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September 10, 2018

The Honorable Greg Walden
Chairman
Committee on Energy and Commerce
U.S. House of Representatives

The Honorable John Thune
Chairman
Committee on Commerce, Science and Transportation
United States Senate

The Honorable Frank Pallone
Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives

The Honorable Bill Nelson
Ranking Member
Committee on Commerce, Science and Transportation
United States Senate

Dear Chairmen Walden and Thune and Ranking Members Pallone and Nelson:

I am writing to address a critical issue in the Lifeline proceeding that is pending before the Federal Communications Commission ("FCC" or "the Commission"). In correspondences and testimonies coming out of the FCC to Congress, wireless resellers participating in the Lifeline program have often been characterized as "unscrupulous actors" that are solely responsible for waste, fraud, and abuse in the current system. That characterization is a key basis for the FCC's proposal to exclude resellers from the Lifeline program in its latest Lifeline reform proposals adopted on November 16, 2017.

But the Commission's purported evidence for its allegations that resellers are the source of much of the fraud within the Lifeline program is severely flawed. In particular, it has frequently relied on a July 2017 Government Accountability Office (GAO) report as evidence of significant waste, fraud and abuse in the Lifeline program for which resellers are to blame. The GAO report, however, in no way supports the

Commission's assertions regarding the scale of actual waste, fraud and abuse within the program, let alone its allegations of "unscrupulous" behavior by resellers.

Significantly, in parallel with its November 2017 proposal to exclude non-facilities-based resellers from the Lifeline program altogether, the Commission adopted a more limited proposal—known as the "Tribal Lifeline Order"— that sought to ban resellers on tribal lands from receiving the enhanced tribal Lifeline subsidy. On August 10th, the D.C. Circuit Court of Appeals took the extraordinary step of staying the Tribal Lifeline Order, finding that the public interest favored the granting of the stay in part because the Commission "has identified no evidence of fraud or misuse of funds in the aspects of the program at issue here." The Court's ruling on the Commission's order excluding resellers from participating in the Lifeline program on tribal lands—and its finding that the Commission did not show evidence of fraud or misuse of funds in this program—underscore the need for Congress to interrogate the supposed evidence underlying the Commission's claims that resellers should be excluded from the Lifeline program as a whole in order to curb waste, fraud and abuse.

As a seasoned researcher and economic policy expert specializing in the telecom arena for over 35 years, I was retained by a participant in the Lifeline program earlier this year to review the findings of the GAO's 2017 Lifeline Report. I concluded that ongoing references to the report ignore major limitations of its analysis.

It is important to note from the outset that the GAO report, now itself more than a year old, analyzed a snapshot of Lifeline data that was more than three years old at the time – data from 2014, not 2017. The snapshot was taken in the midst of a period of dramatic changes to Lifeline subscriber verification processes and enrollment numbers. Any potentially ineligible subscribers that GAO did identify in the 2017 Report were likely off the Lifeline roll long before 2017. USAC has checked the 5,500 exact duplicates found by GAO in the November 2014 data and found that 98% of the duplicates had been scrubbed out of the duplicates database by 2015 and the remaining 2% by 2017. Moreover, it is not even clear that the subscribers GAO failed to confirm back in 2014 were, in fact, ineligible at that time to receive the Lifeline program benefit. The GAO report stated that it made no conclusive determinations.

Here is a synopsis of my findings:

- **GAO data fall within the statistical error range.** The much referenced "deceased" subscribers found by GAO represent 6/100ths of 1% (or 0.06%) of the data analyzed, well below standard data error rates, which could have occurred in either the Lifeline data set or Social Security Death Index or both. In short, we don't know if this is a minor issue or if it is a data glitch.

- **GAO relied on a data set intended for other purposes.** The Lifeline database GAO used for its analysis was not constructed or intended to be used as part of the Lifeline eligibility verification process, and the information in that database was not used to determine payments that should be dispersed to Lifeline providers. As a result, the GAO data snapshot cannot be used to judge any supposed waste, fraud or abuse in Lifeline.

- **GAO used a flawed methodology to verify eligibility.** GAO attempted to cross-match different fields within the Lifeline database against a dozen different state and federal government-maintained data sets for uses distinct from the Lifeline eligibility verification process. Most of the instances in which GAO could not "confirm" subscriber eligibility are explainable by the process used, not by subscriber ineligibility.

