



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 7, 2017

The Honorable Tammy Baldwin
United States Senate
717 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Baldwin:

Thank you for your letter regarding the Wireline Competition Bureau's *Order on Reconsideration*, which affected nine companies' participation in the Lifeline program. I appreciate your views, which will be entered into the record of the proceeding.

One of my main goals as FCC Chairman is closing the digital divide. And I recognize unaffordability as a key barrier to digital opportunity. Last September, I explained when announcing my Digital Empowerment Agenda that "[a]lthough gigabit services and mobile broadband are becoming common features of wealthier, metropolitan areas, they aren't universal." There is a real digital divide in our country, and as we seek to address this problem, I believe the Lifeline program is an important tool for helping to connect all Americans.

Regarding the *Order*, I would make several important points.

First, the *Order* affected only nine of the more than 900 carriers participating in the Lifeline program—that's less than 1%. Nor did the *Order* affect the designation of Lifeline broadband carriers by state commissions; that process proceeds apace.

Second, eight of the nine affected carriers had no Lifeline customers.

Third, the prior Commission disregarded the well-established process for approving applications like these. The National Tribal Telecommunications Association filed a petition for reconsideration pointing out that several of the providers never complied with their obligation under our rules to coordinate their applications with Tribes. These Tribal representatives thus requested that the designations be reversed. Moreover, two providers' designations were improperly granted prior to the public comment deadline for filing comments—that is, before the public even had a full and fair chance to weigh in on the designation. This curtailed the public's ability to participate in these proceedings and limited the Commission's ability to consider all designation criteria with a fulsome record. Whatever one thinks of the merits of these applications, that action was plainly improper.

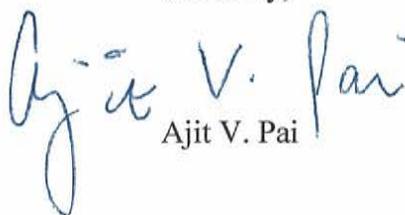
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process of the FCC designating Lifeline Broadband Providers, arguing that it is unlawful, and the FCC itself recently asked the court for additional time to consider this issue. For instance, Section 214 of the Communications Act explicitly says that states must make designations for purposes of allowing companies to receive Lifeline subsidies. The FCC has repeatedly, and for many years, recognized states' primary role in this area. By preempting the states' role in certification, the federal designations could run afoul of this legal framework. Putting the designations on hold gives the FCC the chance to make sure the process is legally defensible and avoids potentially stranding customers if the courts ultimately deem the process unlawful.

Lastly, every dollar that is spent on subsidizing somebody who doesn't need the help by definition does not go to someone who does. That means that the Commission needs to make sure that there are strong safeguards against waste, fraud, and abuse before expanding the program to new providers. But our federal safeguards are insufficient: My investigation last year into these matters revealed that providers could indiscriminately override checks that are supposed to prevent wasteful and fraudulent activities. (These checks include common-sense steps like verifying the identity of would-be Lifeline recipients.) From October 2014 until June 2016, wireless resellers had overridden such safeguards 4,291,647 times in total. The investigation also uncovered other loopholes, including one that let a company claim subsidies for approximately 22,000 phantom subscribers each month in the state of Michigan. And the National Verifier—a new database intended to verify eligibility to participate in the Lifeline program—does not currently exist and will not start operating until the end of 2017. Further, it is not scheduled to cover all states until 2019. We need to make sure that safeguards are strong and effective in order to direct subsidies to American consumers who most need the help.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,



Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 7, 2017

The Honorable Richard Blumenthal
United States Senate
706 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Blumenthal:

Thank you for your letter regarding the Wireline Competition Bureau's *Order on Reconsideration*, which affected nine companies' participation in the Lifeline program. I appreciate your views, which will be entered into the record of the proceeding.

One of my main goals as FCC Chairman is closing the digital divide. And I recognize unaffordability as a key barrier to digital opportunity. Last September, I explained when announcing my Digital Empowerment Agenda that "[a]lthough gigabit services and mobile broadband are becoming common features of wealthier, metropolitan areas, they aren't universal." There is a real digital divide in our country, and as we seek to address this problem, I believe the Lifeline program is an important tool for helping to connect all Americans.

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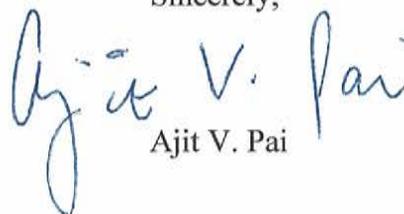
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Sincerely,



Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 7, 2017

The Honorable Cory Booker
United States Senate
359 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Booker:

Thank you for your letter regarding the Wireline Competition Bureau's *Order on Reconsideration*, which affected nine companies' participation in the Lifeline program. I appreciate your views, which will be entered into the record of the proceeding.

