

SUSAN M. COLLINS, MAINE, CHAIRMAN

ORRIN G. HATCH, UTAH
JEFF FLAKE, ARIZONA
TIM SCOTT, SOUTH CAROLINA
THOM TILLIS, NORTH CAROLINA
BOB CORKER, TENNESSEE
RICHARD BURR, NORTH CAROLINA
MARCO RUBIO, FLORIDA
DEB FISCHER, NEBRASKA

368

United States Senate

SPECIAL COMMITTEE ON AGING

WASHINGTON, DC 20510-6400

(202) 224-5364

May 11, 2018

ROBERT P. CASEY, JR., PENNSYLVANIA, RANKING MEMBER

BILL NELSON, FLORIDA
KIRSTEN E. GILLIBRAND, NEW YORK
RICHARD BLUMENTHAL, CONNECTICUT
JOE DONNELLY, INDIANA
ELIZABETH WARREN, MASSACHUSETTS
CATHERINE CORTEZ MASTO, NEVADA
DOUG JONES, ALABAMA

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.¹

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

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



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 8, 2018

The Honorable Susan Collins
Chairwoman
Committee on Special Committee on Aging
United States Senate
G31 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairwoman Collins:

Thank you for your letter regarding the Lifeline program and the essential services it makes available to low-income seniors. I am committed to bridging the digital divide, and, like you, I believe the Lifeline program can help do just that for low-income seniors and other eligible Americans. That is why the Federal Communications Commission adopted the *2017 Lifeline Reform Order*, which seeks to focus Lifeline support where it is most needed and incentivize investment in networks that enable 21st-century connectivity for all Americans. The *Order* increased consumer choice by eliminating restrictions that barred Lifeline consumers from changing Lifeline providers for a year and protected consumers by barring low-quality services that offered mobile broadband in theory but failed to do so in practice.

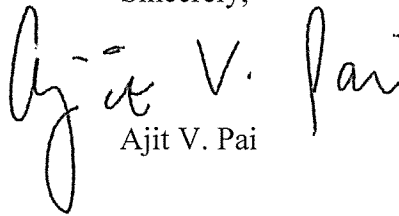
At the same time, I am deeply committed to ensuring that the Commission fulfills its obligation to be a responsible steward of the Universal Service Fund. It is critical to strengthen the Lifeline program's efficacy and integrity by reducing the waste, fraud, and abuse that has run rampant in this program for the better part of a decade. For example, GAO discovered 1,234,929 Lifeline subscribers who apparently were not eligible to participate in the program as well as 6,378 individuals who apparently reenrolled after being reported dead. That limited sample alone constituted more than \$137 million in abuse each year.

I agree with you that the National Verifier will be one important tool in eliminating this waste, fraud, and abuse. But it is not the only one, nor will it solve all the problems with the program. It simply isn't prudent to sit idly by when hundreds of millions of taxpayer dollars are at stake. That's why the Commission last year sought comment on a wide variety of measures to improve the administration of the Lifeline program—from re-empowering state commissions to police Lifeline carriers to partnering with states to stand up the National Verifier, from improving program audits to adopting a self-enforcing budget. Some say that the Lifeline program is too important to have a meaningful budget. I say it's too important not to have one. Having an enforceable, easily administrable budget mechanism promotes good government and helps ensure that every dollar spent is spent more wisely. And every other Universal Service Fund program—E-Rate, high cost, and rural health care—has a real budget, and every one of those programs is critical, too.

The Lifeline program's goal is—or should be—to empower low-income seniors and all eligible Americans, not companies. And that will be our lodestar as we move forward to ensure that unscrupulous companies stop abusing this important program. We are currently reviewing the record that has been compiled in response to last year's Notice of Proposed Rulemaking to determine the best path forward, and your letter has been added to that record. Please be assured that we will take into consideration the issues and concerns presented by all stakeholders as the Commission concludes its review.

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

Sincerely,

A handwritten signature in black ink that reads "Ajit V. Pai". The signature is written in a cursive, flowing style. The first name "Ajit" is written with a large, looped 'A'. The middle initial "V." is written with a small 'V' followed by a period. The last name "Pai" is written with a large, looped 'P'.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 8, 2018

The Honorable Bob Casey
Ranking Member
Committee on Special Committee on Aging
United States Senate
628 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Casey:

Thank you for your letter regarding the Lifeline program and the essential services it makes available to low-income seniors. I am committed to bridging the digital divide, and, like you, I believe the Lifeline program can help do just that for low-income seniors and other eligible Americans. That is why the Federal Communications Commission adopted the *2017 Lifeline Reform Order*, which seeks to focus Lifeline support where it is most needed and incentivize investment in networks that enable 21st-century connectivity for all Americans. The *Order* increased consumer choice by eliminating restrictions that barred Lifeline consumers from changing Lifeline providers for a year and protected consumers by barring low-quality services that offered mobile broadband in theory but failed to do so in practice.

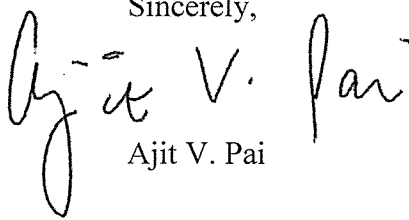
At the same time, I am deeply committed to ensuring that the Commission fulfills its obligation to be a responsible steward of the Universal Service Fund. It is critical to strengthen the Lifeline program's efficacy and integrity by reducing the waste, fraud, and abuse that has run rampant in this program for the better part of a decade. For example, GAO discovered 1,234,929 Lifeline subscribers who apparently were not eligible to participate in the program as well as 6,378 individuals who apparently reenrolled after being reported dead. That limited sample alone constituted more than \$137 million in abuse each year.

I agree with you that the National Verifier will be one important tool in eliminating this waste, fraud, and abuse. But it is not the only one, nor will it solve all the problems with the program. It simply isn't prudent to sit idly by when hundreds of millions of taxpayer dollars are at stake. That's why the Commission last year sought comment on a wide variety of measures to improve the administration of the Lifeline program—from re-empowering state commissions to police Lifeline carriers to partnering with states to stand up the National Verifier, from improving program audits to adopting a self-enforcing budget. Some say that the Lifeline program is too important to have a meaningful budget. I say it's too important not to have one. Having an enforceable, easily administrable budget mechanism promotes good government and helps ensure that every dollar spent is spent more wisely. And every other Universal Service Fund program—E-Rate, high cost, and rural health care—has a real budget, and every one of those programs is critical, too.

The Lifeline program's goal is—or should be—to empower low-income seniors and all eligible Americans, not companies. And that will be our lodestar as we move forward to ensure that unscrupulous companies stop abusing this important program. We are currently reviewing the record that has been compiled in response to last year's Notice of Proposed Rulemaking to determine the best path forward, and your letter has been added to that record. Please be assured that we will take into consideration the issues and concerns presented by all stakeholders as the Commission concludes its review.

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

Sincerely,

A handwritten signature in black ink that reads "Ajit V. Pai". The signature is written in a cursive, flowing style. The first name "Ajit" is written with a large, looped 'A'. The middle initial "V." is written with a simple 'V' followed by a period. The last name "Pai" is written with a large, looped 'P'.

Ajit V. Pai