REMARKS OF
COMMISSIONER GEOFFREY STARKS
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Good morning—thank you Derrick for that kind introduction. I'm Geoffrey Starks and I'm the newest Commissioner on the Federal Communications Commission. Thank you for the opportunity to spend time with you this morning. I'm excited to be here and I'd like to share some thoughts about my first seven months as a Commissioner, about several of my priorities, and about two important developments in our industry—the new face of Universal Service and the critical importance of security in our networks and how it relates to national security.

But before I dig into all of that I want to recognize and thank all of you for the work you are doing in one of the areas that is most important to me—getting broadband—fast, affordable, high quality broadband—built out to people who didn't have it. Doing that – getting people and communities connected—is truly my highest priority as a Commissioner. I've heard some inspiring success stories about your work to build out broadband that I'd like to highlight.

One company, VTX1, has, in recent years brought broadband connectivity to more than 10,000 new customers in Texas. Another company, Direct Communications, has made fiber connections available to customers in rural Idaho, Utah, Louisiana, Colorado, and Missouri over the past 6 years. These customers now have symmetrical gigabit speed service available to them. These connections provide residents access to state of the art broadband speeds, and they ensure that no businesses will be lost due to lack of communications infrastructure.

And, there's Sacred Wind Communications. I had the opportunity to visit with Sacred Wind in rural New Mexico just a few weeks ago to see the connections that they were achieving using innovative technologies. Their efforts have brought high speed broadband to places that don't even have reliable electricity. In one case, a family's three school-age children living on the Navajo reservation in northwestern New Mexico had decided, in part because of the lack of a broadband connection, to leave their family home to move in with their grandparents in another city. Sacred Wind installed a solar power unit and a high-speed internet connection, and the three children returned to their family home.

These are examples of great work to establish high quality, affordable broadband connections. These connections are essential, and I'm concerned that communities that aren't connected are falling. I am worried about a world where those with good connections get even better connections and everyone else gets left behind. That rings to me of inequality. I've heard the digital divide described as something that's become "persistent." I think that's right. Long standing issues that disproportionately affect certain communities speak to me as issues of equity. I believe that we are transitioning from a "digital divide" into a state of "internet inequality.

I've had a chance to get outside the beltway and into communities during the 7 months I've been a Commissioner and, as I travel, I see three main ways that internet inequality has impacted America: first, it has robbed many of individual dignity; second, it has hamstrung the US economy; and third, it has weakened our democracy.

First, individual dignity. The disconnected feel disaffected, and you can understand why. Those on the wrong side of the digital line intuitively see that they are not able to fully participate in the modern world. And, more importantly, they have to go to great lengths to get

the access that they need. These Americans—like all of us—want to be in control of their lives, their own paths, and achieve their goals. Day after day, week after week, they are staring their autonomy and agency in the face, and work to keep from getting further behind. They rely on fast food restaurants, community centers, errant Wi-Fi signals—whatever it takes to be able to perform basic tasks that so many of us take for granted. And when they actually get a moment of peace and reflection, they wonder why was it so hard? Why can't I get some help? They feel forgotten. But not when companies like yours are working hard to make new connections.

Second, the economic impact of broadband cannot be overstated. I believe that internet inequality is the greatest barrier to our future global competitiveness. I believe that solving this problem, and quickly, will decide whether communities across this country succeed, or they are left to wither and, in some instances, disappear altogether. Towns without broadband struggle to create or retain businesses and jobs, and few new businesses will move to a town that isn't connected.

And finally, democracy. When I meet with communities that are on the wrong side of the internet equality line—regardless of whether they are rural or urban, white or black, young or old—I hear notes of deep frustration and anger. The widening chasm of broadband haves and have-nots threatens central and core notions of our shared culture as Americans. It is pulling us apart when it should, by its very nature, connect us. For all of these reasons, I can't overstate the importance of the work you are doing to get our country connected.

