

**STATEMENT OF
COMMISSIONER MIGNON L. CLYBURN**

Re: *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, *Telecommunications Carriers Eligible for Universal Service Support*, WC Docket No. 09-197, *Connect America Fund*, WC Docket No. 10-90.

Just over two years ago, I expressed my desire to revamp and modernize the FCC's only means tested program, designed to address head-on the affordability gap faced by millions of economically vulnerable Americans when it comes to critical telecommunications services. My vision was well-intentioned and simple: to reform a program that for the past 30 years, has been stuck in an analog time warp, and beam that program into the 21st century, make it future-proof, competitive and loaded with choice for deserving consumers.

That simple objective is now codified in 200-plus pages, which means that there are levels of complexity that will ensure that more providers participate, and that more qualified consumers currently stuck on the wrong side of the universal opportunities divide become digitally connected.

Recently, I had an opportunity to meet Bridgid, a re-entry student from San Francisco, California. After being laid off from her job, she enrolled in a Bay Area city college to get the training she needs to be successful in the next phase of her professional journey. But as she reviewed the requirements of her program coursework, a cruel reality threatened to short-circuit her long-term goals. In order to fulfill the homework assignments for four out of five of those classes, she needs access to the internet. However, for her, broadband is currently a luxury she simply cannot afford.

Unlike many of her classmates who are able to complete their assignments, check their grades and communicate with their instructors from home or on-the-go, Bridgid has to plot, plan and scheme when it comes to getting connected. She jokingly calls herself a "Wi-Fi troll," one who constantly searches for one signal after another once the high-tech learning center and school library close at 6:00 p.m. and 6:45 p.m., respectively. Bridgid cannot afford to purchase food or drinks in the coffee shops that offer free Wi-Fi, so she often sits outside on the sidewalks to take advantage of their signal—that is until she is asked to leave. She has even been known to enter a hotel or two, sneak on the elevator, return to that hotel lobby, pretend to be a guest, and ask the front desk attendant for the hotel's Internet access code, so that she can complete her homework from the lobby. As creative or clever as Bridgid is, her methods are not always effective or safe. She has been chased off of neighborhood sidewalks, has had to repeat a class or two, and as a result of this and more, her grades have suffered. The stress of completing coursework is hard enough, but the burden of finding a connection and resorting to trolling for a Wi-Fi signal, is a sacrifice someone trying to benefit and better themselves should not be forced to make.

While her methods may seem extreme to some, her challenge is one tens of millions face each and every day – and did I mention that Bridgid is currently one of our over 12 million Lifeline customers, and that her plan is limited to voice? Just imagine what she could realize if her plan not only supported voice but data as well.

The same day I met Bridgid, I spoke with Chivona from Jackson, Mississippi, who works at an area high school, goes to college, and is the mother of two children. She spends too many evenings in the local McDonald's, not because she believes that the menu offerings would satisfy the nutritional needs of her family, but because once she leaves work and once the community library closes, she has a difficult choice to make. Does she take her tired and hungry children home, does she neglect completing her schoolwork, and fall further behind in her studies, or does this Lifeline qualified single mom take advantage of the only connection truly available at that hour, which is inside a fast food lobby?

Ladies like Chivona and Bridgid, along with those men, children, seniors and veterans stuck on the wrong side of the communications divide . . . are why the importance of this day should be clear.

They struggle to make ends meet, feed their families, and better themselves educationally, professionally and medically. Their goal is not to forever qualify for Lifeline, but to take advantage of a fully reformed program that could be the bridge for them to better themselves and have increased opportunities. FCC frequent fliers look at \$9.25 per month as the price they do not think twice about paying when they order a number #2 combo at the airport, but for those who qualify for Lifeline, \$9.25 a month per household could make the difference between access to broadband or staying in digital darkness.

In creating this program over 30 years ago, the FCC found that “[a]ccess to telephone service has become crucial, to full participation in our society and economy, which are increasingly depending upon the rapid exchange of information. In many cases, particularly for the elderly, poor, and disabled, the telephone is truly a lifeline to the outside world . . . Our responsibilities under the Communications Act require us to take steps . . . to prevent degradation of universal service and the division of our society . . . into information ‘haves’ and ‘have nots.’”¹ Technologies may change, but the role that communications services play in bringing communities together and bridging divides, remains just as vital as it was in 1985.

