

**STATEMENT OF  
COMMISSIONER MIGNON L. CLYBURN  
APPROVING IN PART, CONCURRING IN PART**

Re: *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42; *Lifeline and Link Up*, WC Docket No. 03-109; *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45; *Advancing Broadband Availability Through Digital Literacy Training*, WC Docket No. 12-23

Our Lifeline program is exactly that—a lifeline—for millions of low-income consumers who couldn't otherwise afford telephone service. Today's Order completely reforms and stabilizes this program and will ensure its survivability so that it can continue to serve our most vulnerable citizens.

Over the last few years, the FCC has spent an incredible amount of time, promoting and advancing what most would agree, is the greatest infrastructure challenge of the 21<sup>st</sup> Century—broadband. With its transformative and enabling powers, broadband is a means by which all Americans can enhance their extraordinary vision and actualize their greatest potential. Today, with respect to this Order, we are making yet another significant installment in our quest for universal broadband deployment and adoption, especially for our low-income citizens. I agree wholeheartedly that these consumers are significantly disadvantaged when broadband is not within their reach. But without telephone service, the disadvantage for them *is* most *severe*. Without the capability to call employers, schools, doctors, 911, and family and friends, those already vulnerable consumers are further isolated, and managing their day-to-day lives becomes extremely difficult.

We have hundreds of testimonials from economically challenged consumers about how their subsidized Lifeline phone service has benefitted them and what that connection means to them personally. Of course, when I read these stories, they touch my heart, but I also can't help but appreciate what those subsidized connections mean to all of us, as a society. Regardless of our means, we are able to communicate with one another, whether we are separated by a city block, or are miles apart, through the convenience of a simple device. The benefits that this capability has contributed to our nation are immeasurable, and the Lifeline program has been key in this achievement. Indeed, the telephone penetration rate for consumers with income less than \$10,000 has steadily increased in the last few years, and I think that's a very good demonstration that the Lifeline program is helping us realize the universal service goals Congress mandated in Section 254 of the Act, which is to ensure *affordable* phone service for *every* American.

We have seen more low-income consumers participate in the Lifeline program than ever before over the last few years, and I believe part of that is due to the economy. Over 46 million Americans are living in poverty. This is about 15 million more people than in 2000. Of those, we know that after paying for their basic necessities—not including phone service—I am talking food, shelter and health care—these citizens don't have any disposable income left. So you can see why more low-income consumers are turning to the Lifeline program for help. The other reason the number of Lifeline consumers has grown, is that new entrants, such as mobile phone providers, have started offering Lifeline products. These new options have allowed many low-income consumers to access mobile networks for the first time. And for those on a strict budget, that wireless option may be the most efficient means of staying in touch with family, employers and caregivers. So none of us should be surprised that low-income consumers want access to mobile networks.

Today we are taking steps to ensure that more eligible citizens are afforded the opportunity to benefit from this worthwhile program. No qualifying consumer will be cut off or unable to obtain the benefits of the Lifeline program as a result of our reforms today. There will be no minimum charge on consumers participating in this program. Far too many of them are unbanked, and the cost of sending even a small payment to the carrier far outweighs the charge imposed and would just be another barrier to them participating in and receiving the benefits of the program. Moreover, we are taking steps to better serve the homeless population, including permitting those living in shelters to sign up, and we are seeking comment on how we can better coordinate with the Department of Veterans Affairs in serving our brave heroes who have sacrificed for us, yet do not have a permanent home.

We also are taking significant measures to ensure that all waste is expunged from the Lifeline program. We have evidence on our record that there are duplicates—that is, individuals who have obtained more than one benefit. This is primarily a result of more competition and the lack of a nationwide database to ensure that individual low-income consumers aren't signed up twice. In addition, there has been some confusion about the program's requirements, and not just among the consumers, but also with the service providers. Consumers haven't been properly educated about the program's rules, or even understood which services are Lifeline-subsidized, as evidenced by the consumer reaction during last year's duplicate resolution process, when many were surprised and dismayed by the letters they received from USAC. The bottom line is this: there are numerous reasons why the program has grown, and it's important that the steps we take today to reform the program are balanced with the purpose and goals of the program—to ensure that affordable phone service is available for low-income consumers.

