TELECOMMUNICATIONS
SNAP ^{UP}date^{SM}

November 18, 2010   *By*: *Craig D. Dingwall*

Federal-State Joint Universal Service Recommendations: Will They Promote Affordable Telecom Services and Broadband, and at What Cost?

Earlier this year, the FCC asked the Federal-State Joint Board on Universal Service ("Joint Board") for recommendations to improve the Universal Service Fund's ("USF's") Low-Income program, which helps reduce the cost of phone service for eligible low-income persons, and for suggestions to address potential waste, fraud and abuse while improving the program's efficiency. In response, the Joint Board recommended that the FCC:

·   encourage automatic enrollment when low-income families sign up for other benefits, such as food stamps;
·   adopt minimum verification standards, with stricter standards to prevent potential waste, fraud, and abuse;
·   seek comment on establishing a centralized national database for certification and verification of eligibility;
·   adopt outreach rules for participating Lifeline carriers;
·   seek comment on increasing program eligibility by allowing households earning 150% or less of the federal poverty guidelines to participate; and
·   use USF to support both voice and broadband networks, consistent with the FCC's National Broadband Plan ("NBP").

These recommendations raise several questions, as noted by many who filed comments with the FCC on the Joint Board's Recommended Decision, including the costs of interconnecting agency databases with carrier databases while simultaneously protecting consumer privacy as well as the

---

costs of funding automatic enrollment. Moreover, implementing a national database poses significant administrative, technological, and financial challenges, including designating an entity to maintain and update the database and determining how it will be compensated for doing so. In light of these and other operational challenges, will a national database be more effective than regional and/or state databases and, if so, at what cost?

Perhaps the biggest issue is the recommended use of the USF to support both voice and broadband networks. This recommendation is not novel, given the FCC's earlier NBP recommendation to reform the USF to support the provision of both voice and broadband communications in areas of the nation that would not be served without such support or that depend on universal service for such services.

In a separate statement, Commissioner Clybern noted that less than half of low-income Americans have subscribed to broadband, and that one-third of Americans who have not purchased broadband say they have not done so due to the expense of obtaining it.

Based on these sobering facts, is funding broadband deployment an appropriate or necessary use of the USF, or should it be funded from other sources? Will such broadband funding with the USF reduce or deplete funds that may be necessary to help support access to affordable basic local service?

We welcome your thoughts! Please feel free to comment at our interactive blog at blog.tlgdc.com.

If you have questions about this issue, or if we may be of assistance to you, please feel free to contact us.

© 2010 Technology Law Group. *Technology Law Group LLC, is a Washington-based law firm specializing in telecommunications, transactional, litigation and regulatory issues. The attorneys at Technology Law Group can be reached by phone at +1 202 895 1707 and by e-mail at mail@tlgdc.com. TLG is dedicated to personal service and to providing high quality legal and consulting services that enable clients meet their business objectives.*

Craig Dingwall is an attorney at TLG and can be reached at cdingwall@tlgdc.com, at 202-895-1707, or at our website: www.tlgdc.com. The views in this article are those of the author, and do not necessary represent those of the Technology Law Group.

To opt out of any resource that you have previously signed up for, please click Opt Out and provide us with your email address and the resource(s) that you no longer wish to receive.