

**Remarks of Gigi B. Sohn
Counselor to the Chairman
Office of Chairman Tom Wheeler
Emerging Issues Policy Forum
Digital Pathway Summit
Amelia Island, Florida**

January 14, 2016

Thank you to the Emerging Issues Policy Forum and the Public Utility Research Center for inviting me to speak today.

It's great to be in Florida – home of pristine beaches, abundant sunshine and the parents of every kid I grew up with in New York. But most important, Florida is the home of Julia Johnson. Thank you Julia, for inviting me to be a part of this incredible group of thinkers and doers.

I'm excited to be at this summit, because this meeting's goal is directly aligned with our goals at the FCC. As the invitation said, today's dialogue is about "facilitating the development of new innovative and affordable communications products and services for the benefit of consumers."

Maximizing the benefits of communications technology for the American people is roughly the FCC's mission in a nutshell. As Chairman Wheeler has said on multiple occasions, **the FCC is the public's representative in the broadband revolution.** And broadband is important not as mere infrastructure, but for what it enables – job opportunities, remote health care monitoring, smart homes, online education, more efficient government services, just to name a few. **As such, the FCC is committed to using all the tools at its disposal to spur innovation and investment and protect the public interest.**

That's why we adopted strong and balanced net neutrality rules, which will protect the Internet as an open platform for free expression and innovation without permission, while preserving incentives for network investment.

We believe competition is the most powerful driver of innovation and investment, and we have worked to promote competition where possible and to protect competition where it exists, including through careful review of transactions. We've advanced multiple initiatives to make more of the public airwaves available for broadband, which will help address the public's seemingly insatiable demand for wireless services and unleash new innovation.

We've updated broadband benchmark speeds, which establish a standard that encourages faster networks and gives us a better read of the state of competition for broadband that reflects consumer needs.

And we've focused on enforcement actions, which helps ensure companies follow the rules and consumers get what they pay for.

Of course, maximizing the benefits of broadband for all Americans demands that all Americans are online.

To that end, the Commission has modernized our telephone-era universal service programs to support broadband, which is bringing Wi-Fi and gigabit fiber connections to our schools and libraries and will expand broadband networks to over 7.3 million rural consumers – with more reforms to come to benefit rural consumers served by over 1,000 small “rate-of-return” carriers.

Those reforms are helping to expand broadband access. **Today, I want to focus my remarks on enhancing broadband adoption. In particular, I'll talk about our work to modernize Lifeline - the FCC's primary program for encouraging adoption by ensuring the affordability of communications services.**

A few weeks ago, just before the holidays, the Pew Research Center released a report that makes the case for why a modernized Lifeline program is so important.

The report's topline finding is that – after years of slow but steady progress – the share of Americans with fixed broadband at home has plateaued. In fact, home broadband adoption has actually declined by a statistically-significant 3 points since 2013 – dropping from 70 percent to 67 percent.

To be clear, that does not mean that the number of Americans online is shrinking. What's happening is that a growing number of Internet adopters are smartphone-only.

If a greater share of Americans have some form of Internet access, why does it matter that home broadband adoption has plateaued?

Because not all forms of Internet access serve the same function. Put simply, home broadband, which offers faster speeds and a lower likelihood of running up against data caps, does things for consumers that smartphone-only access can't.

One example: most job applications these days are online. It's a lot easier updating your resume and submitting it on your laptop than on your phone.

According to the Pew report, people say they see the importance of home high-speed service now more than ever. Compared to 2010, people are much more likely to say it is a *major disadvantage not to have home broadband* service. Non-broadband users are the ones driving this increase.

Let's put some meat on that.

Compared to 2010, the percentage of non-broadband users who believe not having home broadband is a major disadvantage is up significantly in every situation presented:

- pursuing job opportunities – up 19 percent;
- getting health information – up 41 percent;
- keeping up with the news – up 100 percent;
- accessing government services – up 60 percent;
- Learning new things that could enrich your life – up 61 percent.

These findings are significant for our understanding of how to tackle the broadband adoption challenge. In 2010, the FCC developed the National Broadband Plan, which examined the question of broadband adoption and found that – in 2009 – one of the main reasons people didn't adopt broadband was a lack of relevance. A significant percentage of broadband non-adopters didn't think Internet access was necessary to their everyday lives. The Pew numbers show that when talking about key barriers to broadband adoption, it's time to cross relevance off the list.

