United States Senate
WASHINGTON, DC 20510

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WCB
Connect America
USF
Lifeline

June 9, 2015

The Honorable Thomas Wheeler
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Wheeler:

Created in 1985 to help low income households afford basic telephone service, Lifeline enrollment ballooned from 6.8 million households in 2008 to over 18 million in 2012 amid reports of rampant waste, fraud, and abuse. On June 2, 2015, the Senate Subcommittee on Communications, Technology, Innovation, and the Internet held a hearing titled, "Lifeline: Improving Accountability and Effectiveness." The hearing served as an important reminder that the Federal Communications Commission (FCC) needs to restore public confidence in the program through comprehensive reforms if there is any hope of revitalizing it to help those who are truly in need.

We understand that the FCC is circulating a proposal to extend these wireless subsidies to broadband service. While we agree that broadband service plays a vital role in our society, our recent hearing highlighted the lack of specific performance metrics and basic eligibility data on the 12 million current beneficiaries that need to be addressed before the program is potentially expanded. A March 2015 Government Accountability Office (GAO) report underscored this issue, finding that the FCC has not sufficiently evaluated Lifeline to determine if it was actually accomplishing its objective of helping narrow the telephone penetration gap between low-income and non-low-income citizens.

Lifeline is unique among the Universal Service Fund (USF) programs in that it does not have an overall cap on expenditures. We are concerned that uncontrolled growth in this program could crowd out other important initiatives that are critical to serving our rural, low-income constituents. It is irresponsible to allow these fees to continue to escalate on middle class families without assurances that their money is being spent in a responsible, transparent manner. We request the FCC adopt real reforms to Lifeline before considering an expansion of the program. Such reforms the FCC should examine include the following:

- Cap the Lifeline program in a way that is consistent with other USF services;
- Evaluate the effectiveness of the Lifeline program at accomplishing its objective;
- Reduce financial incentives to commit fraud with a modest co-pay;
- Prohibit participating carriers from giving away free equipment and service;
- Put safeguards in place to ensure greater transparency for ratepayers;
- Establish an automated eligibility verification system;
- Finalize a uniform, flat-rate reimbursement; and

- Revise the Eligible Telecommunications Carriers (ETCs) designation process to stimulate competition among providers.

Lifeline needs to be targeted at serving those truly in need of assistance, and we are committed to regaining the public's trust through good government reforms. We look forward to your response and collaboration on making much needed improvements to this program.

Sincerely,

Deb Fischer
U.S. Senator

Joe Manchin
U.S. Senator