While years overdue, I am proud to support today’s unveiling of a 21st century program, with more oversight and protections against waste, fraud and abuse, than any of our other universal service programs. When I outlined my vision for Lifeline reform at the American Enterprise Institute (AEI) almost 18 months ago, I spoke of a dignified program that streamlines provider participation to promote more choice, mandates a neutral third-party verifier to determine program eligibility, and creates minimum standards that would prevent second-class or inferior service.

Consumers who are currently low-income should have choices comparable to what I have, in terms of service options and price ranges, and they should never be made to feel ashamed or carry a stigma if they qualify for the Lifeline program.

And, while I have been steadfast in my commitment for minimum standards, I made clear from the start that I was open to making course corrections and receiving feedback. I heard loud and clear that the transition to minimum standards for mobile voice was too much too soon, so I worked with the Chairman to extend the transition to a more gradual glide path and treat mobile and fixed voice the same.

While I would have created a different path for provider participation that delinked the ETC from the program as has been done with E-rate and rural healthcare, more choice and more options will benefit everyone. I hope, despite a different legal approach, that the path today achieves these same goals.

And yes, I heard loud and clear, concerns from our state partners, and worked to balance those concerns, by ensuring that states that include funding for their own Lifeline program will not be preempted, and any provider that wants state Lifeline funding must go through the respective state’s process.

But, one of the reforms of which I am most proud, is that we will eradicate the incentives for waste, fraud and abuse that have existed since support was expanded to prepaid wireless services resellers. The agency and, most notably, this administration deserve a lot of credit for the 2012 bipartisan reforms to Lifeline that short-circuited longstanding loopholes, and have saved consumers over \$2.75 billion. Today, we take further steps to close those remaining vulnerabilities, which ensures that universal service funding only flows if (1) a provider uses a neutral third party verifier which determines whether each customer is eligible, (2) the database confirms that no one in the household already has service, and (3) minimum standards are met. With these reforms in place, I challenge anyone to find incentives for “waste, fraud and abuse.” In fact, this item will make Lifeline the best managed of all our universal service programs, because we have moved from sound bites to real reform, a template and an effort that I hope will be followed as we further reform our other programs.

¹ MTS and WATS Market Structure, CC Docket 78-72; Amendment of Part 67 of the Commission’s Rules and Establishment of a Joint Board, CC Docket No 80-286, 50 FR 939 at 941, para 9 (1985).

Finally, I must address the elephant in the room – the delay in the meeting and rumors surrounding a proposed cap on the Lifeline program. I have been consistent in saying that a cap should not be imposed and to be honest and completely transparent, I continue to hold that view. However, I have also been steadfast in my desire to reach consensus and seek compromise whenever possible, and I remain vocal in my call for fiscal responsibility for our universal service programs – all of which are capped except for Lifeline.

So, I negotiated in good faith to have a budget mechanism in place, that ensures millions of new households will have the opportunity to afford advanced telecommunications services. Upon further deliberation, I concluded that such a mechanism could not fully achieve my vision of a 21st century Lifeline program, but I applaud the deliberative process and thank Commissioners Pai and O’Rielly and their staff for engaging well, well into the night and early morning.

I must sincerely thank the Chairman for his support, commitment and patience, as we transform this critical program. Through today’s action, we affirm without a doubt, that both the goals and the administration of the Lifeline Program share equal weight with the goals and objectives of our other Universal Service programs. I also want to thank the dedicated staff at the FCC including Jon Wilkins, as well as the stellar Lifeline team from the Wireline Competition Bureau led by Matt Del Nero. And I could not close without recognizing the unwavering commitment of my Wireline Adviser, Rebekah Goodheart. She left these offices just before midnight, was communicative up until at least 2 a.m. and was at her desk by 8 a.m. this morning. To Rebekah and her family, thank you for your commitment to public service and regulatory excellence. I am grateful and millions will benefit from this Order for decades to come.