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## United States Senate

COMMITTEE ON THE BUDGET  
WASHINGTON, DC 20510-6100

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August 15, 2013

The Honorable Mignon Clyburn  
Acting Chairwoman  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Dear Chairwoman Clyburn:

I write to express serious concerns about the Lifeline program, a part of the Universal Service Fund (USF) that, according to the Congressional Budget Office, outlayed more than \$9.3 billion in FY2012.

The original intent of the Lifeline program was to provide discounted, subsidized phone service to qualifying low-income consumers so that they would have a way to contact employers, family members, and emergency services. Although the initial program was limited to land lines, it has now been expanded to include wireless or cellular phones. Crucially, participation in the program is supposed to be limited to those who have an income that is at or below 135% of the poverty level or participate in one of the many federal assistance programs, such as SNAP or Medicaid. Federal rules limit Lifeline phones to one per household. I am concerned that these basic, but fundamental, rules are not being enforced.

In a recent article in National Review, "Me and My Obamaphones," the writer offers a "confession" that readers are paying her phone bill and details how she does not meet any of the eligibility requirements listed above, but has received three Lifeline phones. (That article is attached.) The failure to check applicants' eligibility might be one of the reasons the Lifeline program has more than doubled in recent years—from \$822 million in 2008 to over \$2 billion in the latest annual report from the Universal Service Administrative Company (USAC).

I want to understand what your agency is doing to eliminate abuses within the program, and why previous efforts appear to be insufficient. To this end, please respond to the following:

1. What is the process for verifying eligibility from those seeking to enroll? Is this controlled by the FCC, the states, or the service providers?
2. Is there a verification process for those currently enrolled to assure continued eligibility? Please provide the details of the process and the number of individuals found ineligible through this review.
3. In the initial verification process, how does the FCC or service provider crosscheck to see whether a participant is participating in a qualified federal program or not living in a household where a Lifeline phone is already present?
4. How long does it take to process an application for Lifeline service and are providers required to delay providing a phone or service if they become aware that another application is pending or that another provider is servicing an account?
5. The underlying intent of Lifeline was to provide "security." Are the phones, often provided free-of-charge by providers, limited in capability? That is, are the phones capable of texting or using social media or other web-enabled applications?
6. How much service does participation in the Lifeline program provide? Does the program provide any funding for data or text transmissions? How many minutes per month does the program pay for participants?
7. How are participating service providers selected and are there eligibility requirements for providers? Explain the financial incentives for providers and how they are compensated.
8. There appears to be an ongoing recruitment process to enroll people in Lifeline. Is the FCC in charge of the recruiting process and how are those recruiters paid? Is payment for recruiters provided through USF? Are recruiters offered bonuses for the number of individuals enrolled or for those who apply, or are you aware of any other type of incentives that could increase taxpayer costs by targeting individuals for enrollment beyond the intended scope of the program? The USAC Annual report indicates that in 2012, administrative expenses were \$110 million. Of that, how much was spent on recruitment material and personnel for the Lifeline program?
9. What is the process for monitoring provider activity? Have any providers been sanctioned or debarred by the FCC for over-enrollment or failing to properly verify eligibility?
10. According to the FCC's own review, a number of customers have been found to be in violation of the one phone per household limit. In those instances, are those customers disqualified from participation the program? Are there any sanctions for customers that violate the parameters of the program, criminal or otherwise?

It is important that all federal programs be effectively administered and that these programs adhere to the highest standards in order to protect the funds provided by the American people. The news article suggests serious flaws in this program. These public concerns must be addressed.

Please have your staff provide this information both in hard copy and in an electronic, searchable format no later than September 26, 2013, to William Smith on the Senate Committee on the Budget. If you have any questions, please contact me or have your staff contact Mr. Smith at (202) [REDACTED] or [REDACTED].

Very truly yours,



Jeff Sessions  
Ranking Member

cc: FCC Commissioner Ajit Pai  
FCC Commissioner Jessica Rosenworcel