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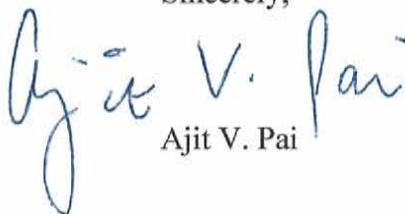
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I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,

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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 7, 2017

The Honorable Sherrod Brown
United States Senate
713 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Brown:

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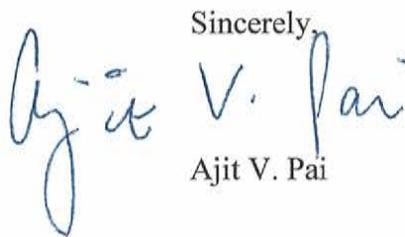
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Ajit V. Pai



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THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 7, 2017

The Honorable Benjamin L. Cardin
United States Senate
509 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Cardin:

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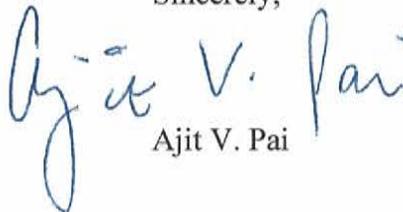
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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 7, 2017

The Honorable Richard J. Durbin
United States Senate
711 Hart Senate Office Building
Washington, D.C. 20510

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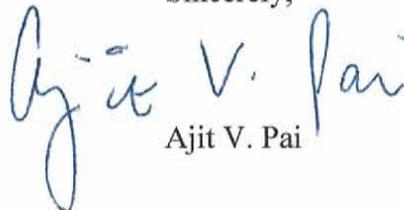
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 7, 2017

The Honorable Al Franken
United States Senate
309 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Franken:

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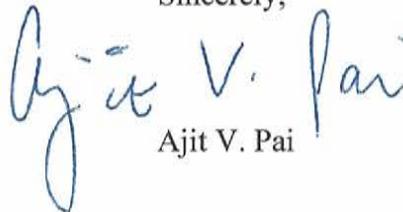
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 7, 2017

The Honorable Kirsten Gillibrand
United States Senate
478 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Gillibrand:

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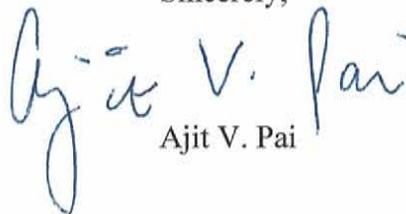
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Lastly, every dollar that is spent on subsidizing somebody who doesn't need the help by definition does not go to someone who does. That means that the Commission needs to make sure that there are strong safeguards against waste, fraud, and abuse before expanding the program to new providers. But our federal safeguards are insufficient: My investigation last year into these matters revealed that providers could indiscriminately override checks that are supposed to prevent wasteful and fraudulent activities. (These checks include common-sense steps like verifying the identity of would-be Lifeline recipients.) From October 2014 until June 2016, wireless resellers had overridden such safeguards 4,291,647 times in total. The investigation also uncovered other loopholes, including one that let a company claim subsidies for approximately 22,000 phantom subscribers each month in the state of Michigan. And the National Verifier—a new database intended to verify eligibility to participate in the Lifeline program—does not currently exist and will not start operating until the end of 2017. Further, it is not scheduled to cover all states until 2019. We need to make sure that safeguards are strong and effective in order to direct subsidies to American consumers who most need the help.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,



Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 7, 2017

The Honorable Maggie Hassan
United States Senate
B85 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Hassan:

Thank you for your letter regarding the Wireline Competition Bureau's *Order on Reconsideration*, which affected nine companies' participation in the Lifeline program. I appreciate your views, which will be entered into the record of the proceeding.

One of my main goals as FCC Chairman is closing the digital divide. And I recognize unaffordability as a key barrier to digital opportunity. Last September, I explained when announcing my Digital Empowerment Agenda that "[a]lthough gigabit services and mobile broadband are becoming common features of wealthier, metropolitan areas, they aren't universal." There is a real digital divide in our country, and as we seek to address this problem, I believe the Lifeline program is an important tool for helping to connect all Americans.

Regarding the *Order*, I would make several important points.

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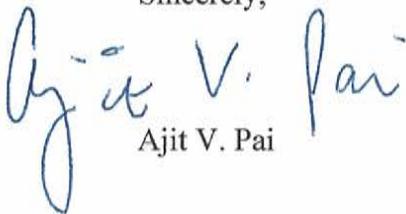
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 7, 2017

The Honorable Edward J. Markey
United States Senate
255 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Markey:

Thank you for your letter regarding the Wireline Competition Bureau's *Order on Reconsideration*, which affected nine companies' participation in the Lifeline program. I appreciate your views, which will be entered into the record of the proceeding.

