

October 20, 2011

Hon. Julius Genachowski, Chairman  
Hon. Michael Copps, Commissioner  
Hon. Robert McDowell, Commissioner  
Hon. Mignon Clyburn, Commissioner  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

Dear Chairman Genachowski and Commissioners:

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 a 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)

MMTC, One Economy Corp. and Connected Nation support the concept that Blair Levin set out in his ex parte letter of October 19, 2011 reporting on his meeting with Commissioner Copps and Margaret McCarthy, Esq., regarding broadband adoption, and encourage the Commission to seek further comment on it.<sup>1</sup> Mr. Levin makes two key points critical to the role of adoption in this proceeding:

1. Adoption is “critical to achieving the purposes of Universal Service and [] the government should adjust its expenditures through the Universal Service fund to reflect the heightened priority of adoption.”
2. “[A]s part of the National Broadband Plan, we determined that there were a number of barriers to adoption, such as digital literacy, that would not be addressed simply by reforming the Lifeline/Link-up program to support low-income persons purchasing broadband devices and services” and that while the spirit with which private companies are taking voluntary efforts to address the problem is admirable, “such efforts would not be sufficient” as they are “subject to a changes in the market that could undercut their effectiveness, and [thus] they would be unlikely to produce the kind of systemic data that is necessary to have a long-term, sustainable success.”

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<sup>1</sup> See Ex Parte Letter to Secretary Marlene H. Dortch from Blair Levin, Fellow, Communications and Society Program, The Aspen Institute, Federal-State Joint Board on Universal Service, CC Docket No. 96-45 et al. (filed Oct. 19, 2011).

We agree. As Connected Nation has pointed out, “broadband access, adoption, and utilization all affect one another. The business case for building broadband networks is directly affected by the prospective adoption rate and revenue opportunity in that rural community.”<sup>2</sup>

Mr. Levin recommends that while most of the savings from the phaseout of the CETC program should support deployment, the Commission should earmark \$100 million – less than 10% of the savings from the CETC phaseout – to support adoption efforts, particularly innovations that have demonstrated success. He urges the Commission to “build on the lessons learned from NTIA’s recent investment in a number of adoption related programs and that a good model to do that would be what the Department of Education did through its ‘Race to the Top’ and ‘i3’ programs.” Here are the elements of Mr. Levin’s concept:

- Provide awards through a competitive process in two tranches.
- Larger individual awards and the larger tranche would be for proven adoption programs that need money to scale.
- The evaluation would be based on growth of adoption attributable to effort of the applicant.
- Extra points will be awarded for efforts aimed at those facing affordability barriers.
- Smaller individual awards, and the smaller tranche, would be for the most promising new ideas.
- The applications would be evaluated by an outside group of experts, similar to evaluation of BTOP grants under the guidance of NTIA. The evaluations will be provided to the Commission, which would make the awards on an annual basis.
- No single entrant should receive more than 20% of the annual grants in any given year.
- The program should only run for 5 years because “within that time, the program should provide a framework for solving a significant portion of the adoption problems and that

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<sup>2</sup> Comments of Connected Nation, Inc., Connect America Fund, WC Docket No. 10-90 et al., (filed April 18, 2011), pp. 19-22 (“To be comprehensive, these adoption and utilization programs should address all of the broadband gaps identified in the National Broadband Plan and subsequent research. In particular, these programs should address the adoption gap that is the result of income effects, the adoption gap that is a consequence of the need for improved digital literacy, and the broadband utilization gap that is present among many community anchor institutions .... Because adoption, utilization, and the cost of access directly affect the business case for deployment, all three sets of solutions need to work in concert with one another and simultaneously. Just as it would be foolhardy to fund a broadband adoption program in an area with no broadband access, it would be foolhardy to subsidize broadband access in an area where no broadband adoption and utilization program is in place.”)

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after that time, the remaining problems should be much smaller and new, more efficient means should have been developed as a result of the program.”<sup>3</sup>

There is no adoption magic bullet, but we see a lot to like in Mr. Levin’s concept. The challenge of getting 100 million Americans online is as complex – and as critical – as securing universal rural electrification, universal access to hospital care, universal public education and universal clean water.<sup>4</sup>

Mr. Levin’s adoption concept deserves the greatest respect and consideration. We realize that more details are needed about how his concept would be implemented, and therefore we encourage the Commission to seek public comment on Mr. Levin’s concept in a further NPRM in this proceeding. We look forward to assisting in developing the concept and seeing it through to approval.

Respectfully submitted,

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<sup>3</sup> Id.

<sup>4</sup> Ex Parte Letter to Chairman Genachowski and Commissioners from David Honig, President, MMTC, Federal-State Joint Board on Universal Service, CC Docket No. 96-45 et al. (filed Oct. 14, 2011).

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