People get it. Broadband has gone from a luxury to a necessity.

If relevance is no longer a key barrier to broadband adoption, then what is? You guessed it: cost. A plurality of non-broadband users – 33 percent -- say the monthly cost of service is the main reason they don't have service, with another 10 percent saying the cost of the computer is the main barrier.

So, to recap: Americans increasingly see home broadband access as critical to their lives. Nonetheless, fixed broadband adoption has plateaued; and cost is the bigger barrier to adoption.

That brings us to Lifeline modernization.

Starting in 1985, the FCC's Lifeline program has provided a subsidy first for wireline and then for wireless telephone service. Over a span of three decades, the program has helped tens of millions of Americans afford basic phone service. But as communications technologies and markets evolve, the Lifeline program also has to evolve with it.

Last summer, the Commission launched a rulemaking to modernize Lifeline. The rulemaking tackles a broad range of issues, and proposes changes that build on our 2012 reforms, which drastically reduced waste, fraud and abuse.

This modernization effort is nearing its conclusion, and key decisions will need to be made in the not-too-distant future.

Let me preview what you can expect and highlight a few issues relevant to this audience.

First, we propose allowing Lifeline to support both fixed and mobile broadband service. If the 14 month national debate over net neutrality taught us anything, it's that access to broadband is essential to full participation in our society and our economy. The FCC must ensure that everyone, including the poorest and most vulnerable, can share in that benefit.

We also propose establishing minimum standards of service that Lifeline providers must deliver to receive funds, and the Commission will continually evaluate those standards using objective data and make adjustments as needed. We refuse to allow Lifeline broadband service to be a second-class service.

Second, we propose an overhaul of the way we determine eligibility for Lifeline. Currently, Lifeline providers are responsible for ensuring that a consumer qualifies for the program, a situation that invites waste and burdens providers. Therefore, we are looking seriously at a national eligibility verifier, which would work in tandem with the state-run eligibility verifiers across the country.

Third, we are looking at ways to incentivize greater carrier participation in Lifeline service. Today's reality is that many of our country's leading service providers as well as many innovative small local providers do not participate in the Lifeline program. We believe that the more carriers we can encourage to provide Lifeline service, the better that service will become. This will mean streamlining the requirements to become a Lifeline provider and taking a hard look at the burdens we place on those providers.

Fourth, we want to encourage greater participation in the program by eligible consumers. Millions of Lifeline-eligible consumers have not adopted broadband or any other form of Internet access, and they also do not participate in the program at all. We see a huge opportunity for state and local officials to help change that equation by providing digital literacy training and informing residents about the opportunity Lifeline provides to get connected.

And that leads me to my final point. We cannot complete these efforts successfully without your help. Over the past few years, the Lifeline program has become more efficient and effective through the combined efforts of the Commission and the states.

Many of the proposals on which we seek comment were informed by the good work done by states to maintain, modernize and ensure the integrity of the program.

Indeed, the Lifeline program has been dependent on effective oversight at both the Federal and the state level, and the Commission has partnered successfully with the states through the Federal-State Joint Board on Universal Service to ensure that low-income Americans have affordable access to telecommunications service in every state and territory.

In addition, many states administer their own low-income programs designed to ensure that their residents have affordable access to telecommunications service. As the FCC moves the Lifeline program to broadband, we would welcome more states supplementing the \$9.25 subsidy we propose to continue to provide.

These activities provide the states the opportunity and flexibility to develop new and innovative ways to make the Lifeline program more effective and efficient, and ultimately bring recommendations to the Commission for the implementation of improvements on a national scale.

As we continue to modernize the Lifeline program, we deeply value your input on how best to streamline and enhance the program. Our partnership is critical to the future success of this program.

And remember this: this effort is not about reforming a government program; it's about ensuring full participation in society for the most vulnerable. It's about acknowledging that broadband is an essential gateway to opportunity in modern American life and affirming the fundamental American promise of opportunity for all.

When Lifeline was created telephone adoption in the U.S. was 92 percent.

At first blush, 92 percent probably sounds pretty good. Until you think that this number means millions of Americans were shut off from our primary communications network.

I hope that we can get to 92 percent broadband adoption in the not-too-distant future. And if and when we do, I hope we will show the same resolve to keep pushing toward 100 percent.

It won't be easy, but working together, I know that we can keep moving forward and keep expanding the benefits of the Internet revolution to all Americans.

Thank you.