

FCC CHAIRMAN GENACHOWSKI ADDRESSES SMART, RESPONSIBLE GOVERNMENT AND REFORMS TO MODERNIZE THE LIFELINE PROGRAM FOR BROADBAND

FCC Chairman Genachowski delivered remarks at Third Way in Washington, D.C. to address the agency's ongoing efforts to modernize programs for the digital age and ensure that they are efficient and fiscally responsible. Genachowski also outlined his proposed reforms to the Universal Service Fund's Lifeline program to combat waste, fraud, and abuse and advance broadband adoption.

Lifeline is a vitally important program that, over the past 20 years, has helped tens of millions of low-income Americans afford basic telephone service. Lifeline is a fundamental part of the Commission's implementation of Congress's directive to ensure the availability of basic communications services to all Americans, including low-income consumers. Lifeline recipients rely on their phones to do everything from finding a job to coordinating childcare to calling 9-1-1 during an emergency. Proposed reforms are projected to save the program up to \$2 billion over the next few years.

I. Proposed changes to eliminate waste, fraud, and abuse from and otherwise reform Lifeline will:

- Establish clear goals and metrics to measure performance towards those goals;
- Create a National Lifeline Accountability Database to prevent multiple carriers from receiving support for the same subscriber;
- Set a budget for Lifeline, while acknowledging that the size of the program should fluctuate as the economy improves or worsens and the Lifeline-eligible population shrinks or grows.
- Establish national eligibility criteria to ensure access to Lifeline service for all low-income consumers who meet federal standards for participation in the program, with the recognition of the unique circumstances facing Tribal communities. States would be permitted to add to these criteria.
- Conduct independent audits every two years on every carrier that receives more than a specified annual amount of support from the program.

II. Reforms will start the process of modernizing Lifeline from telephone service to supporting broadband:

Broadband has gone from being a luxury to a necessity for Americans, including to look for and find a job and access education and healthcare services. Proposed modernization of Lifeline will:

- Establish a Broadband Adoption Pilot Program using savings from other reforms to test and determine how Lifeline can best be used to increase broadband adoption among Lifeline-eligible consumers. Starting this year, the program will solicit applications from broadband providers and will select a number of projects to fund. Lifeline will help reduce the monthly cost of broadband service, but applicants will be expected to help address other challenges to broadband adoption, including the cost of devices and digital literacy.
- Increase digital literacy training at libraries and schools. A Further Notice of Proposed Rulemaking will seek comment on using savings from USF reforms to increase digital literacy training at libraries and schools, a key step in increasing broadband adoption.
- Build on FCC efforts to close the broadband adoption gap and address digital literacy, including the Connect-to-Compete initiative, which enlists government, non-profit, and private sector leaders to address broadband adoption barriers through digital literacy training and low-cost broadband availability.

III. Since Day One, Chairman Genachowski has made smart, responsible government a priority:

- Issued a Preliminary Plan for Retrospective Analysis of Existing Rules. The plan describes the ongoing agency-wide process of identifying outmoded or counterproductive rules.
- Repealed more than 200 outdated regulations and identified 25 sets of outdated data collections for elimination. The agency has reduced Commission backlogs, including an 89% reduction in satellite licensing applications and a 30% reduction in broadcast licensing applications.
- Scrutinized all programs the FCC administers to ensure they are efficient and fiscally responsible.
 - Transformed the largest part of USF into the Connect America Fund, which will spur broadband buildout to hundreds of thousands of rural homes and businesses in the near term and put America on the path to universal broadband by the end of the decade while, for the first time, constraining the size of the Fund. Intercarrier compensation reforms will eliminate billions of dollars in hidden subsidies in consumers' bills.
 - Reformed Video Relay Service (VRS): The FCC preserved a vital communications link for deaf and hard-of-hearing people and saved taxpayers \$250 million by eliminating incentives for fraud.
 - Modernized the E-Rate program: The FCC updated the successful program by eliminating unnecessary restrictions to provide greater flexibility to recipients and enable higher-capacity broadband.