In addition, the GAO noted the number of carriers participating in the Lifeline program, known as Eligible Telecommunications Carriers (or "ETCs"). The vast majority of Lifeline providers are wireline incumbent local exchange carriers – specifically the same rural carriers that comprise most of the participants in the high cost portion of the Universal Service Fund – not wireless carriers and not resellers. There is thus no basis for using the GAO report to single out legitimate resellers as "unscrupulous actors."

Finally, it is important to keep in mind the context in which the GAO findings were made public:

- At the time of my report, enrollment in the Lifeline program had dropped by more than 40% (more than 7-million) since its peak in 2012, when program changes directed by the FCC began being implemented, and it has continued to drop.

- More than 1.5-million subscribers were de-enrolled during the 4th quarter of 2014 – when GAO sampled the data discussed in the 2017 Report – and 1st quarter of 2015. GAO's analysis was conducted on a snapshot of data from a newly constructed database and corrections resulting from a "scrubbing" of that data completed in the months following GAO's snapshot were not included in the data it used.

In conclusion, reliance on the GAO report to portray the Lifeline program as fraught with "unscrupulous carriers" and waste, fraud, and abuse is a misreading of that report. I am concerned the FCC's misinterpretation of the GAO data is distorting the focus of legitimate reform efforts. There is still time for Congress to work with the FCC to ensure that the Commission does not disconnect millions of veterans, elderly, disabled and many other Lifeline subscribers based on outdated data and inaccurate inferences. Protecting your vulnerable constituents does not need to conflict with the FCC's important mission to carry out critical reforms such as the National Verifier to better protect universal service dollars. The Commission should re-dedicate its existing enforcement authority toward weeding out actual bad actors, rather than relying on flawed analyses of the GAO report to exclusively attack resellers.

I hope that you find my attached analysis of the GAO report to be helpful as you continue to exercise your oversight authority over the Commission. I will be happy to meet with your staff to address any questions that you or your staff might have about my analysis.

Sincerely,

Susan M Gately

An Analysis of the "Unconfirmed" and "Deceased" Subscriber Findings in the 2017 GAO Lifeline Report

Susan M. Gately
Helen E. Golding

February 2018

Preface

For several years, the FCC has been actively working to improve the efficiency and accountability of its Lifeline program, working to root out waste, fraud and abuse that had crept into the program over time. While most evidence suggests those efforts have been highly successful a GAO report released in June 2017, *Additional Action Needed to Address Significant Risks in FCC's Lifeline Program [GAO 17-538],* has garnered a lot of attention and raised the specter that the Lifeline program is still plagued by abuse. With that as the backdrop, the authors set out to evaluate the GAO's 2017 report and examine the relevance of the findings therein to the Lifeline program *today*.

Despite the title, much of the GAO 2017 report deals with issues related to oversight of the Universal Service Fund program *in toto* – i.e., growth in the USF contribution factor, concerns related to the how USAC holds funds prior to distribution, and the potential for universal service fund contributors to understate their payment obligations, – and not to the Lifeline program specifically. The authors do not address those portions of the report. The 2017 report also reiterates concerns raised in an earlier (2015) GAO report regarding the need for evaluation of how well the program is meeting its targeted purpose. Since GAO recognizes in its report that the FCC has responded to those 2015 concerns and is in the midst of that evaluation, those concerns are also not the subject of this paper. The analysis herein is limited to that portion of the report that relates to the concerns about the enrollment of ineligible subscribers in the Lifeline program – specifically GAO's analysis of subscriber lists from 2014 – and the conclusions that GAO and others have subsequently drawn from that analysis. This report also addresses GAO's concern that the sheer number of ETCs (eligible carriers) may hamper efficient administration of the Lifeline program and thus result in improper enrollments.

The authors have been evaluating matters related to the operation of the FCC's universal service fund since its inception and have written extensively on opportunities for waste, fraud, and abuse in the High Cost Fund portion of USF. GAO is to be lauded for attempting to identify waste, fraud, and abuse (or opportunities for these to occur) in the Lifeline Program. However, the subscriber list data from 2014 have changed so substantially since then (especially with respect to the elimination of a large number of potentially problematic subscribers) that they simply do not reflect the condition of Lifeline subscribership in 2017 or 2018.

