

**STATEMENT OF
COMMISSIONER MIGNON L. CLYBURN**

Re: *Connect America Fund*, WC Docket No. 10-90, *A National Broadband Plan for Our Future*, GN Docket No. 09-51, *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135, *High-Cost Universal Service Support*, WC Docket No. 05-337, *Developing an Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Lifeline and Link-Up*, WC Docket No. 03-109

In order to fully participate and succeed in our 21st Century economy, all citizens—no matter where they live—must have access to broadband technology. Most of us in this room take for granted the presence of high-speed Internet access in our homes. But in many regions of our nation, there are consumers who are not so fortunate.

I still hear stories of the persistent digital divide in our country, and the significant disadvantages citizens face without broadband service. For example, just last week, I learned of two more stories that highlight the need for universal service reform. In the small Texas town of Von Ormy, a young woman who had been out of work for three months, missed a job opportunity because her town has no reliable high-speed Internet service, or even dependable wireless phone reception. Only by traveling 17 miles away to the closest metropolitan area of San Antonio and staying with friends, was she able to receive communications about a job for which she applied, and to complete the employer's applications requirements by accessing the Internet at a library. Still another situation involved a high school student who was forced to spend a night in his local library to complete a writing assignment due the next day and his home had no reliable high-speed Internet service. These are real stories and real people who do not question the power of broadband, but right now, they are unable to access it at home. As such, I fully agree with my fellow Commissioners that the Universal Service Fund must be reformed to bring the benefits of broadband to the millions of Americans who lack access to a high-speed network where they live.

The step we take today in adopting this Notice of Proposed Rulemaking, builds upon the work we began immediately after the release of the National Broadband Plan. Reforming the Universal Service Fund in order to provide a meaningful opportunity for every American to benefit from the broadband communications era, is an action consistent with the principles Congress set forth in Section 254 of the Communications Act to ensure that *all* Americans have access to affordable voice and advanced communications services. While the Universal Service Fund has been instrumental in providing affordable telephone service to millions of Americans, it has not been as effective in ensuring that advanced services reach all American homes. Indeed, it is apparent that the current structure of the high-cost mechanisms of the Fund has led to the support of multiple providers and networks, rather than focusing on the mission Congress gave us to ensure quality voice and advanced services at just, reasonable, and affordable rates in rural, insular, and high cost areas. Moreover, it also is apparent that we cannot be certain that our financial support of communications networks is being used prudently by providers to achieve these goals. Accordingly, it is imperative that we move expeditiously to reform the high-cost mechanisms to address the broadband needs of our country and ensure that support is used efficiently for making both voice and broadband services available and affordable in all areas of our nation.

As a Commissioner from a rural state, I know how important it is that citizens have access to the same critical communications services—both wireline and wireless—in rural areas as they do in urban areas, and that such services are comparable and affordable. Without modern

communications services, the economic survivability of rural areas is in jeopardy. Large and small businesses must have access to broadband to compete in our global economy, and rural areas especially, must have broadband in order to keep and attract employers who can help sustain and grow their economies.

I have listened closely to numerous stakeholders and understand that many companies, their employees and families, are currently relying upon USF support to provide services in their local communities. I recognize the need for a careful balance, and of providing adequate time for entities to adjust to any proposed transition, while we effectuate the necessary changes required to ensure that we realize as many benefits from the Universal Service Fund. Service providers and investors must and will have time to adjust, so that all providers can make the migration successfully. We must ensure that areas currently served by wireline or wireless providers, that would not be served but for Universal Service Fund support, continue to receive their service. At the same time, however, we must ask each company's help in identifying and eliminating inefficiencies so that the Fund can benefit more consumers.

As communications technologies evolve, so too must the entire framework that ensures that our nation is fully connected. As such, it is not sufficient to solely focus on the Universal Service Fund. We must also consider the necessary changes to the intercarrier compensation regime. The communications marketplace has changed dramatically and intercarrier compensation revenues have decreased significantly. The implicit subsidies that have been used to support networks have eroded, and we have every reason to believe that they will continue to do so as more communications move to broadband networks. Such uncertainty and instability should be addressed simultaneously with USF reform. I am sympathetic to industry's concerns that there are immediate issues in the ICC regime that should be addressed, and I want to work with my fellow Commissioners on these issues in a timely fashion. I also want to encourage industry to work with us on developing both immediate and long-term solutions, rather than start new disputes about intercarrier compensation based on the Notice's proposals. Such disputes detract from the industry's ability to engage in a productive dialogue and for us to achieve consensus on these difficult issues.

As a Commission, we should be open to new ideas and experiment with new approaches in response to changes in technology and the marketplace, but we must remain mindful of our duty to achieve the fundamental goals of universal service and not harm the success we have already achieved. As such, we must carefully consider whether new approaches to providing support require certain conditions that may not be achievable in those geographic areas where few have ventured to serve without financial assistance from the Fund and the ICC regime. It is my hope that we carefully test the effectiveness of new disbursement mechanisms before applying them to address the needs of all high-cost areas. In fact, from my travels across the country, including to some of the hardest-to-serve areas in our nation, a one-size-fits-all approach will not achieve the goals of universal service. The comprehensive nature of this Notice, along with the number of detailed questions and alternative proposals, underscores the complexity of reform for a nation that is so vast and geographically diverse. The Notice will afford all interested parties the chance to demonstrate which proposals will offer the most immediate benefits of both voice and broadband services to as many Americans as possible.

I believe that input from all stakeholders—providers, legislators, state regulators, RUS, and consumers—are critical as we consider the proposals for reform. Given the historical partnership this Commission has had with the states in providing universal service, as recognized in Section 254 of the Act, I am pleased that we are seeking specific input from our State Members of the Federal-State Joint Board on Universal Service with respect to the proposals in the Notice.

Further, I am pleased that throughout the Notice we ask specific questions concerning the states' roles in the possible reform options. We must proceed in a thoughtful way to make sure that we are preserving the current availability of voice and broadband service to consumers, while expanding the availability of broadband service to unserved areas. I believe that having state input will assist us in that endeavor, and I encourage state commissions and consumer advocates to provide their counsel in this proceeding.

The task before us is not easy. If it were, it would have been done long ago. It is my hope, however, that this Commission and industry will help find a solution so that we can do what is required to reform the Universal Service Fund and the intercarrier compensation regime and make available both voice and affordable broadband services to all American homes. Next week, my state colleagues on the Joint Board will be in this room conducting a workshop on these issues and presenting some of their own ideas for reform. The next step in our work is to listen to our state colleagues, industry, consumers, and other interested parties. I want to thank my good friend and fellow Commissioner Michael Copps for his suggestion that we engage in consensus building and a productive dialogue with industry by conducting open and transparent workshops to be led by our staff.

To our Wireline Competition Bureau and Wireless Telecommunications Bureau staffs, I thank you for the tremendous efforts you already have made in this proceeding. I know you have made many personal sacrifices to help us achieve a very thorough NPRM. The time you have spent to review our record and listen to the numerous interested parties in this proceeding, in addition to your crafting the Notice, is very much appreciated. In many ways, however, your work is only beginning. I have instructed my staff to work diligently on these matters with you and the other 8th floor advisors so that we can advance our goals as quickly as possible. If there is one refrain I have heard repeatedly in my meetings with industry, it is to please provide the certainty they need to continue to invest in the networks and services they offer. It is my desire that we do just that.