

**STATEMENT OF  
CHAIRMAN LISA POLAK EDGAR**

***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***

Today this board sets in motion a plan to bring much needed real reform to the universal service high-cost fund. I support the Recommended Decision for a permanent cap to the current and future high-cost fund mechanisms at the projected fourth quarter 2007 level of approximately \$4.5 billion. If implemented by the FCC, the Recommended Decision will put an immediate halt to unfettered growth in the fund and provide the opportunity for fundamental and much needed reform. This is a victory for consumers everywhere who rightfully expect their federal government to be fiscally responsible with money collected from their monthly telephone bills.

I strongly support the FCC developing a unified Provider of Last Resort (POLR) mechanism. This is an opportunity to make real strides to ensure that funding for wireline POLRs is targeted to areas of need and distributed in a way that is more efficient, accountable, and fiscally responsible as envisioned by the Telecommunications Act of 1996. The current support mechanisms must be reformed to reduce duplicative funding to multiple providers and to better target financial support.

I am pleased that meaningful discussion has resulted in a Recommended Decision that will result in substantive change. However, I have lingering concerns that we have not accomplished all that can and should be done. As a Joint Board member from a net contributor state, I have concerns that expanding the scope of the fund to include broadband and mobility could inadvertently increase the overall fund size. While I recognize the importance of broadband Internet access and the importance of deploying it to unserved areas, I am wary of what lies beyond that initial objective and what financial impacts such deployment may have on consumers. I view these funding mechanisms as intended to facilitate service to unserved areas and not as long-term entitlements.

Broadband technology as a consumer product has been growing steadily. Actions should not be taken that would interfere with market forces already at work or discourage current state efforts which are helping to bring broadband to unserved areas. Equally important, we must be mindful to not unduly burden consumers in states that have already made concerted efforts to foster deployment of these new technologies. As deployment becomes more widespread and as advances in technology lower service costs, a reduction in the universal fund size should occur.

The Joint Board process requires that some concessions be made by each member to reach a consensus and majority support. While I support the Recommended Decision, I would have preferred that more emphasis be placed on substantive reform of current mechanisms prior to the adoption of the cap. It is likely that the complexity of current funding mechanisms and the funding of multiple ETCs has led to both a fund size greater than is necessary to achieve the stated objectives of the Telecommunications Act of 1996 and duplicative funding to multiple providers. By capping the fund at current levels we may be continuing an excessive burden for telecommunications consumers going forward. I urge all participants to remain focused on the universal service objectives of availability and affordability while remaining mindful of fiscal responsibility.