Susan M. Gately and Helen E. Golding   **February 2018**

Executive Summary

Ongoing references to GAO's 2017 Lifeline Report, now itself almost a year old, ignore that it analyzed a snapshot of Lifeline data that is more than three years old – data from 2014 not 2017. The snapshot was taken in the midst of a period of dramatic changes to Lifeline program subscriber verification processes and enrollment numbers. Any problem subscribers that GAO did identify in the 2017 Report were likely off the Lifeline rolls three years ago (and it is not even clear the subscribers that GAO failed to confirm back in 2014 were, in fact, ineligible at that time to receive the Lifeline program benefit).

- Enrollment in the Lifeline program has dropped by more than 40% (more than 7-million) since its peak in 2012, when program changes directed by the FCC began being implemented.

- More than 1.5-million subscribers were dis-enrolled during 4Q14 and 1Q15 alone (the quarter when GAO sampled the data discussed in the 2017 Report and the next quarter).

- The much referenced "deceased" subscribers found by GAO represent 6/100^{ths} of 1% (0.06%) of the data analyzed – well below standard data error rates (which could have occurred in either the Lifeline data set or Social Security Death Index or both).

- GAO's analysis was conducted on a snapshot of data from a newly constructed database; corrections resulting from a "scrubbing" of that data completed in the months following GAO's snapshot were not included in the data it used.

- The Lifeline database GAO used for its analysis was not constructed or intended to be used as part of the Lifeline eligibility verification process; the information in that database was also not the basis for payments to Lifeline providers.

- GAO attempted to cross-match different fields within that Lifeline database against a dozen different state and federal government-maintained data sets that were being maintained for uses distinct from the Lifeline eligibility verification process.

- Most of the instances in which GAO's could not "confirm" subscriber eligibility, are in hindsight, explainable by the process used – not by subscriber ineligibilty.

- GAO expressed concern with the number of carriers participating in the Lifeline program (known as ETCs). The vast majority of the Lifeline providers are wireline incumbent local exchange carriers – specifically the same rural carriers (RLECs) that comprise most of the participants in the high cost portion of the Universal Service Fund – not wireless carriers and not resellers.

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An Analysis of the "Unconfirmed" and "Deceased" Subscriber Findings in the 2017 GAO Lifeline Report

Susan M. Gately and Helen E. Golding*

In 2012 the FCC announced a multi-year, multi-part plan to improve the efficiency and accountability of its Lifeline program, the last stages of which are still being developed and implemented. As a result of those efforts, the number of subscribers has dropped by more than 40% since 2012 (the year of peak enrollment).[1] In 2017, the GAO released an analysis of a snapshot of a non-random sample of Lifeline subscriber data from 2014 and reported that it was unable to confirm the eligibility of 36% of those subscribers.[2] It also reported finding a minuscule percentage of subscribers (6/100ths of a percent) that it identified as being deceased.[3] It is worth noting that the dataset GAO analyzed, known as NLAD, was not part of the Lifeline verification or disbursement process. But even aside and apart from the problems inherent in GAO's analysis that predisposed it from the start to a high "unconfirmed" result, the analysis is, quite simply, outdated. The unquestioning repetition of certain findings from 2014 by reference to the GAO 2017 Report has unfortunately given ongoing life to the outdated analysis.

Adding to the problem, some have seized upon the "unconfirmed" or "deceased" subscribers reported in the 2017 GAO Report as signs of rampant abuse or serious structural problems with the Lifeline program. Our analysis strongly suggests that such conclusions are not supported. GAO's inability to make an exact "match" of the 2014 USAC NLAD subscriber lists with programmatic data sets maintained by other government entities mostly reflects the difficulty of matching up two unrelated data sets (including one still under construction), and the failure of some providers to timely remove de-enrolled subscribers from NLAD;[4] it does not reliably identify improper Lifeline enrollments.

