

Minority Media and Telecommunications Council

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October 15, 2011

Marlene Dortch, Esq., Secretary
Federal Communications Commission
445 12th Street S.W.
Washington, D.C. 20554

Re: Universal Service Reform (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 Reform and Modernization, WC Docket No. 11-42; Lifeline and Link-Up, WC Docket No. 03-109) (Ex Parte)

Dear Ms. Dortch:

This letter reports on an October 14 phone call with Commission staff, including: Zac Katz, Chief Counsel and Senior Legal Advisor to the Chairman; Sharron Gillett, Chief of the Wireless Competition Bureau; Michael Steffen, FCC Special Counsel, and Patrick Halley, Policy Advisor in the Wireless Competition Bureau. Also participating on the call were Ken Eisner, Managing Director of OE Ventures at One Economy Corp., and Joseph Miller, Deputy Director and Senior Policy Director of the Media and Technology Institute at the Joint Center for Political and Economic Studies. Representing MMTTC were Joycelyn James, our Cathy Hughes Fellow, and myself.

The call was convened to discuss certain matters pending on dockets involving how the Commission will reform the Universal Service Fund (“USF”) and the Lifeline Linkup program. Mr. Eisner and I commended the Commission on its efforts to focus on broadband adoption through the “Connect to Compete” project that Chairman Genachowski announced this past Wednesday.¹ Mr. Eisner stressed that to accelerate broadband service throughout the nation, there must be a concerted effort to increase broadband adoption. He stated that many of the proposals in MMTTC’s October 14 ex parte letter to the Commission address broadband adoption on a comprehensive basis, including affordability of service and devices, broadband training and

¹ Chairman Julius Genachowski, Remarks on Adoption (delivered Oct. 12, 2011) at 2, available at http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db1012/DOC-310350A1.pdf (last visited Oct. 14, 2011) (“Chairman’s Connect to Compete Remarks”).

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support, and using wireless broadband as the nation embraces mobility.² Mr. Eisner further emphasized two key points raised by One Economy in the USF Reform proceedings.³ First, the broadband adoption gap should take priority to addressing the broadband deployment gap.⁴ Second, the Commission should look at comprehensive adoption efforts that include digital literacy as we migrate devices to broadband, and decrease our reliance on POTS.⁵

After Mr. Katz provided a high-level overview of the Chairman's October 6 remarks concerning how the Commission will work to reform the high-cost portion of the USF,⁶ I expressed my hope that the High Cost Fund's current system of rate-of-return could be refined in less than the five-year mark raised in the Chairman's statement. Mr. Honig further expressed the need for the Commission to ensure that wireline support is delivered, through the High-Cost Fund, to Tribal lands insular areas and to insular areas, particularly Puerto Rico.⁷

I emphasized that the importance of digital inclusion cannot be underestimated – that access to and adoption of broadband is a public good akin to rural electrification, universal access to hospitals, universal public education, and the national highway system in the 20th century. The Chairman alluded to this as well this week in his remarks on the announcement of the Connect to Compete event.⁸ Public/private partnerships are a vital part of the adoption solution but cannot, by themselves, ensure universal broadband adoption by 100 million Americans.

I suggested that as the Commission considers its next steps in the Lifeline/Link-Up docket, it should consider the use of a voucher system to empower low-income consumers to make the best choice for broadband service or devices for their households.⁹ The Commission should also take

² See Letter to Chairman Genachowski, Commissioners Copps, McDowell, and Clyburn, From David Honig, MMTC, WC Docket No. 10-90, et al (filed Oct. 14, 2011) at 6-9 (“MMTC USF Reform Letter”).

³ See, e.g. Comments of One Economy Corporation, Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42, (Apr. 19, 2011) at 19-21; Comments of One Economy Corporation, Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42 (filed Apr. 2011) at 11 (“...for the majority of non-adopting households, barriers to adoption have shifted from availability, to issues of price, digital literacy, and relevancy.”)

⁴ Id.

⁵ Id.

⁶ See Chairman Julius Genachowski, Connecting America: A Plan To Reform and Modernize the Universal Service Fund and Intercarrier Compensation System (delivered Oct. 6, 2011) available at http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db1006/DOC-310252A1.pdf (last visited Oct. 14, 2011).

⁷ See MMTC USF Reform Letter at 7-8.

⁸ See Chairman's Connect to Compete Remarks at 2.

⁹ See MMTC USF Reform Letter at 6-7; see also Comments of the Minority Media and Telecommunications Council, Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42 (Aug. 26, 2011) at 3-4, 6 (“MMTC Lifeline/Link Up Further Comments”).

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action to ensure that its decisions in the high-cost proceeding do not have a negative and unanticipated impact on Lifeline/Link-Up service. Lifeline/Link Up must be protected and the Commission should ensure that funds dedicated to serving low-income homes, and to the Schools and Libraries (e-rate) program, are not redirected to replenish resources for other purposes.¹⁰

Participation rates in the Lifeline/Link-Up program are extremely low and the program should include more low-income households and consumers.¹¹ The program should be reformed to allow consumers to apply funds to mobile technology.¹²

Finally, I urged that Lifeline/Link-Up funds should also be applied to payphone service. Twenty percent of American adults do not have mobile phones, and many low-income families simply cannot afford cellular or wireline service.¹³ Many consumers rely on payphones during emergencies, and very low-income consumers often rely on payphones as their only means of communication.¹⁴ As we seek to become more inclusive with the use of new technology, we must not abandon those who simply cannot afford access.

Respectfully submitted,

David Honig

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¹⁰ See MMTC USF Reform Letter at 9, MMTC Lifeline/Link Up Further Comments at 5.

¹¹ See MMTC USF Reform Letter at 8-9; MMTC Lifeline/Link Up Further Comments at 2-3.

¹² See MMTC USF Reform Letter at 8.

¹³ See id. at 9.

¹⁴ See id.