Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Universal Service Contribution Methodology	)	WC Docket No. 06-122
	)	
	)	

COMMENTS OF SAGE TELECOM COMMUNICATIONS, LLC D/B/A TRUCONNECT OPPOSING USF BUDGET CAP

I. INTRODUCTION

Sage Telecom Communications, LLC d/b/a TruConnect ("TruConnect"), by counsel, in response to the Federal Communications Commission's ("FCC" or the "Commission") Notice of Proposed Rulemaking released on May 31, 2019,[1] hereby submits these comments in opposition to the FCC's proposal to establish a cap on the Universal Service Fund ("USF" or "Fund").

II. AN OVERALL BUDGET CAP WOULD BE DETRIMENTAL TO THE GOALS OF UNIVERSAL SERVICE

TruConnect agrees with the statements in the Congressional Letter, that "Each of the four (4) USF programs serves a distinct and critical purpose, which would be undermined by imposing an overall or sub-cap on the USF…[t]he USF programs were not intended to compete against each other for funding and pitting them against each other for funding does nothing to advance the goal of achieving universal service."[2] As acknowledged by the NPRM, "each of the constituent USF programs are capped or operating under a targeted budget…."[3] Furthermore, as noted by Congress

1 *Universal Service Contribution Methodology*, WC Docket No. 06-122, Notice of Proposed Rulemaking, FCC 19-46 (rel. May 31, 2019)("NPRM").

2 *See* July 9, 2019 Letter from fourteen members of Congress to Chairman Pai and Commissioners Carr, O'Rielly, Starks and Rosenworcel ("Congressional Letter") (https://prodnet.www.neca.org/publicationsdocs/wwpdf/7919congress.pdf).

3 NPRM, ¶ 1.

in its opposition to the proposed cap, "USF funds are collected based on demand, meaning that when demand declines, a program may come in under its cap or budget. Imposing a cap would restrict access to these funds when demand increases, undermining the purpose of the USF."[4] TruConnect believes that any unused USF support should be rolled over to cover future budget overruns so that low-income consumers need not be impacted if, for example, the Lifeline program exceeds the target budget in a year after it had been under budget.

Further, if the Commission choses to implement changes to the budget structure, the Commission must allow for substantial program growth considering current participation rates. For example, the current estimated Lifeline participation rate is only approximately 22 percent,[5] which is far from reaching the Commission's intended goals, and indeed responsibility under 47 U.S.C. §254(b), to ensure that "Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services."

It does not make sense for the FCC to consider budget caps while the relevant programs—Lifeline in particular—are not yet functioning at (or anywhere near) their intended potential. With so many Lifeline-eligible low-income Americans *still* without consistent monthly access to affordable voice and broadband services, the Commission should rather focus its attention on reforming policies to address *increasing* subscribership by eligible customers, and thereby decreasing the affordability gap that perpetuates the digital divide. The most urgent considerations should include: (1) reforms to the Commission's implementation of the Lifeline National Verifier, which has resulted in the de-enrollment of thousands of individuals who may have indeed been

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4 *See* Congressional Letter.

5 Based upon data collected from the Universal Service Administrative Company by Lifeline industry consultant CGM, LLC.

eligible but could not be verified due to persistent lack of adequate eligibility database access, among other reasons. The National Verifier's lack of adequate eligibility database access and lack of a service provider application programming interface (API) serves as a barrier to program participation, and has reduced new enrollments dramatically in states where the National Verifier has been hard launched; and (2) reforms to the FCC's planned increase in Lifeline broadband and voice minimum service standards (*see* 47 C.F.R. § 54.408) and the phase-down in support for voice services (*see* 47 C.F.R. § 54.403), which if allowed to take effect on December 1, 2019, would restrict eligible low-income consumers' access to, and undermine the affordability of, Lifeline broadband and voice service offerings to the detriment of those the program is designed to help.[6] Moreover, the success of the Commission's rural broadband and telehealth initiatives is jeopardized if the Americans who Lifeline was intended to serve lack access to affordable voice and broadband services.

III. CONCLUSION

TruConnect respectfully urges the Commission not to impose a cap on the USF, but rather to further investigate how the USF funds, particularly Lifeline as expressed herein, can be reformed to better serve their intended purposes—namely, to more effectively benefit their intended recipients.

Respectfully submitted,

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[6] *See* Joint Petition To Pause Implementation of December 2019 Lifeline Minimum Service Standards Pending Forthcoming Marketplace Study, WC Docket No. 11-42 et al. (filed June 27, 2019) and related comments to be filed by July 31, 2019.

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