> The *Lifeline program* is one of four set up by the FCC to address the goal of universal service. Its purpose is to ensure that low-income consumers have access to telecom services. Significantly smaller in magnitude than the fund that provides "high-cost" support to telecom service providers it accounted for only about 15% of close to $9-billion in USF program disbursements last year.
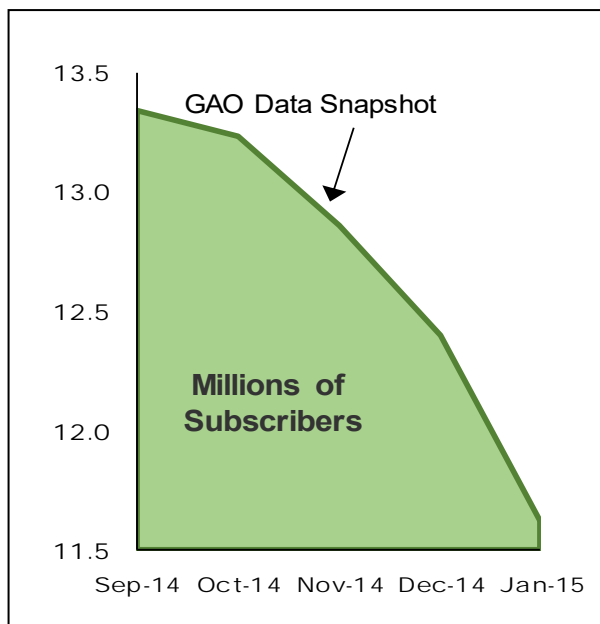

GAO's approach

GAO is to be lauded for attempting to identify sources of waste, fraud, and abuse in the Lifeline Program and, despite inherent problems, those portions of its report that relate to its analysis of 2014 data might have been illuminating at the time. However, the 2014 subscriber data GAO attempted to "confirm" and the databases from which that data came have changed so substantially since then that they shed little light today. That, in combination with the fact that the data snapshot for the GAO analysis occurred right in the midst of a significant drop-off in the Lifeline rolls (more than 1.5-million subscribers during the last quarter of 2014 and first quarter of 2015 combined)[5], renders the results meaningless for purposes of evaluating potential waste, fraud and abuse in the Lifeline program in 2018.

GAO conducted an analysis of what it described as a "nongeneralizable selection"[6] of Lifeline program data from 2014 and identified what it deemed to be *potentially* improperly enrolled subscribers. It found, "Based on its matching of subscriber to benefit data, GAO was unable to confirm whether about 1.2 million individuals of the 3.5 million it reviewed, or 36 percent, participated in a qualifying benefit program, such as Medicaid, as stated on their Lifeline enrollment application."[7] As the old saying goes, hindsight is 20/20, and looking back now at the database snapshot GAO had to work with from 2014 and the methodology it employed to "confirm" subscribers' eligibility, it is remarkable that GAO was able to confirm, or "match", as many of the subscribers as it did.

Figure 1: Enrollment decline at time of GAO data snapshot

NLAD was never the right list of subscribers for GAO to analyze

The National Lifeline Accountability Database, (NLAD) (the dataset used by GAO in its analysis) was not designed to be used as part of the Lifeline disbursement process[8] or to aid in verifying subscriber eligibility. Its function was to aid in the identification and prevention of duplicate subsidies flowing to the same household from multiple providers and nothing more.[9] At the time of GAO's review, NLAD was still under construction and had not yet been

"scrubbed" for accuracy.[10] USAC review of individual provider NLAD entries versus subscriber claims made through Form 497 have revealed that carriers do not always purge the NLAD data set of names of individuals that are no longer being subsidized. For one provider a USAC audit in February of 2015 identified almost 50% more names in the NLAD database than the provider reported on FCC Form 497 (used for disbursement purposes) – a function of the fact that adequate procedures where not yet in place to remove the names of de-enrolled subscribers in the new database.[11] As a practical matter, GAO's analysis of the 2014 NLAD seems to presume an equivalency between the set of individuals in NLAD at that time and the set of individuals that were eligible for and receiving a subsidy from the program – that equivalency simply did not exist.

