



# TELECOMMUNICATIONS

## SNAP UP<sup>SM</sup>date

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### **Universal Service Facelift?**

Last month the FCC sought comments on whether the Universal Service Fund (USF) should support broadband. Earlier this month the FCC announced plans to modernize and drive tougher accountability measures into the Lifeline/Link Up program, which is the part of the USF that provides low-income households with discounts on monthly phone bills and initial installation charges. Lifeline provides discounts of approximately \$10 per month on telephone service for low-income households; Link Up provides discounts of up to \$30 per household on wired or wireless connection charges. The program has grown significantly, having provided \$1.3 billion in support in 2010, compared to an inflation-adjusted \$221 million in support to low-income households in 1997. Lifeline/Link Up does not, however, currently support broadband, so the FCC is considering, among other things, whether it should amend the Lifeline definition to explicitly allow support for broadband.

Touted as “steps to comprehensively reform and modernize the programs for 21st century communications needs,” the FCC proposes to create a National Accountability Database and national framework to verify and validate consumer eligibility, ensure that Lifeline only supports services that consumers are actually using, allow discounts for bundled voice-broadband service plans, launch broadband support pilot programs, and evaluate a cap on the program.

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But giving USF, specifically Lifeline/Link Up, a facelift to support broadband presents several thorny issues. How should “broadband” be defined and measured for universal service purposes? How can regulators promote broadband availability in unserved and underserved areas, and structure a Lifeline discount for broadband services? Does the statutory principle that consumers have access to quality services at “just, reasonable, and affordable rates” mean that consumers should have affordable broadband? Should Lifeline customers be able to apply Lifeline discounts on all calling plans offered by an Eligible Telecommunications Carrier (ETC) with a local voice component, including bundled service packages that include broadband? Should the FCC set a specific numerical target for narrowing the gap in penetration rates for broadband between low-income households and the general population? If so what should that target be, and over what particular time period must it be met? Should there be any minimum performance requirements for Lifeline broadband offerings? For example, should consumers be free to use discounts for any broadband services, or only for higher-speed offerings? The FCC’s pilot test broadband, Lifeline/Linkup-supported program will hopefully provide some answers to these and other questions.

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