

PATTY MURRAY, WASHINGTON, CHAIRMAN
RON WYDEN, OREGON
BILL NELSON, FLORIDA
DEBBIE STABENOW, MICHIGAN
BERNARD SANDERS, VERMONT
SHELDON WHITEHOUSE, RHODE ISLAND
MARK R. WARNER, VIRGINIA
JEFF MERKLEY, OREGON
CHRISTOPHER A. COONS, DELAWARE
TAMMY BALDWIN, WISCONSIN
TIM KAINE, VIRGINIA
ANGUS S. KING JR., MAINE
JEFF SESSIONS, ALABAMA
CHARLES E. GRASSLEY, IOWA
MICHAEL B. ENZI, WYOMING
MIKE CRAPO, IDAHO
LINDSEY O. GRAHAM, SOUTH CAROLINA
ROB PORTMAN, OHIO
PAT TOOMEY, PENNSYLVANIA
RON JOHNSON, WISCONSIN
KELLY AYOTTE, NEW HAMPSHIRE
ROGER F. WICKER, MISSISSIPPI

EVAN T. SCHATZ, STAFF DIRECTOR
ERIC UELAND, REPUBLICAN STAFF DIRECTOR
www.budget.senate.gov

United States Senate

COMMITTEE ON THE BUDGET

WASHINGTON, DC 20510-6100

November 18, 2013

Mr. D. Scott Barash
Acting Chief Executive Officer
Universal Service Administrative Company
2000 L Street NW, Suite 200
Washington, D.C. 20036

Dear Mr. Barash:

The Universal Service Administrative Company (USAC) entered into a Memorandum of Understanding (MOU) with the Federal Communications Commission (FCC) to "facilitate the efficient management and oversight of the Commission's federal universal service program, also known as the Universal Service Fund ("USF")."¹ USAC is responsible for the daily administration of USF and is subject to the oversight of the FCC. According to the MOU, "[USAC] will track and retain, and will provide the [FCC] upon request, completely auditable expenditures that the [USAC], its contractors, and its vendors incurred in connection with (i) review, investigation, or any other work associated with USF fraud or alleged fraud against the USF...." USAC is required to carry out its duties "in a manner that ensures the integrity of the USF, and that instills the highest public trust and confidence in the program." Despite how the funds collected by USAC for the administration of USF might be classified, whether they are a tax or a fee, they come from the taxpayers and, thus, should be used in an appropriate way.

I recently inquired with the FCC about problems associated with the Lifeline program² and have additional questions and concerns about how the USF is administered and how USAC works to minimize fraud and improper payments. Therefore, please provide answers and information for the following inquiries:

1. Please provide the three most recent finance reports required by the MOU.

¹ The initial MOU expired on December 8, 2012. If a new MOU has been entered into or the initial one extended, please provide any documents to this effect. Otherwise, explain the current relationship between the FCC and USAC and the control of operations.

² Letter to Chairwoman Mignon Clyburn, August 15, 2013.

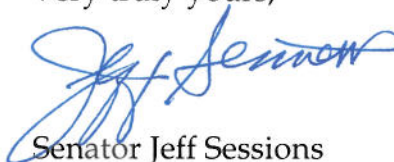
2. Please provide the three most recent programmatic reports required by the MOU.
3. Please provide the three most recent “administrative expenses and Budget activities” data required by the MOU.
4. Please provide the three most recent performance reports as they relate to “customer service standard” according to the MOU.
5. Please provide all “potential loss of service” matters reported to the FCC according to the MOU over the last three years.
6. To the extent that material is not provided in the above requests, please provide the following:
 - a. a list of all institutions holding USF funds;
 - b. the balance as of November 14, 2013, for each institution holding all or some of USF revenue. In addition, please provide a statement as of the same date; and
 - c. all investments made with USF contributions.
7. Please provide the monetary contribution from each telecommunication provider for the last four quarters.
8. According to the USAC by-laws, the board of directors is prohibited from receiving compensation for their service. Please provide a list of all compensation for officers and executives within USAC. Is compensation provided out of USF, FCC, or other resources?
9. Please provide detailed oversight policies and initiatives to ensure USF is administered properly.
10. Please provide the monthly outlays for USF over the past three years. In doing this, please itemize the totals spent on each program funded by the USF.
11. Please provide the total monthly revenue collected for USF over the past three years.

Since contributions to the fund are compulsory to telecommunications providers—and typically amount to fees being pushed on to consumers—it is important that the fund be administered wisely. Right now, serious questions exist about USAC’s performance. I hope they are alleviated through your response.

Please have your staff provide the requested information both in hard copy and electronic formats by December 16, 2013. If you have additional questions, please

contact me, or have your staff contact [REDACTED] at [REDACTED] or [REDACTED]. Thank you for your assistance in this matter.

Very truly yours,



Senator Jeff Sessions
Ranking Member

JS:ck