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Congress of the United States

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COMMITTEE ON
WAYS AND MEANS

COMMITTEE ON ETHICS

March 30, 2016

The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th St SW
Washington, DC 20554

Dear Chairman Wheeler:

I am writing to you regarding your March 8 announcement of plans to expand the Lifeline telephone subsidy to high-speed Internet access. Given the problems with fraud and cost increases involved in an earlier expansion to cell phone service, this new step risks wasting American consumers' money, and also remains legally tenuous.

I wrote to your predecessor, then-Chairman Julius Genachowski, in the fall of 2011 upon the FCC's announcing plans to shift Universal Service Fund (USF) resources into broadband Internet, resulting in what is now the Connect America Fund. My main concern at the time was that the FCC lacked statutory authority to cover Internet, then defined as an "information service," under the USF, which is limited by law to "telecommunications services." The definition change that FCC's move required lacked any justifying change in circumstance, rendering the action suspect under long-standing principles of administrative law.

Since then, the Connect America Fund has ballooned to over \$1.8 billion per year to bring high-speed Internet to underserved areas. Why is that not enough for the Commission? This new proposal to now add Internet to USF's Lifeline program will, in addition to still lacking clear authority, raise its costs from \$1.5 to \$2.25 billion per year. How can the current fee structure that funds the USF on the backs of American consumers be maintained under this weight? Prior efforts to stop fraud in Lifeline uncovered the fact that 30 percent of its resources were misused. This serves to show that the program is not fit for the proposed expansion. I strongly urge the FCC to reconsider the costs to the people whom it serves and to maintain the USF within its originally intended range of services.

Thank you for your review of this correspondence and I look forward to your reply. Should you have any questions regarding this letter, please feel free to contact me, or my Legislative Assistant, Robert Vega, at 202.225.6605 or robert.vega@mail.house.gov.

Sincerely,



Kenny Marchant
Member of Congress