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**Telecommunication Industry Association Comments regarding House Energy & Commerce
Committee's Questions for Stakeholder Comment on Universal Service
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- 1. How should Congress define the goals of the Universal Service Fund? Should Congress alter or eliminate any of the six statutory principles, codify either of the principles adopted by the FCC, or add any new principles in response to changes in technology and consumer behavior?*

Beyond assuring a competitive marketplace, the FCC has an important public interest role to play in ensuring that all Americans have access to broadband.

These could include, for example:

- Universal high speed broadband access to homes, businesses, public safety, libraries, and schools, without undue subsidization;
- Availability of broadband services in public spaces such as roadways or parks, and for public purposes;
- Reliable emergency communications for services such as 9-1-1, and for public safety responders, the realization of the full potential of an interoperable nationwide public safety broadband network;
- Reasonable telecommunications accessibility for those with disabilities.

TIA has strongly supported the Commission's creation of a broadband-focused Connect America Fund ("CAF") to replace the existing USF high-cost fund and the implicit subsidies that have plagued the inter-carrier compensation regime. TIA supports implementation of these changes in a technology-agnostic, competitively neutral manner. To maximize efficient broadband deployment, we urge that any coverage or service requirements (including voice service requirements) are technology-neutral, and flexible enough to address unique circumstances.

- 2. Universal service was created to fund buildout in areas incapable of economically supporting network investment. How should our policies address the existence of multiple privately funded networks in many parts of the country that currently receive support?*

As this universal service transition proceeds, maintaining marketplace certainty will be critical to attracting the necessary investment to make this transition a success.

TIA also fully supports the allocation of dedicated and recurring funding to the support of mobile broadband. By incorporating support of this service, TIA believes that the FCC will ensure maximum service to consumers.

The market for broadband is competitive and becoming more so. Most consumers now have access to various modes of broadband service delivery. Going forward, a unified light-touch model for

regulation should be focused on ensuring universal, reliable, and affordable access to broadband – both by people and by devices themselves – while ensuring that advanced value-added services can continue to facilitate innovation as they have done under the current light-touch model.

3. What is the appropriate role of states and state commissions with respect to universal service policy?

4. What is the appropriate role of the Federal-State Joint Board on Universal Service in a broadband, IP-enabled, largely interstate world? What is the appropriate role of related joint boards, such as the Federal-State Joint Board on Separations or the Federal-State Conference on Advanced Services?

Consolidated answer to #3 & #4

The nation's communications network is undergoing a fundamental change as the “public switched telephone network” (PSTN) transitions toward becoming a platform relying on packet technology using the Internet Protocol (IP) suite of protocols. Although this conversion of the PSTN to an “all-IP” network is inevitable, the transition's timing depends on the resolution of important policy questions. This technology transition changes the nature of telecommunications markets, and an evolution in the role and function of state oversight is appropriate. For example, since IP traffic is not bound by the distance constraints that exist for TDM, the transition to Voice over Internet Protocol (VoIP) ends voice as a localized market.

However, given the ever increasing importance of communications broadly, the important public interest considerations can be an appropriate area for the engagement of state regulators and the Federal-State Joint Board.

5. The Universal Service Fund is one of several federal programs that support build-out of communications facilities. Are current programs at other federal agencies, like the National Telecommunications and Information Administration (which oversaw the Broadband Technology Opportunities Program) or the Rural Utility Service (which oversees lending programs and oversaw the Broadband Initiatives Program) necessary?

TIA advocates taking an "all-of-the-above" approach to broadband investment. While private investment has produced broadband access for most Americans, many rural and hard-to-serve areas would not have access without the benefit of targeted intervention. Over the past five years, \$7.2 billion in support provided the Department of Commerce's National Telecommunications and Information Administration (NTIA) and the U.S. Department of Agriculture's Rural Utilities Service (RUS) has expanded access to broadband services in the United States. Of those funds, the Act provided \$4.7 billion to NTIA to administer the Broadband Technology Opportunity Program (BTOP) in support of the deployment of broadband infrastructure, enhancing and expanding public computer centers, encouraging sustainable adoption of broadband service, and developing and maintaining a nationwide public map of broadband service capability and availability. Without this support, many communities would have remained without broadband.

6. How can we ensure that the Universal Service Fund is sufficiently funded to meet its stated goals without growing the fund beyond fiscally responsible levels of spending?

7. *Are all of the funds and mechanisms of the current Universal Service Fund necessary in the modern communications marketplace?*

8. *In lieu of the current support mechanisms, could any of the programs be better managed or made more efficient by conversion to:*

- a. A state block grant program;*
- b. A consumer-focused voucher program;*
- c. A technology-neutral reverse auction; or,*
- d. Any other mechanism.*

TIA has strongly supported the Commission's efforts to cut the "Gordian Knot" of USF –ICC reform. TIA believes that the FCC's success in resolving these USF-ICC policy challenges remains in the interest of all telecommunications users.

- First, TIA reiterates that maximum flexibility in the operation of the new fund is critical to reaching its maximum potential.
- Second, TIA believes that technology-neutral principles should be reflected in the reform, particularly in the public interest obligations of providers.
- Third, reporting burdens on recipients should be minimized in order to promote participation in the program.

An important contribution of the FCC's Connect America Fund reforms has been the introduction of competition among potential providers for universal service support. TIA believes that implementation of these changes continue in a manner that does not prefer particular technologies or certain competitors over others. Allowing for an auction process among potential competitive supported providers should drive more efficient service delivery.

TIA stresses that for these reforms to take root, maintaining marketplace certainty will be critical to attracting the necessary investment to make this transition a success. The prospect of a significant modification to this new market-based CAF model risks discouraging potential new entrants to this new market.

TIA supports continued critical funding for anchor institutions. TIA reiterates its support for continued E-Rate and Rural Health Care programs. Both have funded broadband infrastructure supporting important anchor institutions such as libraries, schools, and hospitals. It remains critical that funding for E-Rate and the Rural Health Care programs remain dedicated to these important programs.

As e-health applications such as telemedicine become more widely adopted, access to robust broadband is becoming a more critical component of healthcare delivery. For example, not only would many low-income consumers would benefit from better access to broadband relevant services such as for home-based tele-health applications, remote monitoring can be more cost effective than institutional care. However existing rural health subsidies target only institutional facilities. Consequently, appropriate consideration is necessary for the opportunities in integrating broadband telecommunications costs with the delivery of public services such as e-health to low-income consumers.