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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

May 2, 2018

The Honorable Ajit Pai
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Mr. Chairman:

I am writing to request information about ongoing efforts by the Federal Communications Commission (FCC) and the Universal Service Administrative Company (USAC) to combat waste, fraud, and abuse in the Lifeline program.

As you know, in 2017, GAO released a report, conducted at my request, that detailed systemic weaknesses throughout the Lifeline program, including inadequate eligibility screening processes and administrative loopholes that have been easily exploited by unscrupulous providers.¹ Recent findings by the FCC Office of Inspector General (FCC OIG) underscore the need for additional measures to safeguard program funds. Expanding on GAO's audit work, the FCC OIG found that 47,942 deceased individuals had been enrolled as Lifeline subscribers between 2014 and October 2017 – more than seven times the number identified in GAO's 2017 audit report.²

At a hearing before this Committee in September 2017, you described the FCC's plans to address longstanding challenges with management and oversight of the Lifeline program.³ While I understand that the FCC has begun to implement additional safeguards, I am concerned about the delayed launch of the Lifeline National Eligibility Verifier ("National Verifier") – a central piece of the FCC's planned reforms.

Once fully implemented, the National Verifier will provide an independent and centralized eligibility verification system for Lifeline subscribers. Until then, eligibility verification will continue to be performed by Lifeline providers – phone companies that make

¹ Government Accountability Office, *Additional Action Needed to Address Significant Risks in FCC's Lifeline Program* (GAO-17-538) (May 30, 2017).

² Email from Government Accountability Office to Homeland Security and Governmental Affairs Committee Staff (Mar. 16, 2018). GAO's analysis included only 2014 enrollment data and identified 6,378 deceased subscriber accounts.

³ Senate Committee on Homeland Security and Governmental Affairs, *Hearing on FCC's Lifeline Program: A Case Study of Government Waste and Mismanagement*, 115th Cong. (Sept. 14, 2017).

more money if they service more Lifeline accounts. As I have noted previously, this arrangement represents a structural flaw as it increases the risk of fraud and abuse. The FCC and USAC planned to launch the National Verifier in six states by the end of 2017; however, on December 1, 2017, the FCC announced that the launch would be delayed due to information security concerns.⁴ Specifically, the National Verifier was not able to pass “key security checks” required under the Federal Information Security Management Act (FISMA).⁵

Following the revelation of these security concerns, you stated that you “expect the National Verifier to launch in early 2018.” However, as of today, no new timeline for the launch has been announced.⁶ It is imperative that the FCC and USAC take the necessary steps to ensure the security and reliability of the sensitive consumer information that will be handled by the National Verifier. However, until the new system is securely implemented, I urge the FCC and USAC to continue efforts to improve accountability within the current systems.

In order to better understand the steps the FCC and USAC are taking to identify and eliminate waste, fraud, and abuse in the Lifeline program, I request that the FCC provide a briefing to Committee staff by May 23, 2018, that addresses the following questions:

1. What efforts have been made to prevent Lifeline providers from enrolling deceased individuals or claiming reimbursements on behalf of deceased subscribers?
2. What actions have been taken to penalize carriers for enrolling or claiming reimbursements on behalf of deceased subscribers? Has the FCC determined the total amount that has been paid to carriers for deceased subscriber accounts? How much has been repaid to the Universal Service Fund?
3. GAO’s audit identified 1.2 million potentially ineligible Lifeline subscribers and 5,510 likely duplicate subscribers enrolled as of November 2014. What efforts, if any, have been made to verify these accounts or to de-enroll duplicate or ineligible subscribers? Has the FCC determined the total amount that has been paid to carriers for duplicate or ineligible accounts? How much has been repaid to the Universal Service Fund?
4. What is the current status of plans to launch the National Verifier? What specific security vulnerabilities were identified that led to the decision to postpone the launch and what steps have been taken to address them?

⁴ Federal Communications Commission, *Chairman Pai Statement on Ensuring Security for the Lifeline National Verifier* (Dec. 1, 2017).

⁵ *Id.*

⁶ See Universal Service Administrative Company, *Lifeline National Verifier* (www.usac.org/li/tools/national-verifier/default.aspx) (accessed May 2, 2018).

The Honorable Ajit Pai
May 2, 2018
Page 3

If you have any questions, please contact Claudine Brenner of my staff at (202) 224-2627. Please send any official correspondence related to this request to Rina Patel at Rina_Patel@hsgac.senate.gov. Thank you for your prompt attention to this matter.

Sincerely,



Claire McCaskill
Ranking Member

cc: Ron Johnson
Chairman

The Honorable Mignon Clyburn
Commissioner
Federal Communications Commission

The Honorable Michael O'Rielly
Commissioner
Federal Communications Commission

The Honorable Jessica Rosenworcel
Commissioner
Federal Communications Commission

The Honorable Brendan Carr
Commissioner
Federal Communications Commission