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United States Senate

SPECIAL COMMITTEE ON AGING

WASHINGTON, DC 20510-6400

(202) 224-5364

May 11, 2018

The Honorable Ajit Pai  
Chairman  
Federal Communication  
Commission 445 12th Street SW  
Washington, D.C. 20554

Dear Chairman Pai:

As long-time supporters of the Universal Service Fund, we are writing to urge the Commission to reject proposals to bar or discourage resellers from participating in the federal Lifeline program. We also encourage the Commission to fully implement prior reforms to the Lifeline program before consideration of further reform proposals.

Lifeline has been helping low-income Americans gain access to telecommunications services for more than thirty years. When first established by the FCC under the Reagan Administration in 1985, the goal of the program was to provide affordable phone service, but the scope of the program has changed as technology has changed. The program was expanded by the Telecommunications Act of 1996 to cover advanced communications services during the Clinton Administration, and it was further modernized to include broadband service under Presidents Bush and Obama.

Millions of low-income Americans rely on the Lifeline Program for voice and broadband services they would not otherwise be able to afford. According to the latest data from USAC, the FCC's universal service fund administrator, nearly 6 million persons age 65 or older qualify for Lifeline but lack Internet service. USAC estimates that more than 251,000 of these seniors live in Pennsylvania, and 32,000 live in Maine. Without Lifeline, these seniors will struggle to remain connected to family, friends, and essential services in a society that is increasingly dependent on broadband. The social isolation that can result is more than an inconvenience -- a recent study by the AARP Foundation showed that the negative health effects of prolonged isolation are comparable to smoking 15 cigarettes a day. Lifeline is especially important for older Americans living in rural areas because the affordable communications services it provides helps to support the deployment of rural infrastructure through wholesale arrangements with facilities-based providers.

Before the Commission takes up further proposals to reform the Lifeline program, we strongly encourage you to fully implement prior reforms to protect the integrity of the Lifeline program. Toward that end, we urge the Commission to work with USAC to implement the National Verifier database as quickly as possible. As the GAO has noted, the National Verifier database will diminish incentives found in the system today that can lead to waste, fraud, and abuse, and will thereby help ensure that the benefits of the Lifeline program will go only to those who truly

qualify. We are concerned that despite the fact that this critical third-party eligibility database is supposed to be operational nationwide by the end of next year, little information has been released about the status of the National Verifier program rollout since its relaunch late last year.

Respectfully, we encourage you to delay misguided proposals that attempt to address problems by prohibiting or discouraging wireless wholesalers from participating in the program. These resellers, who purchase wholesale capacity from incumbent service providers, currently provide service to seven-in-ten Lifeline customers. If non-facilities-based providers are excluded from the Lifeline program, about 8.3 million low-income households could lose their coverage. Eliminating resellers from the Lifeline program would be “disruptive to current and potential Lifeline customers,” as even a major wireless carrier with network facilities cautioned in its comments to the Commission.<sup>1</sup>

Furthermore, allowing companies that abide by the rules to participate in the program enhances competition, which benefits consumers by reducing prices and increasing the quality of the service they receive. While we strongly support the Commission’s goal of reducing waste, fraud, and abuse throughout the program, we believe this goal can best be met by supplementing the National Verifier program with risk-based audits targeting specific companies that are most at risk of violating the Commission’s rules.

Finally, while we agree that close monitoring of Universal Service Fund’s expenditures is essential, we are concerned that the proposal to implement a self-executing budget cap will require a complex administrative apparatus to track enrollees, maintain waiting lists, and prioritize those waiting to enroll, to name just a few essential tasks. We are not convinced that the administrative burdens and costs of engaging in such an effort are justified in light of resources that will have to be dedicated to it.

Thank you for your attention to our request.

Sincerely,



Susan M. Collins  
Chairman



Robert P. Casey, Jr.  
Ranking Member

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<sup>1</sup> Charles W. McKee, Norina T. Moy. February 21, 2018. “Comments of the Sprint Corporation.” <https://ecfsapi.fcc.gov/file/102211509330495/Sprint%20LL%20comments.pdf>