



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

August 28, 2017

The Honorable Trey Gowdy
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Gowdy:

On June 29, 2017, the Government Accountability Office (GAO) publicly released a report entitled *Additional Action Needed to Address Significant Risks in Federal Communications Commission's (FCC) Lifeline Program* - GAO-17-538 (GAO Lifeline Report).¹ GAO examined, as part of its investigation: (1) the extent to which the Lifeline Program demonstrates effective performance towards program goals; (2) steps the FCC and the Universal Service Administrative Company (USAC) have taken to improve financial controls in place for the Lifeline Program and Universal Service Fund, and any remaining weaknesses that might exist; (3) steps the FCC and USAC have taken to improve subscriber eligibility verification, and any remaining weaknesses that might exist; and (4) steps the FCC and USAC have taken to improve oversight of Lifeline providers, and any remaining weaknesses that might exist.

On May 9, 2017, the Commission's Managing Director and Acting Chiefs of the Commission's Wireline Competition Bureau and Enforcement Bureau provided a letter detailing the Commission's actions addressing GAO's recommendations.² Actions underway include: (1) considering a process for review and approval of spending above the Lifeline budget; (2) implementing procedures to disseminate updated lists of state eligibility databases to Lifeline providers; (3) considering ways to improve review of compliance plans submitted by non-facilities-based service providers seeking to participate in the Lifeline program while protecting program integrity; (4) comprehensively reviewing Lifeline program violations in order to improve consistency in the Commission's Lifeline enforcement strategy, including imposition of monetary penalties and other corrective actions; (5) implementing a plan to expeditiously transfer the USF funds from a private bank to the U.S. Treasury; (6) amending USAC's contributor audit procedures to assess whether the USF assessments on carriers' bills are transparent and appropriately labeled in accordance with the FCC's Truth-in-Billing rules; and (7) resolving long-standing requests for guidance from USAC concerning USF contribution methodology. I intend to ensure that Commission staff are able under my chairmanship to follow through in implementing these actions.

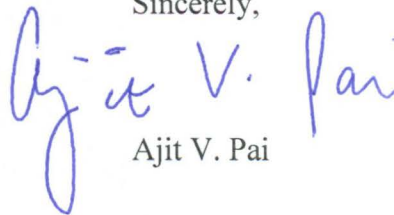
¹ GAO, *Additional Action Needed to Address Significant Risks in Federal Communications Commission's (FCC) Lifeline Program*, GAO-17-538 (GAO Lifeline Report), available at <https://www.gao.gov/assets/690/684974.pdf>.

² See GAO Lifeline Report at 78-82.

Also, in response to the GAO Lifeline Report and investigations by my office, the Office of the Inspector General, the Office of the Managing Director, the Enforcement Bureau, and the Wireline Competition Bureau, I have instructed USAC to promptly implement several safeguards to mitigate the risk of waste, fraud, and abuse in the Lifeline Program.³ These safeguards are designed to strengthen program integrity through in-depth examinations of subscriber eligibility, oversubscribed addresses, phantom Lifeline subscribers, deceased Lifeline subscribers, and duplicate subscribers, and through increased oversight over sales agents.

I appreciate GAO's thorough analysis and recommendations, and I reiterate the Commission's commitment to implementing measures to address GAO's findings. Thank you for the opportunity to respond to the GAO Lifeline Report and I look forward to discussing this issue further if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai

cc: The Honorable Rob Portman

³ See Letter from Ajit Pai, Chairman, Federal Communications Commission, to Vickie Robinson, USAC (July 11, 2017), available at http://transition.fcc.gov/Daily_Releases/Daily_Business/2017/db0711/DOC-345729A1.pdf.



FEDERAL COMMUNICATIONS COMMISSION
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OFFICE OF
THE CHAIRMAN

August 28, 2017

The Honorable Ron Johnson
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate
340 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Johnson:

On June 29, 2017, the Government Accountability Office (GAO) publicly released a report entitled *Additional Action Needed to Address Significant Risks in Federal Communications Commission's (FCC) Lifeline Program* - GAO-17-538 (GAO Lifeline Report).¹ GAO examined, as part of its investigation: (1) the extent to which the Lifeline Program demonstrates effective performance towards program goals; (2) steps the FCC and the Universal Service Administrative Company (USAC) have taken to improve financial controls in place for the Lifeline Program and Universal Service Fund, and any remaining weaknesses that might exist; (3) steps the FCC and USAC have taken to improve subscriber eligibility verification, and any remaining weaknesses that might exist; and (4) steps the FCC and USAC have taken to improve oversight of Lifeline providers, and any remaining weaknesses that might exist.

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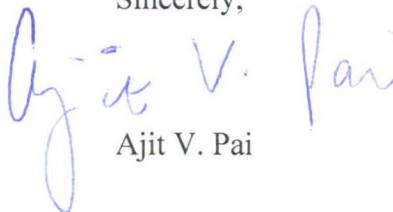
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I appreciate GAO's thorough analysis and recommendations, and I reiterate the Commission's commitment to implementing measures to address GAO's findings. Thank you for the opportunity to respond to the GAO Lifeline Report and I look forward to discussing this issue further if you have any questions.

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Ajit V. Pai

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

August 28, 2017

The Honorable Claire McCaskill
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate
340 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator McCaskill:

On June 29, 2017, the Government Accountability Office (GAO) publicly released a report entitled *Additional Action Needed to Address Significant Risks in Federal Communications Commission's (FCC) Lifeline Program* - GAO-17-538 (GAO Lifeline Report).¹ GAO examined, as part of its investigation: (1) the extent to which the Lifeline Program demonstrates effective performance towards program goals; (2) steps the FCC and the Universal Service Administrative Company (USAC) have taken to improve financial controls in place for the Lifeline Program and Universal Service Fund, and any remaining weaknesses that might exist; (3) steps the FCC and USAC have taken to improve subscriber eligibility verification, and any remaining weaknesses that might exist; and (4) steps the FCC and USAC have taken to improve oversight of Lifeline providers, and any remaining weaknesses that might exist.

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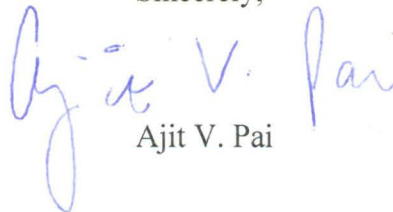
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FEDERAL COMMUNICATIONS COMMISSION
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August 28, 2017

The Honorable Elijah E. Cummings
Ranking Member
Committee on Oversight and Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Cummings:

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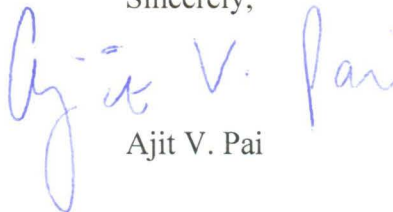
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