

July 19, 2017

The Honorable Ajit V. Pai  
Chairman  
Federal Communications Commission  
445 12th Street SW  
Washington, DC 20554

Ms. Vickie Robinson  
Acting CEO and General Counsel  
Universal Service Administrative Company  
700 12th Street NW, Suite 900  
Washington, DC 20005

Dear Chairman Pai and Ms. Robinson:

We are writing with regard to the Lifeline program, which helps provide basic telecommunications and broadband services to eligible low-income Americans who may not otherwise be able to afford these services. The Lifeline program is one important component of the Federal Communications Commission's (FCC) commitment to the policy of universal service<sup>1</sup> and affords Americans in every state the opportunity to stay connected and succeed in today's interconnected digital economy. Unfortunately, a recently released report from the Government Accountability Office (GAO) documents troubling instances of waste, fraud, and abuse in the Lifeline program.<sup>2</sup> We are concerned that the risks to program integrity outlined in this report threaten a service that is essential to ensuring that low-income Americans can connect to employment opportunities, family members, and emergency services.

Current policy places the responsibility of verifying program eligibility with the diffuse network of over 2,000 Eligible Telecommunications Carriers (ETCs), who often subcontract further with third-party entities in order to approve or deny Lifeline benefits.<sup>3</sup> In conducting an analysis of subscriber data in select states, however, GAO was unable to independently verify the eligibility of a considerable number of Lifeline beneficiaries.<sup>4</sup> FCC's ongoing development of a National Verifier eligibility system is a positive sign, but both FCC and the Universal Service Administrative Company (USAC) are well-positioned to take immediate steps to improve provider oversight and overall program integrity.

Given the problems identified in the current administration of the Lifeline program, we ask that you provide answers to the following questions as soon as possible but no later than August 18, 2017:

1. How do FCC and USAC measure the effectiveness of the various compliance and enforcement mechanisms that have been developed to improve oversight of Lifeline providers and sales agents?

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<sup>1</sup> See 47 U.S.C. § 254.

<sup>2</sup> Government Accountability Office, *Additional Action Needed to Address Significant Risks in FCC's Lifeline Program* (May 2017) (GAO-17-538).

<sup>3</sup> *Id.*, p. 15.

<sup>4</sup> *Id.*, p. 37.

- a. What training and guidance on the Lifeline program is offered to or required for ETCs and sales agents?
  - b. Has FCC instituted criteria and timelines for evaluating individual ETC compliance plans?
  - c. What is the extent of FCC and USAC's oversight of third-party entities contracted by ETCs to determine program eligibility?
  - d. How many times has FCC determined that an ETC is no longer qualified to provide Lifeline benefits, and what is the process for making this determination?
2. What steps are being taken to ensure that ETCs and subcontractors are aware of the federal and state databases and other information available to them in order to determine program eligibility?
3. What is your projected timeline for testing and implementing the National Verifier system?
  - a. What are your projected costs?
  - b. What impediments, if any, have you encountered with state and local jurisdictions in acquiring the information you believe is necessary to implement the National Verifier system?
  - c. To what extent will the existing National Lifeline Accountability Database (NLAD) be utilized in the development and implementation of the National Verifier system?
4. Chairman Pai's July 11, 2017, letter to USAC regarding the Lifeline program establishes a number of new USAC review and audit requirements.<sup>5</sup> GAO's report, however, states that in at least one instance, USAC's routine audit functions have been constrained by "limited audit resources."<sup>6</sup> Is USAC adequately resourced and staffed to conduct the reviews and audits of ETC and subscriber data outlined in the July 11 letter?

Diligent and continuous efforts to improve the integrity of the Lifeline program will ensure that the funds collected from providers and consumers are administered appropriately and that all Americans stand to benefit from the opportunities of the global digital economy.

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<sup>5</sup> Letter from Ajit V. Pai, Chairman, Federal Communications Commission, to Vickie Robinson, Acting CEO and General Counsel, Universal Service Administrative Company (July 11, 2017).

<sup>6</sup> Government Accountability Office, *supra* at p. 28.

The Honorable Ajit V. Pai and Ms. Vickie Robinson  
July 19, 2017  
Page 3

If you have any questions about this request, please contact Sydney Paul of Senator Peters's staff at [Sydney\\_Paul@peters.senate.gov](mailto:Sydney_Paul@peters.senate.gov) or Lot Kwarteng of Senator Stabenow's staff at [Lot\\_Kwarteng@stabenow.senate.gov](mailto:Lot_Kwarteng@stabenow.senate.gov). We share your goal of reducing waste and fraud in the administration of federal programs and look forward to your prompt response.

Sincerely,



Gary C. Peters  
United States Senator



Debbie Stabenow  
United States Senator