"Unconfirmed is not synonymous with "ineligible"

Instead of indicating subscribers that were improperly enrolled, GAO's 'unconfirmed" subscribers could have arisen just as easily from a coding error in one or more of the state-maintained program eligibility data sets or simply from having the information being matched appear slightly differently in the two databases being compared. Put differently, GAO's inability to "confirm" eligibility through this process, and the conclusions some have drawn from that inability, is analogous to concluding that your car keys *were stolen* because you didn't find them in the first place you looked. In fact, GAO identified less than 12,000 subscribers that could be viewed as improperly receiving benefits out of the NLAD dataset of more than 10.5-million "unique" entries (less than 1/8th of one percent.)[12] Everything else represents nothing more than GAO not finding the keys in the first place it looked.

> GAO attempted to match its *sample* from the November 2014 snapshot of the NLAD database against state-maintained SNAP and Medicaid data-sets for FL, GA, MI, NE, NY, and OH and against the federal SSI dataset. Datasets that Lifeline providers did not have access to and that were not used as part of the Lifeline eligibility verification or disbursement process in place at the time.
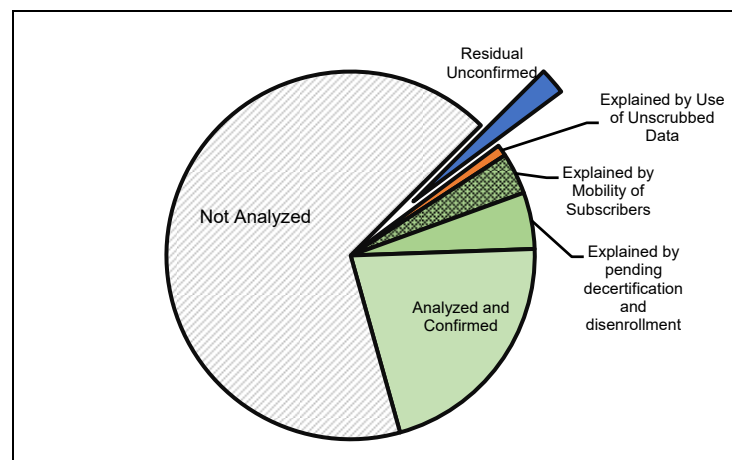
Explanations for and corrections to GAO's findings

The oft-cited observation that GAO was unable to "match" 36% of the subscribers in its sample from the 2014 NLAD dataset begs the following question: Assuming that 100% of names in the 2014 NLAD dataset had been "eligible" subscribers, and knowing what we know now, should there have been an expectation that 100% of names would be "confirmed" via matching against other state and federal datasets? If the answer to that question is no (which it is), it is instructive to examine what level of "unconfirmed" subscribers should have been expected, given the then-existing data set?

As it turns out, most, if not all, of the 1.2-million cases in which GAO was unable to confirm subscriber eligibility (using its November 2014 sample) are explained by causes unrelated to the "ineligibility" of those participants in the Lifeline program. We have identified three primary drivers that explain in large part GAO's inability to match a portion of NLAD subscriber entries to state and federal benefit databases:

- Effects of the annual recertification and de-enrollment process
- Effects of the use of uncorrected (raw) data from the new NLAD database
- Effects of population mobility

Figure 2: Almost all of the unmatched NLAD data in GAO's sample is explained by other drivers

Each is discussed in more detail in Appendix A. Taken together, and using the conservative end of the adjustment ranges identified in the Appendix, we find that about 1-million of the 1.2-million subscribers whose program eligibility GAO was unable to confirm in November 2014 are explained not by "ineligibility," but rather by the nature of the exercise.

If performed as described in its Report, GAO's methodology would have also identified as "unconfirmed" those cases where (a) the *subscriber* is different than the *benefit qualifying person (BQP)* (example – the subscriber is a guardian of a low-income disabled minor receiving SSI benefits),[13] (b) the subscriber's eligibility was confirmed as qualified via the NLAD *dispute resolution process* (the applicant offered proof of identity or address despite failing automated third party identity validation or USPS address validation)[14], or (c) the subscriber is a participant in a state-run *address confidentiality program* (in place to protect victims of domestic or sexual violence or stalking).[15]

