

**STATEMENT OF
COMMISSIONER BRENDAN CARR**

Re: Re: *Bridging the Digital Divide for Low-Income Consumers*, WC Docket No. 17-287;
Lifeline and Link Up Reform and Modernizations, WC Docket No. 11-42; *Telecommunications
Carriers Eligible for Universal Service Support*, WC Docket No. 09-197

The Lifeline program is an important part of the FCC's obligation to ensure that quality services are available to consumers at just, reasonable, and affordable rates.

But the important purposes served by the program have been undermined by the waste, fraud, and abuse that has plagued it over the last several years. The Government Accountability Office (GAO) highlighted just some of this abuse in its May 2017 report. For example, the GAO could not confirm whether more than a million individuals actually participate in the qualifying benefit programs claimed on their Lifeline enrollment applications. And the GAO identified over 6,000 individuals who were reported as deceased by the Social Security Administration but are nonetheless signed up for Lifeline. What's more, their enrollments and annual recertifications all took place after the supposed subscribers had passed away. And despite the program's "one-per-household rule," in one instance the GAO found 10,000 separate enrollments associated with a single address.

Even setting the GAO's findings aside, serious questions remain about whether Lifeline funds are being spent to help those that the program is intended to serve. In 2015, Icon Telecom and its owner were ordered to serve a federal sentence for money laundering and making false statements in connection with the Lifeline program. In a related case, the owner of another company that recruited low-income consumers to apply for Lifeline pled guilty to money laundering. He was charged with directing sales staff to forge Lifeline applications to "enroll" individuals in the program whose names they found in the phone book.

These concerns have been echoed by members of Congress on both sides of the political aisle, as well as members of the Commission in 2012 and 2016 when they voted on reforms. Now, I don't view these widespread instances of fraud as a basis for eliminating the program, but they are certainly a call for serious reform. Indeed, the Commission has a responsibility to both the ratepayers who fund Lifeline and to the consumers who benefit from it to ensure our program goals are being met. So I am glad that we're now taking action to increase accountability while at the same time considering ways to target Lifeline support to consumers and communities that need it most.

One place where the digital divide is most stark is on Tribal lands. In fact, the FCC has found that 68 percent of people living in rural areas on Tribal lands lack access to broadband. We need to do more to close the digital divide in these communities, and doing so requires us to incentivize greater facilities-based deployment. The Commission recognized this point on a bipartisan basis in 2012 when it voted to limit the \$100 Link Up discount to facilities-based carriers serving Tribal lands. The Commission reasoned back then that by limiting this support to facilities-based providers, the agency would help incentivize the deployment of broadband on Tribal lands. The record developed since then supports that finding, and thus we build on the Commission's 2012 decision in today's Order by extending the existing facilities-based requirement to providers that receive enhanced Tribal Lifeline support. The record shows that taking this step will incentivize carriers to deploy and invest in broadband facilities on Tribal lands.

The item also asks important questions about potential program changes to ensure Lifeline works effectively. For example, recognizing that universal service funds are finite, we propose to adopt a self-enforcing budget mechanism and seek comment on how it could work. We propose to eliminate the preemption of state authority over the eligible telecommunications carrier designation process for broadband, which will make sure that states continue their vital role in protecting Lifeline subscribers

from bad actors. And we seek comment on ways to incentivize continued provider participation in the program.

These are all important steps towards making Lifeline more accountable and effective, so this item has my support.