One of my main goals as FCC Chairman is closing the digital divide. And I recognize unaffordability as a key barrier to digital opportunity. Last September, I explained when announcing my Digital Empowerment Agenda that "[a]lthough gigabit services and mobile broadband are becoming common features of wealthier, metropolitan areas, they aren't universal." There is a real digital divide in our country, and as we seek to address this problem, I believe the Lifeline program is an important tool for helping to connect all Americans.

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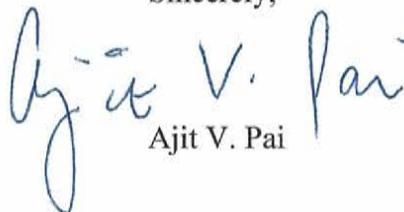
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Sincerely,



Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 7, 2017

The Honorable Patty Murray
United States Senate
154 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Murray:

Thank you for your letter regarding the Wireline Competition Bureau's *Order on Reconsideration*, which affected nine companies' participation in the Lifeline program. I appreciate your views, which will be entered into the record of the proceeding.

One of my main goals as FCC Chairman is closing the digital divide. And I recognize unaffordability as a key barrier to digital opportunity. Last September, I explained when announcing my Digital Empowerment Agenda that "[a]lthough gigabit services and mobile broadband are becoming common features of wealthier, metropolitan areas, they aren't universal." There is a real digital divide in our country, and as we seek to address this problem, I believe the Lifeline program is an important tool for helping to connect all Americans.

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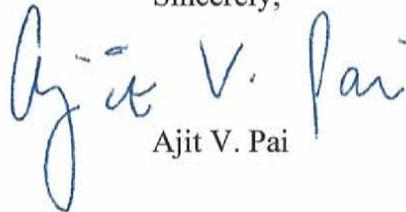
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 7, 2017

The Honorable Gary Peters
United States Senate
724 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Peters:

Thank you for your letter regarding the Wireline Competition Bureau's *Order on Reconsideration*, which affected nine companies' participation in the Lifeline program. I appreciate your views, which will be entered into the record of the proceeding.

One of my main goals as FCC Chairman is closing the digital divide. And I recognize unaffordability as a key barrier to digital opportunity. Last September, I explained when announcing my Digital Empowerment Agenda that "[a]lthough gigabit services and mobile broadband are becoming common features of wealthier, metropolitan areas, they aren't universal." There is a real digital divide in our country, and as we seek to address this problem, I believe the Lifeline program is an important tool for helping to connect all Americans.

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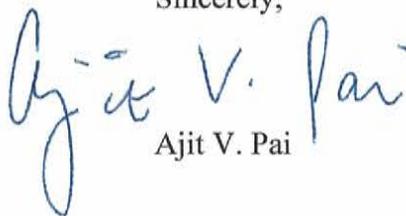
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 7, 2017

The Honorable Bernard Sanders
United States Senate
332 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Sanders:

Thank you for your letter regarding the Wireline Competition Bureau's *Order on Reconsideration*, which affected nine companies' participation in the Lifeline program. I appreciate your views, which will be entered into the record of the proceeding.

One of my main goals as FCC Chairman is closing the digital divide. And I recognize unaffordability as a key barrier to digital opportunity. Last September, I explained when announcing my Digital Empowerment Agenda that "[a]lthough gigabit services and mobile broadband are becoming common features of wealthier, metropolitan areas, they aren't universal." There is a real digital divide in our country, and as we seek to address this problem, I believe the Lifeline program is an important tool for helping to connect all Americans.

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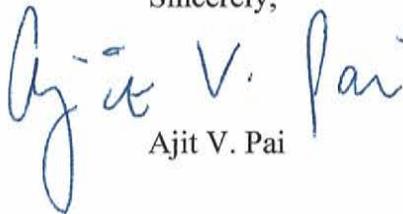
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 7, 2017

The Honorable Elizabeth Warren
United States Senate
317 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Warren:

Thank you for your letter regarding the Wireline Competition Bureau's *Order on Reconsideration*, which affected nine companies' participation in the Lifeline program. I appreciate your views, which will be entered into the record of the proceeding.

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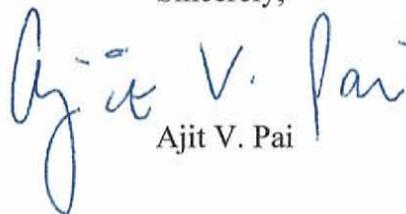
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 7, 2017

The Honorable Ron Wyden
United States Senate
221 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Wyden:

Thank you for your letter regarding the Wireline Competition Bureau's *Order on Reconsideration*, which affected nine companies' participation in the Lifeline program. I appreciate your views, which will be entered into the record of the proceeding.

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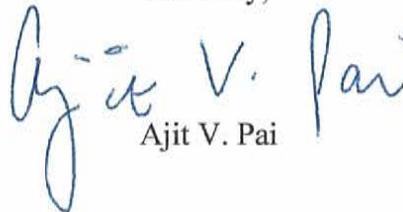
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