



Meredith Attwell Baker

June 21, 2016

The Honorable Kevin McCarthy
Majority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Leaders McCarthy and Pelosi:

I write to express CTIA's opposition to two proposals to limit wireless providers' participation in the Universal Service Fund's Lifeline program. H.R. 5525 and a proposed amendment to H.R. 5485 are plainly inconsistent with long-standing communications policy and why it is important to allow the legislative process to work through the established committee process, as the Speaker has repeatedly urged.

H.R. 5525, Rep. Austin Scott's "End Taxpayer Funded Cell Phones Act," would preclude wireless providers from receiving Lifeline support notwithstanding that wireless companies provide nearly half of the money used to support USF programs. This approach is inequitable and if it is Congress' desire to end wireless provider access to the USF programs, that effort should be matched with a dollar-for-dollar reduction in what wireless providers pay into the USF. Doing otherwise departs from the long-standing, bipartisan consensus that USF policy should be both technologically and competitively neutral. It also ignores America's inexorable shift away from wireline and toward wireless service, and the reality that many of those the Lifeline program aims to help, like the homeless, simply cannot be served with wireline connections. CTIA recognizes the limits of the Lifeline program, but eligible low-income consumers, not policymakers, should choose where that support is used. CTIA urges a "no" vote on H.R. 5525.

CTIA finds similar fault with Rep. Scott's proposal filed as a potential amendment to H.R. 5485, the FY17 Financial Services and General Government Appropriations Act. While CTIA appreciates the interest some have in limiting the size of the Lifeline program, capping the Lifeline program may be



counterproductive to encouraging low-income consumers to adopt communications services that are essential to participation in today's economy. A cap on the Lifeline program will inherently exclude an undetermined number of the eligible low-income consumers. Because the Lifeline program provides support only to means-tested recipients and serves a purpose more akin to other low-income government programs that are not subject to caps, it is reasonable to distinguish Lifeline from other Federal USF programs that are appropriately subject to a cap. Accordingly, CTIA opposes the Scott amendment.

These concerns should not be taken to suggest that CTIA has no interest in reforming the USF. Certainly, CTIA recognizes that a continually increasing contribution factor puts pressure on the affordability of communications services to consumers generally and exacerbates inter-industry subsidies that occur under the current system. CTIA is greatly concerned that the USF contribution burden increasingly falls on wireless consumers and providers, while more than 75% of the total \$9 Billion Federal universal service program primarily supports non-wireless services. With this in mind, Congress should consider whether it would be appropriate to transition the entire USF to new model that more appropriately reflects the way Americans use communications services and provides the system with a more stable system of funding. Tasking the Energy & Commerce Committee to develop such a solution via regular order would produce a more equitable and appropriate outcome than the two efforts the House will consider this week.

Sincerely,

Meredith Attwell Baker
President & CEO

cc: The Honorable Fred Upton
The Honorable Frank Pallone
The Honorable Greg Walden
The Honorable Anna Eshoo
The Honorable Pete Sessions
The Honorable Louise Slaughter