STATEMENT OF
COMMISSIONER LARRY S. LANDIS
CONCURRING IN PART, DISSENTING IN PART

In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Lifeline and Link Up, WC Docket No. 03-109

While the Recommended Decision that is issued today has much to commend it, at least two aspects of the underlying Lifeline referral need to be further addressed: The absence of a clearly defined problem with regard to existing eligibility, verification, and outreach rules and procedures; and the absence of metrics or standards for determining when we have achieved success in solving those problems.

The underlying Lifeline referral (and, hence, the Recommended Decision) did not arise in a vacuum. That referral can only be understood as an extension of, and largely integrated with, the National Broadband Plan ("NBP") and related FCC documents, despite the fact that the NBP is intended as more road map than detailed policy document. This tight integration with the NBP has several important consequences. The potential consequences for RLECs and mid-size LECs is considerable, because the NBP does not confront either their important role in meeting the goal of enhancing broadband availability or the indirect harm that some of its proposed policies could do to those companies.

Too little attention has been paid to the financial health of RLECs (and mid-size companies) and the importance of existing High Cost support. The NBP contains a number of ambitious broadband deployment proposals that will require billions of dollars in new funding, likely significantly greater than projected, as required to bridge the Broadband Availability Gap ($23.5 billion). Acknowledgment of the need for "significantly higher [amounts of funding] than the incremental calculation indicates" was included in a staff technical paper and a footnote in the USF NOI/NPRM. Had it been placed in the body of the NPRM instead, that would have allowed for a more robust debate of both the sources and uses of universal service funding, and whether sufficient funds remain to meet the legitimate ongoing needs of providers in rural, insular and high cost areas.

Thus far we have not fully identified the source of additional funding needed if Lifeline subscribership increases substantially (e.g., due to modifications to eligibility requirements and/or expanded outreach efforts). Setting aside the NBP, the RD itself notes that it would not be unreasonable to estimate that the size of the Low Income fund could grow to at least $2 billion in the next few years, before including any growth attributable to adding support for broadband.

The NBP contains many recommendations and promises of additional broadband deployment efforts (in particular, the new **Connect America Fund**, which includes efforts to address the Broadband Availability Gap and other deployments to non-low-income households) coupled with the new **Mobility Fund.** However, the sources of funding are not always evident. The NBP solution, in too many cases, appears to be to repurpose money currently used in support of High Cost funding.

In general, there is a strong preference in the NBP in favor of wireless technologies and great optimism regarding the benefits that wireless technologies can provide, coupled with a lack of affirmation for the benefits that RLECs' and mid-size providers' wireline broadband access networks and in many cases, cable providers are already delivering to many locations.

Based upon a review of the NBP and other FCC documents, there will likely be new and expanded demands placed on universal service funding mechanisms over the next few years. Based on sometimes conflicting recommendations in the NBP, it appears that the FCC plans to dramatically revamp or repurpose existing High Cost Fund support. Intercarrier compensation reform efforts are likely to result in the elimination or transformation of other USF components. The FCC has yet to address how the existing support will be used in the future, or whether the shifting of USF dollars away from traditional High Cost support will be linear over time.

While it is possible that the USF transformation, USF contributions, and/or intercarrier compensation reform NPRMs may provide answers to some of those questions, the action we take today could have implications, perhaps significant, for sizeable increases in USF support for Lifeline services, without a clear understanding of how those increases would be paid for, how the need for additional support would fit in with other new demands that will be placed on the fund, or additional sources of funding.

I am authorized to state that Commissioner John Burke of Vermont joins in this separate statement as I have joined with his. I also endorse and commend for review the separate statements of my fellow state members Chairman Ray Baum and Chairman James Cawley.