Attempts to draw conclusions about the efficacy of the Lifeline enrollment program from the flawed analysis discussed above also proceed from the mistaken assumption that mismatches between the NLAD and other state-run datasets indicate problems with Lifeline enrollments rather than errors or deficiencies in the cross-referenced state and federal eligibility datasets (or some combination of the two). As an example, states have 3 years to update subscriber data in Medicaid datasets, yet GAO utilized these datasets as part of its analysis.[16]

Relevance of deceased subscriber findings

A second GAO finding that has attracted attention – that through this process, GAO "found 6,378 individuals reported as deceased who are receiving benefits" – suffers from many of the same methodological flaws. There is no way to verify whether the finding represents anything more than data entry errors. Those identified as deceased represent less than 6/100[ths] of 1% of the more than 10-million subscribers in the NLAD database. This is well below what might have been expected given standard data entry error rates – particularly since GAO was using the unscrubbed data set. That said, improvements continue to be made in the coordination of death information among programs, and Lifeline administration has benefitted from these improvements.[17]

GAO also remarked upon *opportunities* for waste, fraud, and abuse resulting from the Lifeline programs reliance "on over 2,000 Eligible Telecommunication Carriers that are Lifeline providers to implement key program functions, such as verifying subscriber eligibility," a "complex internal control environment" it deemed to be "susceptible to risk of fraud, waste, and abuse as companies may have financial incentives to enroll as many customers as possible." As a factual matter, GAO overstated the number of ETCs enrolling subscribers and receiving disbursements by about 50%, but more importantly, the majority of "Lifeline" ETCs are small rural incumbent LECs (RLECs) providing wireline service (most of whom receive less than $1,000 per month in Lifeline disbursements). The large number of participating ETCs is a direct function of the fragmented nature of the rural telecommunications landscape in the US – particularly for wireline services. The "risk of fraud, waste, and abuse" from these RLECs participation in the FCC's (3 times larger) USF High Cost Fund is far greater than anything available to them through the Lifeline program.

If "financial incentives [for carriers] to enroll as many customers as possible" exist they would operate regardless of whether there were one, a hundred, or ten thousand Lifeline providers. And a financial incentive to enroll customers can and should be a good thing for a program designed specifically to expand the reach of the US communications network to include otherwise unserved segments of the population – particularly given the large segment of the Lifeline-eligible population that is not presently participating in the plan and "connected."[*] A problem only exists if there is both a financial incentive *and the ability* to fraudulently enroll customers – something the controls the FCC has implemented over the last four years (and continues to implement) make highly unlikely.

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Ineligible subscribers that were in the program in 2014 have likely been long removed

The above observations and adjustments to GAO's analysis are not meant to suggest any disagreement with its objective of improving the accuracy and accountability of Lifeline program administration. However, even to the extent that GAO's analysis of 2014 data raises legitimate concerns about program operations at the time, the reliance on that analysis in a mid-2017 Report remains problematic. Changes targeted at addressing those concerns were already underway in 2014 and have made a dramatic difference in the administration of the Lifeline program. Close to 1-million subscribers were dropped from the Lifeline rolls in the 4th quarter of 2014 and another 600,000 were dropped over the next three months in the 1st quarter of 2015.[18] This represented 12% of the total lifeline subscriber base. The actual number and percentage of participants that were de-enrolled was even greater, because the total change in subscribership includes newly qualified and enrolled subscribers that offset some of the drops. De-enrollment of subscribers was much higher in the sample states where GAO (matching against state verification databases) was unable to confirm 935,000 subscribers: by the end of March 2015, those states had 700,000 fewer subscribers (even accounting for new subscribers).[19] Thus, within a few months of the GAO's snapshot of Lifeline eligibility, the reforms already underway in November 2014 were showing impressive results. Not content with past successes, however, the FCC continues to work with USAC and providers on improving the mechanisms to support accuracy and accountability in Lifeline administration.