While getting people and communities connected to broadband is my top priority, another major, and closely related priority for me is making sure that the FCC has the data it needs to make policy decisions related to getting people connected, and that it makes good use of that data. I mention this because, in my view, data is a bit of a sore spot for the FCC. As you all are well aware, the FCC's primary tool for gathering broadband data is its Form 477. The FCC uses this data to produce broadband maps and reports. But the FCC has been criticized frequently, including by me, for not having a good handle on where broadband is and isn't available. Specifically, the FCC's maps overstate service availability. They do so because the FCC isn't asking for the right data and isn't using the data it receives in ways that will lead to granular depiction of broadband availability. The FCC needs to do better than this. The FCC is taking steps towards improving its mapping, but it is still proposing to rely on its existing form 477 data to make decisions about the next round of USF disbursement. While I wholeheartedly support using USF to help get broadband deployed, as long as the FCC is going to rely on its form 477 data, it needs to make sure that it is accurate, and getting precious dollars to the right places. And my biggest worry with regard to data is this: that ten years from now—and billions of dollars later—we still won't actually know where broadband is and is not, and millions of Americans will be even further behind.

Let me add a quick note about another one of my priorities—enforcement. Before I became a Commissioner, I served as an official in the Commission's Enforcement Bureau. I know, from that role the importance and seriousness of FCC enforcement efforts. I believe that an active enforcement bureau, empowered by accurate data, that enforces clear rules like broadband buildout obligations, is critical to getting broadband deployed. The FCC's enforcement activities ensure the integrity of the USF so that people, including fund recipients, elected officials, regulators, and interested members of the public can trust that the dollars committed to USF are achieving measurable, worthwhile results.

I've talked about how making broadband available, having good data and using it well, and enforcement are priorities of mine. The reason I want to highlight each of these priorities is

that combined—they all define what Universal Service means today. As you all know, the FCC's USF programs, and in particular, the Connect America Fund or "CAF"—are the best tools we have at the FCC, and arguably in all of government, for supporting broadband. It's no secret that USF has changed in recent years—especially since 2011 when the FCC created the CAF program to update the legacy High Cost program.

Under the High Cost program carriers received funding amounts based on the per-line costs to provide service in their service areas rather than through auctions. And, this support was not tied to specific broadband buildout requirements and obligations. This system worked for making voice service ubiquitous but came under strain as broadband began to displace traditional voice communications and as the number of customers using services for which Universal Service contributions are assessed has shrunk, increasing the pressure to use remaining USF dollars efficiently.

As times have changed, so has the nature of USF support for networks. For carriers that have decided to leave the legacy support system, either by accepting an offer of support or by bidding in and winning a support auction, USF now consists of fixed support levels determined either by a cost model or by reverse auction bidding. This support comes with broadband buildout requirements for speeds of service that will be offered and for percentages of locations that will be served, with required percentages increasing over time.

Legacy support for rate-of-return regulated carriers isn't what it used to be either. This support has, in recent years, seen the introduction of reporting obligations and accountability measures. In short, the days of USF network support not tied to reporting obligations and accountability measures are past. With buildout obligations and reporting requirements becoming the "new normal" for USF support, I want to talk a bit about what this means to me, what I will be looking for, and what I hope the FCC does with the information carriers report to it. During my first weeks as a Commissioner, I set out my general view about buildout and reporting obligations with an order that put procedures in place for support auction winners. My view is that I appreciated their commitments to providing service and meeting buildout requirements. I congratulated them, and let them know that I'd be watching closely, both to celebrate their progress and to make sure that they meet their commitments. I feel the same way now that the support is starting to flow, and more providers are becoming subject to buildout obligations.

I have not hesitated to share my view that the FCC needs to get the right data for policymaking and needs to use it well. This absolutely applies in the context of data that CAF support recipients provide on their progress toward their broadband buildout obligations. I expect that the FCC will use that data to ensure that USF dollars are achieving their purpose, to identify and engage providers who appear not to be on track to meet their obligations, and, in the hopefully rare case of a carrier irreparably missing the mark, to be in position to recover money.

