



FEDERAL COMMUNICATIONS COMMISSION

April 9, 2012

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable Cliff Stearns
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Stearns:

Thank you very much for your support for the Commission's proceeding to reform the Universal Service Fund (USF), and your letter encouraging reform of USF contributions. I will ensure that your letter is included in the record.

As you point out, reform of the USF contribution system will build on the smart government reforms of Universal Service that the Commission has achieved over the last several months. Because the USF contribution burden is determined by the total amount of Universal Service funding given out each year, scrutinizing every USF program for waste and inefficiency was the first step to protect businesses and consumers from undue growth in the USF contributions. In October, the Commission unanimously and comprehensively reformed the USF high-cost program: We set an express program goal of minimizing the USF contribution burden, eliminated substantial waste and inefficiency, and put the program on a budget. In January, the Commission also adopted bipartisan reforms to another key part of USF—the Lifeline program—to eliminate waste and abuse. We put Lifeline on track to save up to \$2 billion in the next three years, keeping money in the pockets of American consumers that otherwise would have been wasted on duplicative benefits, subsidies for ineligible recipients, or fraudulent misuse of Lifeline funds.

By taking these steps, the Commission constrained the overall contribution burden on consumers and businesses, while expanding access to broadband for millions more Americans. As you note, addressing the contribution system is the next step. Building on our reform efforts to date, the Commission currently is considering reforms to the rules under which USF contributions are assessed, to ensure the system is predictable, fair, and stable.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Julius Genachowski", written over a light blue horizontal line.

Julius Genachowski