Many have weighed in on whether it is appropriate for us to cap the program or set a budget at this time. However, I cannot support a cap of a program whose goal it is to ensure the affordability, and thus the availability of basic telephone service for our most vulnerable citizens. One national wireless carrier submitted its survey findings of the makeup of its Lifeline subscribers in our record and found that approximately 83 percent of its Lifeline subscribers make less than \$15,000 a year. Their average age is 51, and most of them are female. If we don't ensure their ability to access phone service, then we will be doing a great disservice to them and our nation, and we would not be meeting the requirements of Congress' mandate to provide universal service.

I want to thank the Chairman for working with me on the steps we should take today to manage the size of the Fund. I understand and embrace the need for fiscal responsibility, and the reforms we adopt today provide the best means to realize significant savings which will help us accomplish that goal. But at this juncture it is best for us to provide a baseline for how the reforms we adopt today unfold over the next year. I support the Chairman in setting a target for the savings we expect will be realized in 2012. The Bureau will be reporting to us in six months and then again in one year on whether the reforms met our savings target. I believe it is appropriate for us to first review how the reforms impact the size of the Fund, and whether our assumptions and projections are accurate, whether growth of the Fund is impacted by changes in the macroeconomic conditions and the number of consumers who initiate Lifeline service, and the impact of competitive Lifeline offerings in the program this year. This enhanced information will be important in any consideration for next steps. Only at that point, will we have the type of information needed to revisit the issue of a budget. As always, I will keep an open mind, but I cannot guarantee anyone that I will support any particular budget before we have seen this data. Nevertheless, I look forward to working with the Chairman, Commissioner McDowell, and hopefully two additional Commissioners next year on this issue, as well as the other matters raised in the Further Notice.

I, of course, support the Chairman's objective that the Lifeline program should include the goal of addressing broadband affordability for low-income consumers. I believe pilot projects are an appropriate first step to determine the best way to address the digital divide for low-income consumers in the Lifeline program. Although I wish we had adopted this pilot program soon after our workshop on this issue in 2010, I am grateful we are now charging ahead, and am hopeful that this program, along with other public and private sector efforts underway, will help us complete the modernization of this program that is contemplated in today's Order.

When everyone is connected to the networks, then the value of those networks increases. This is true for both voice and broadband services. Through the universal service fund and the private sector, our nation has invested hundreds of billions of dollars in our voice networks. Last October, we committed to spending \$4.5 billion a year to build broadband-capable networks. But when a segment of our fellow citizens cannot access those networks because they cannot afford to, we are all experiencing a loss. With respect to broadband, the statistics are startling. Less than a third of the poorest Americans in this country have adopted broadband. However, access to broadband service is not a luxury, it is a necessity. The importance of broadband to economic opportunity and quality of life in our nation is unquestionable. It is difficult to look and apply for a job, complete a school assignment, or access government services and resources—which consistently are moving online to save costs—without a broadband connection. Studies repeatedly show that cost is the greatest barrier to broadband adoption for low-income consumers. While we have seen some significant steps in the public and private sectors to bridge the affordability gap, it will take a considerable commitment of this nation and this agency to achieve a broadband penetration rate that mirrors our telephone penetration rate. I believe that the Lifeline program can do for broadband service affordability what the Lifeline program has done for telephone service affordability, but it will take a brave Commission to do what is necessary to make a financial commitment to ensure that result.

An underlying theme in our discussion about transforming our fund to support the availability of broadband, is that the concept of universal service evolves over time, based upon the technological changes and expectations of consumers that result from those changes. When the federal Lifeline program began, most consumers had only one personal phone—their home phone. Today, about 30% of consumers have chosen a mobile phone over a home phone, and tens of millions in our nation have access to both a home phone and a mobile phone. Our Order adopts a one phone service per household restriction for low-income families. For those families with two adults, I am concerned that a \$9.25 subsidy for service may not stretch far enough for them to each have access to a phone when they need it. I believe it's important that low-income consumers have choices, but given the recent societal expectation that consumers should be able to readily access a phone—whether at home or on the go, I believe asking low-income families with multiple adults to manage with just one phone is inconsistent with the new norm. I also worry what this means in their ability to manage their day-to-day lives and the public safety risks of those members of the family who may not have access to the phone service.

Of course, this Commission just recognized the importance of consumer access to both fixed and mobile networks, as evidenced by our recent commitment to fund both types of networks in our high-cost reform. I appreciate the Chairman's understanding about my concerns, and his willingness to tee up this issue directly in our Further Notice. As such, we are exploring recent proposals in the record about whether a modest increase in the subsidy for low-income families with multiple adults, will allow them to better access the networks. I think this is especially important for very remote areas, such as Tribal Lands and parts of Alaska, where

access to a mobile phone may mean the difference between life and death. For this reason, I am concurring in our finding that the benefit of the Lifeline program, is one per household.