Appendix A: Primary drivers that explain much of GAO's inability to match a portion of NLAD subscriber entries to state and federal benefit databases

***Effects of annual recertification and de-enrollment of subscribers*: 15% to 30%**

Lifeline subscribers' eligibility must be recertified by providers or states annually. All subscribers enrolled as of January 2014 had to be processed for recertification at some time during the calendar year (by 12/31/14).[20] Only 39% of those subject to recertification in 2014 remained enrolled by year end (61% were de-enrolled and removed from the database).[21] Since subscribers remain eligible for the program throughout the recertification process as many as 100% of those subscribers could have been in the 11/14 NLAD database snapshot sampled by GAO (just prior to the date for removal from the rolls). Based on the number of subscribers needing recertification in 2014, we calculate that up to 30% of total November 2014 NLAD listings could have been ready to be eliminated from that database within a month.[22*] Even if one posits that half of the recertifications and associated purging of customers were completed well in advance of the year-end requirement, the timing of GAO's analysis would still explain the inability to "match" 15% of the dataset – or almost half of GAO's "unconfirmed" subscribers.

Effects of uncorrected data in the new NLAD database snapshot: 3%

In November 2014 when GAO took a snapshot of the NLAD database to use in its analysis USAC was still in the process of "scrubbing" the initial 10-million-plus entries into the new NLAD dataset (a process not completed until the spring of 2015).[23] Corrections made to the dataset resulting from that work would not have been in the data snapshot used by GAO. The data fields subject to USAC's scrubbing and correction would have been the very same information (subscriber name, date of birth, last four digits of social security number and address) that GAO was using to match the NLAD with other eligibility datasets. Even a small discrepancy in information would have prevented GAO from confirming subscriber eligibility, hampering its ability to match the relevant data points. We analyzed characterizations of the data scrubbing results and conservatively estimate that a minimum of 3% of the total NLAD database entries used by GAO in its analysis and possibly many more, were subsequently corrected.[24] Put differently, the use of raw, unscrubbed data explains GAO's inability to "confirm" eligibility of at least 3% of the subscribers in its sample.

Effects of population mobility across databases and time: 11% to 15%

GAO's data matching exercise required an exact match in most or all relevant fields, including the subscriber's address (or portions thereof). Population mobility (change of address during the year), particularly for this population, is in the range of 11% to 15% annually.[25] Any movement by subscribers during the year or timing differences in updating addresses between the NLAD and the various eligibility databases would have prevented GAO from confirming a match. Thus, the use of address information as a component of the program eligibility matching process used by GAO introduces an expected "mismatch" rate in the range of 11% to 15% into the data analysis attributable to population mobility.

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END NOTES

[1]   Lifeline enrollment has dropped from a high of 17.6-million in June 2012 to 10.3-million in December 2017. See, USACs Appendix LI08 from "Federal Universal Service Support Mechanisms Fund Size Projections" for the First Quarter of 2013 and Second Quarter 2018. Accessed on Feb 14, 2018 at http://www.usac.org/about/tools/fcc/filings/default.aspx

[2]   *Additional Action Needed to Address Significant Risks in FCC's Lifeline Program,* Government Accountability Office Report, GAO 17-538, publicly released in June 2017, at 3 and 38.   Accessed on February 14, 2018 at https://www.gao.gov/products/GAO-17-538

[3]   GAO reported finding 6,378 NLAD entries for individuals it deemed to be deceased out of 10.5-million unique individuals it evaluated in the database. GAO 17-538 at 38 and 43.

[4]   See discussion at 2-3 *infra.*

[5]   FCC Universal Service Monitoring Report, period ending September 2016, released January 17. 2017 at Table 2.6. Accessed at https://www.fcc.gov/document/wcb-releases-2016-universal-service-monitoring-report.

[6]   GAO 17-538 at 69.

[7]   GAO 17-538, "Highlights" page.

[8]   A fact acknowledged by GAO 17-538 at 39 "Because Lifeline disbursements are based on providers' reimbursement claims, not the number of subscribers a provider has in NLAD, our analysis of NLAD data could not confirm actual disbursements associated with these individuals."

[9]   GAO 17-538 acknowledges NLAD's purpose and function (see footnote 1 of Appendix 1 at 69) "NLAD is a Lifeline enrollment database designed to help carriers identify and resolve duplicate claims for Lifeline-supported service and prevent future duplicates. NLAD provides a means for carriers to check on a real-time and nationwide basis whether the consumer is already receiving a Lifeline Program-supported service."   Beginning in January 2018 counts of subscribers in the now-mature NLAD dataset are being used in place of Form 497. USAC *High Cost Low Income Committee Briefing Book*, January 29, 2018 at 148. Accessed February 14, 2018 at http://usac.org/_res/documents/about/pdf/bod/materials/2018-01-29-hcli-briefing-book.pdf.

