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February 27, 2003

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Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Federal-State Joint Board on Universal Service, CC Docket 96-45; and CC Dockets 98-171, 90-571, 92-237, 99-200, 95-116, 98-170

Dear Ms. Dortch:

As the Commission considers reforms to the contribution methodology for universal service, the League of United Latin American Citizens (LULAC) would like to express our concern over current proposals to switch to a connection-based methodology. While recent developments and trends in the marketplace warrant adjustments to the current methodology, LULAC urges the FCC to retain a revenue-based contribution mechanism.

LULAC has long been a staunch advocate for the universal service fund and appreciates the significant role it plays in ensuring the delivery of affordable telecommunications to all Americans, including consumers in high-cost areas, low-income consumers, schools, libraries and rural health providers. Many Hispanics benefit from participating in the Lifeline and Link-up programs, and more recently, many schools and libraries serving predominantly Hispanic students have enrolled in the E-rate program. Along with the Commission, preserving and sustaining universal service is a fundamental commitment of LULAC.

As a civil rights organization, we also place a premium on the principles of fairness, equity and non-discrimination. The current revenue-based system upholds those principles by assessing universal service contributions based on interstate telephone calls. Consumers who make fewer long distance calls contribute less than consumers who make many interstate calls do. We view this as a fundamentally fair system that has been implemented without extreme hardship or repercussions. As the Commission considers reforms to universal service contribution methodology, we urge the FCC to honor the U.S. telecommunications code that prohibits carriers from " . . . subject[ing] any particular person, class of persons, or locality to any undue or unreasonable prejudice or disadvantage."

¹ Section 202 (a). Communications Act of 1934, as amended, 47 U.S. C. Sections 201,202,254

Our primary issue with the connection-based proposals being considered by the Commission is that customers who make few or no interstate calls would be assessed the same as customers, especially businesses, who make many interstate calls. This means low-volume and primarily residential customers would unfairly bear a burden of contributing to the universal service fund. We view these proposals regressive in nature that fail to meet the FCC's additional criteria of the public interest.

Moreover, telephone providers who service the low-volume (and often low-income although not synonymous) population will be at a competitive disadvantage under a connection-based methodology. As a result, we fear fewer providers and limited options will be available to low-volume customers. In particular, we request the Commission to take a closer look at how consumers who utilize pre-paid wireless services would be adversely affected by the connection-based proposals. For example, a number of commentaries, most notably those by Consumers Union and the National Association of State Utility Consumer Advocates, assert that a connection-based assessment mechanism would particularly harm low-volume consumers. In addition, under this new funding methodology, more than one wireless provider acknowledged that the cost of wireless service would increase for low-volume users.

LULAC takes a special interest in this proceeding because pre-paid wireless providers offer a unique service to portions of the Hispanic community, including:

- low-income users or young people who cannot meet credit or security deposit requirements;
- migrant and seasonal workers without a permanent address;
- people who are unwilling to enter into a long-term contractual commitment;
- senior citizens or public assistance recipients who are on a fixed incomes;
- individuals who want to control their telephone costs; and
- women and others who use them primarily for emergency or security purposes

Whereas in the past, wireline telephone service was considered a fundamental utility for all Americans, wireless telephone service is fast becoming a supplemental mode of basic communication among family members, friends and business associates. Consequently, ensuring low-income and low volume interstate consumers have affordable access to wireless telephone service has become an objective for LULAC. That is why the Commission must do everything in its authority to ensure that changes to the universal service funding mechanism do not inadvertently raise the cost of pre-paid wireless service at the expense of consumers such as those mentioned above.

LULAC urges the FCC to move cautiously with reforms to the universal service funding methodology and to reject the concept of connection-based proposals. As always, we welcome the opportunity to assist the Commission and the industry with constructing viable solutions to emerging challenges in the telecommunications arena.

Sincerely,



Hector M. Flores,
LULAC National President