There is significant agreement in the record that by using modern database capabilities, we can best reform this program to make it more efficient and effective. My two colleagues and I couldn't agree more, and I want to thank them both for working with me on this issue. I am very pleased that we are setting the goal to address not just duplicates in the next two years, but also eligibility through such database capacity. By doing so, we can better ensure that only qualified consumers are signed up for the subsidy, and we can more effectively confirm eligibility periodically. As a result, two of the new requirements we establish in this Order—reviewing documentation for program eligibility and annual certification of 100 percent of subscribers—will be temporary measures carriers will perform until a database can be used for these functions.

In my initial review of the Order, I had real concerns about the burdens we were placing on both consumers and the carriers with respect to these two new requirements. I understood from the consumer perspective, that documenting their eligibility can be very difficult when they are not initiating their service in person with the carrier. Access to copy and fax machines for low-income consumers, and sometimes even the post office, can be significant barriers, especially because many post offices no longer have copy machines, not to mention the fact that the post office has been closing locations. From the carriers, I also appreciated that they don't want to make the judgment call on who is and isn't qualified for the program. In addition, I understood from both carriers and consumers, that an annual recertification process for 100 percent of Lifeline subscribers is likely to have the unintended effect of de-enrolling qualified consumers.

I can agree with the Chairman that this year, every current Lifeline participant should be checked for continued eligibility in the program through self-certification. Currently, about 65 percent of all Lifeline subscribers are being recertified annually, and checking the other 35 percent makes sense as an initial step in our reform of the program. By permitting consumers to re-certify via text and through individual voice response systems, I believe we have struck a balance for this temporary measure of 100 percent recertification. It is our intent that in 2013, carriers will be able to rely upon a database for recertification, and if the database isn't ready, we will permit carriers to rely upon USAC for recertifying consumers, should they choose to do so. I believe this option not only addresses some carriers' concerns that 100 percent re-certification *every year* is too burdensome, but it also will address the concerns about consumer response rates being too low.

The response rate to USAC last year during the duplicate process, exceeded our expectations, and I expect that consumers may be more likely to respond to an official notification from USAC, as compared to their phone company. Nonetheless, I could not agree more with many of the participants in this proceeding, that the sooner we can make the database capabilities function in this program for both duplicates and eligibility, the better off consumers, carriers, and the Fund will be.

It is critical that we begin the process of educating consumers concerning the changes to the Lifeline program. During the duplicates process last year, thanks to my partnership with Commissioner Copps, the Chairman's support, and the efforts of our Wireline and Consumer Bureaus—this Commission worked diligently with state agencies, the carriers, and consumer groups, to inform and educate the Lifeline subscribers about the duplicates process. We received very few complaints as a result. In fact, we have heard positive feedback from many. The information sent was easy to understand, and available in both English and Spanish. We are planning to replicate that campaign this year with respect to these reforms. I want to thank the

Chairman and the staff for their willingness to work with me in getting the word out about the changes to the program, and I encourage all the state agencies, carriers, and consumer groups, to work with us again to ensure that no qualifying low-income consumer is cut off or unable to access the benefits of the program.

I want to take a moment and thank the Joint Board for its significant input into this item. Over the last year and a half, I have been working closely with my state colleagues and the Joint Board staff on this program. The Joint Board's Recommended Decision from November of 2010 was the cornerstone for all the work that has happened in this program in the last year. I believe there are many steps we take today that the states will support, and I look forward to further collaboration with the Joint Board as the reforms are implemented.

I also want to thank Sharon Gillett, and her capable staff, Carol Matthey, Trent Harkrader, Kim Scardino, Lisa Hone, Jonathan Lechter, Soumitra Das, Jamie Susskind, Garnet Hanly, Beau Finley, Rebecca Hirselj, Divya Shenoy, and Rebekah Bina. Their contributions to this Order and Further Notice were remarkable. There was a significant amount of work in the Lifeline program last year, in addition to their work on the Order and Further Notice. Thank you for your dedication to the population served by this program and for your personal sacrifices to complete today's item. I know the implementation stage of the reforms will keep you busy, and I have every confidence that you will continue to serve our citizens in a diligent and thoughtful manner. I also want to thank my Wireline Legal Advisor, Angie Kronenberg, for her significant contributions during the last 18 months with respect to this program, leading up to today's actions, and her commitment to achieving the balanced reforms we adopt today. Mr. Chairman, I also thank you for your leadership in this proceeding.