[10]   GAO 17-538 at 46.

[11]   USAC *High Cost Low Income Committee Briefing Book*, January 29, 2018, at 138 and 141.

[12]   GAO identified 5,510 "duplicate" and 6,378 "deceased" subscribers out of the 10.5-million unique entries it evaluated in the NLAD dataset. GAO 17-538 at 43.

[13]   See USAC NLAD Frequently Asked Questions, Question 12. Accessed on February 14, 2018 at http://www.usac.org/li/about/faqs/faq-nlad.aspx, and the USAC NLAD input template, accessed on February 14, 2018 at http://www.usac.org/li/tools/nlad/nlad-resources.aspx.

[14]   See USAC NLAD Frequently Asked Questions: Dispute Resolution, Questions 35 – 40, accessed on February 14, 2018 at http://www.usac.org/li/about/faqs/faq-nlad.aspx and USAC Dispute Resolution guidelines, accessed on February 14, 2018 at http://usac.org/li/tools/nlad/dispute-resolution/default.aspx.

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[15]   The Address Confidentiality Program (ACP) refers to state or locally-run programs that provide confidential addresses to victims of domestic violence. While the actual title of the program may vary by state, within NLAD documentation, ACP is an umbrella term that includes them all. See http://www.usac.org/_res/documents/li/pdf/nlad/NLAD-Glossary.pdf.

[16]   GAO 17-538 at 41.

[17]   In November 2017, USAC implemented new procedures for Lifeline enrollment that make use of the SSA Death Master File (DMF) and other data sources to determine if a person may be deceased. See, USAC *High Cost Low Income Committee Briefing Book*, January 29, 2018, at 148.

[18]   See endnote 5 *supra*.   USAC reported subscribers for end of Sept 2014, December 2014 and March 2015 of 13.34-million, 12.40-million and 11.79-million respectively.

[19]   See, table below. Data taken from USAC Appendix LI08 from "Federal Universal Service Support Mechanisms Fund Size Projections" for the First, Second and Third Quarters of 2015. Accessed on Feb 14, 2018 at http://www.usac.org/about/tools/fcc/filings/default.aspx

	Q3 2014	Q4 2014	Q1 2015
FLORIDA	945,537	924,110	892,523
GEORGIA	502,696	480,839	431,714
MICHIGAN	688,387	585,716	491,966
NEBRASKA	11,036	10,162	9,774
NEW YORK	1,099,501	955,785	862,822
OHIO	633,983	564,622	487,945
TOTALS	3,881,140	3,521,234	3,176,744

[20]   Public Notice, *Wireline Competition Bureau Provides Guidance Regarding the 2013 Lifeline Recertification Process*, DA 13-1188, Released May 22, 2013.

[21]   USAC Annual Report for 2015, at 11. Accessed on February 14, 2018 at http://www.usac.org/_res/documents/about/pdf/annual-reports/usac-annual-report-2015.pdf .

[22]   USAC reported 4.9-million de-enrollments in 2014, equal to 36% of the 13.34-million subscribers enrolled in the lifeline program at the end of the 3rd quarter of 2014. See Tables 2.7 and 2.8 of the FCC Universal Service Monitoring Report, period ending September 2015, released 12/25/2015. 2017. Accessed at https://www.fcc.gov/document/wcb-releases-2015-universal-service-monitoring-report.

[23]   GAO 17-538 at 46.

[24]   The magnitude of the improvement in accuracy resulting from the USAC's scrubbing of the NLAD data was estimated by analyzing the number of duplicates detected by GAO pre-scrub [GAO 17-538 at 4] with the number of duplicates detected and eliminated by USAC [GAO 17-538 at 44]. The effect of the data scrubbing on this one objective (elimination of duplicates) resulted in 3% of the subscribers being identified as duplicates and removed from the lifeline rolls. It is highly likely that the scrubbing corrected other records as well, with respect to other relevant data points considered in the GAO matching exercise.

[25]   https://www.census.gov/data/tables/2014/demo/geographic-mobility/cps-2014.html, Table 1.1

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