STATEMENT OF
CHAIRMAN AJIT PAI

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

The Lifeline program is an important tool in the Commission's efforts to bridge the digital divide for low-income consumers. But there's no dispute that it has been in trouble for the better part of a decade. Simply put, it's been plagued by waste, fraud, and abuse.

A few data points. In 2011, the Universal Service Administrative Company discovered 269,000 duplicate subscribers enrolled in the program—with another 1.28 million discovered *after* the roll-out of the National Lifeline Accountability Database. In 2014, the owner of Icon Telecom pleaded guilty to money laundering in connection with the Lifeline program. In 2016, the Hawaii Public Utilities Commission discovered that Blue Jay Wireless had enrolled more Tribal households in the Hawaiian Home Lands than there were total households. That same year, our Office of the Inspector General found that hundreds of Total Call Mobile field agents engaged in fraudulent practices to enroll customers. In 2017, a Lifeline field agent pleaded guilty to wire fraud for enrolling non-existent customers. Also that year, the Government Accountability Office reported that it could not confirm the eligibility of 1.2 million Lifeline subscribers—36% of those it surveyed. In 2018, the Commission found that the American Broadband & Telecommunications Company apparently sought and received support for tens of thousands of ineligible subscribers. And in 2019, an Oregon Public Utility Commission investigation led to the discovery that Sprint had received at least tens of millions of dollars in Lifeline funding for subscribers that were not using the service.

Given these and many other examples, it isn't a surprise that earlier this year our Office of the Inspector General confirmed that "[f]raud remains a serious problem for the Lifeline program." Indeed, the Improper Payment Rate for Lifeline in 2018—18.5%—was the highest of any program in the Universal Service Fund. This is not a rounding error. This represents hundreds of millions of dollars each year in potentially wasted funds. And it means that hundreds of millions of dollars each year do not serve American citizens in need of the program's assistance. Countenancing this state of affairs isn't compassion. It's an abdication of duty.

In light of Lifeline's troubled past, instituting common sense reforms to combat waste, fraud, and abuse is critical to its future. And that's just what this item does. It prevents dead people from being enrolled in the program. It cracks down on subscribers getting duplicate benefits. It ends unauthorized access and manipulation of the National Lifeline Accountability Database and the National Verifier. It doubles down on risk-based auditing. And it empowers state commissions to be cops on the beat—a role Congress has expressly given them. Nobody can honestly dispute the wisdom of these measures.

Except, of course, some do. It's unfortunate that some feel obligated to oppose such good government measures for petty political reasons. And when they don't engage with the substance of most of the reforms in this item, but instead decide to focus on name-calling, it makes clear what's really going on. But no one should be fooled. Voting against these straightforward reforms to reduce waste, fraud, and abuse is a disservice to the elderly, veterans, victims of domestic violence, and LGBTQ youth who could benefit from the program. It only serves the unscrupulous companies that have been ripping off the American people. I'm glad that a majority of Commissioners favors doing what could have been done and should have been done a long, long time ago—standing up to these bad actors rather than standing up for them.

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