carriers. While I commend my colleagues for their good intentions – to curb the growth of the universal service fund – I have serious concerns that such a cap will be misinterpreted as a solution, even though it does not address – or pretend to address – the fundamental, comprehensive reforms needed to carry a viable and improved system of universal service forward in the twenty-first century.

The clear and compelling challenge to the Joint Board and the FCC is to bring basic and advanced telecommunications to all our citizens and to ensure that our universal service system, which has accomplished so much, can continue to sustain itself. Our job is to develop strategies and programs to bring the best, most accessible and cost-effective communications system in the world to all our people – and universal service does indeed mean “all” our people. Every citizen of this great country should have access to the wonders of communications – whether they live on farms or rural hamlets, on tribal lands or in the inner city; whether they have limited income or are challenged by disabilities; whether they are schoolchildren or rural health care providers.

Universal service has done great things for America. But its job is far – very far – from complete. Revolutionary changes are transforming the world of telecommunications, but not all of us will be able to benefit from them without significant universal service system reforms. We have studied these problems for a very long time. Hundreds of discussions have taken place. Ideas have been exchanged. Solutions have been proposed. The problem is that the solutions are not painless. Companies and government both get comfortable with business as usual, and when someone proposes to rock the boat we all get nervous. Game theory supersedes decision-making – and nothing gets done. Yet reality keeps knocking at the door: the system is stressed; down the present path it may not be sustainable; it still marches to the tune of 20th century telecom. And there is this: we may all be called on for shared sacrifice if universal service is going to fulfill its mission.

I believe we have it within our ability – and within our grasp – to resolve our current universal service fund problems and to deploy a system that can contribute mightily to economic opportunity for all our citizens and to truly expansive economic growth for our country. This modernized universal service system would ensure that every citizen in our country is connected to vital education, public health, public safety, employment and entrepreneurial opportunities.

But we don't have the luxury of time to get this right. That is why I believe today's recommendation misses the mark – it puts too many issues off to another day. It's risky business.

The Joint Board has two major referrals before it, one dating to 2002 and the other to 2004. These are complicated referrals, to be sure, but it is nevertheless entirely possible to come forward with recommendations on the outstanding issues with which we are all familiar. Instead the Joint Board proposes an interim, emergency cap that solves no enduring problem and that will be interpreted by many as movement enough to justify putting the larger universal service reform imperative on the back-burner. I fear today's action diminishes rather than enhances the prospects for near or even mid-term reform.

In the best-case scenario under the proposed cap, even if the Joint Board acts within six months on fundamental reforms and the FCC then proceeds to adopt some version of those reforms in a year, it will be 18 months – autumn of 2008 – before we even have a strategic long-term plan from the FCC for universal service reform. If the past is prologue, coming to FCC consensus may take far longer than that, not to mention any legislative changes that may be suggested.

Frankly, I worry that an emergency, interim cap inflames discord and disagreement among industry sectors at a time when we should be bringing everyone to the table to develop as much consensus as we can. I don't see the need to poison the well when we could all be drinking from the same cup. Others have expressed concerns that this emergency action could lead to extended litigation and to putting into play concerns about the lack of technology neutrality that some see in this proposal.

It is not just the pressure on the universal service fund that compels action. It is even more the pressure from our country's grossly inadequate under-performance in getting advanced telecommunications out to all our citizens. Just last week, the OECD moved the United States down three more spots in its broadband rankings – now your country and mine is Number 15. Some are attempting to impugn the rankings or to say that, even if true, it is good news that other countries are moving forward so quickly! These comments and claims are lame attempts to mask a national embarrassment. Universal service has a huge role to play in correcting our course and moving us back toward the top where the United States always belongs.

This is why it is so incumbent upon us to get comprehensive Joint Board recommendations to the Commission expeditiously and then for the Commission to act. We need to act not just because informed action will move us up the rankings, but because of what our country's poor performance means in terms of a continuing, perhaps even worsening, rural-urban digital gap and in terms of economic opportunities foregone for individuals, communities and businesses all across America.

The Joint Board is filled with uncommon knowledge, expertise and good judgment. It has most of the information, data, and analysis that it needs, right now, to move ahead to propose needed repairs and modernization for universal service. I will be in the minority with my vote today. Still, I look forward to working with my colleagues and friends on the Joint Board and the Commission to move the ball forward on the new field we have designed. To them and to all

the millions of stakeholders in this work, I pledge my full participation and cooperation to move ahead as speedily as possible to expedite and complete the Joint Board's work.