I'd like to switch gears now and talk about a topic that is critically important to all of us—network security and the role that each of you play as network operators. Unfortunately, today's security environment is very different from what we had before the '96 Act when security was primarily based on trust, not unlike neighbors in a small town leaving their back doors open. Our telecom "neighborhood" has become more dangerous and the low-security environment of the past now appears more nostalgic than practical.

One example of dangers in the telecom security environment can be seen in an undersea cable project between the U.S. and Asia coming under serious scrutiny for national security concerns. Just a few weeks ago, the Wall Street Journal reported that a mostly-complete

undersea cable project to connect Los Angeles and Hong Kong is under review by U.S. national security agencies to ensure, among other things, that companies responsible for the U.S. end of the cable have taken steps to prevent foreign governments from blocking or tapping into internet traffic travelling over the cable. The Journal reported that there may be objections to the project coming from within the review panel.

This kind of review is routine. The group of agencies—often called Team Telecom— reviews telecom-related proposals that will require FCC approval and makes recommendations to the FCC. And, to date, Team Telecom has not voiced objection to undersea cable projects, including ones directly linking the U.S. to mainland China or involving state-owned Chinese telecom operators. Like any matter raising national security concerns that comes to me for a vote, if Team Telecom provides a recommendation on an application that the FCC considers related to this project, I will carefully review the application and relevant record and independently assess whether the proposed outcome protects the national defense and the safety of life and property—which is the FCC's statutory direction in this area.

That is what I did several months ago when the FCC considered an application from China Mobile to operate in the U.S. In that case, I evaluated the application and the record, including Team Telecom's recommendation that the FCC deny the application. I voted to deny that application because of national security concerns and because of the applicant's failure to allay them.

The undersea cable project involves hundreds of millions of dollars, huge companies, and global geopolitical issues. But, network threats aren't limited to large networks and large network operators. Just last month we learned about what appears to be a coordinated ransomware attack on municipal computer systems in 22 cities and towns in Texas. The attack locked city employees out of email, computers, and phone systems and the attackers demanded a ransom payment to provide codes to unlock the systems. City employees were unable to use computers or networks during the attack – librarians checked out books with notes written in notebooks and police officers had to write tickets by hand. This attack appears to have been coordinated and to have originated from a single source. And, it appears to have intentionally targeted small city and town computer systems, with older or non-updated software and without strong cybersecurity measures in place. Attacks like these have been on the rise in recent years with more than 50 cities or towns victimized this year including Atlanta, Baltimore, Allentown, Pennsylvania, and Lake City, Florida.

In the same way that ransomeware attackers appear to have intentionally selected smaller, more vulnerable targets, other attackers could be targeting smaller telecommunications networks looking for outdated software and vulnerabilities in cyber defenses. My message to you is – don't be the target that they are looking for. Every carrier, large and small, needs to take security concerns seriously and must stay apprised of and follow best practices for cybersecurity and software updating to ensure that their networks stay secure.

These security issues are not limited to communications networks. The threats I am talking about threaten everything that runs on the networks - financial, energy, industrial, medical, and educational systems – to name just a few. It's no overstatement to say that networks security is national security and that our interconnected networks are only as secure as their most vulnerable pieces.

Congress charged the FCC to ensure that communications networks are available for promoting the safety of life and property and for the national defense. The FCC needs to step up here to identify and mitigate threats to communications networks. The FCC is working with

other federal agencies to secure networks and we need to continue this work and make sure we are carrying out our statutory duty.

In closing, even though I've spent much of my time this morning talking about buildout obligations, enforcement, and security concerns, the most important topic is getting people and communities connected. And, you all, through your sustained efforts, are some of the greatest examples of innovation and progress in broadband deployment. You are building fiber networks in places that have not had high-speed internet connections in the past—and these connections are empowering people and communities. I appreciate your efforts and innovation and I look forward to continuing to work with you. Thanks once again for having me here this morning.