



FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

December 12, 2011

Dear State Commissioners:

I want to take this opportunity to thank you and your staffs for participating in last week's conference call with FCC staff to improve management and oversight of the Lifeline program; I also write to urge you to increase your efforts to eliminate waste, fraud, and abuse from Lifeline.

Since 1984, this important program has connected millions of low-income Americans to the telephone network, enabling them to more fully participate in our economy and to reach public safety and other critical resources. Last year, the Lifeline program served more than 10 million low-income Americans. During these economically challenging times, it is particularly important that we work together to ensure the integrity of Lifeline, so it can continue to help Americans who need phone service to find a job, coordinate child care, and call 9-1-1 during emergencies.

Earlier this year, the FCC launched a proceeding to comprehensively reform and modernize Lifeline, including to significantly strengthen protections against waste, fraud, and abuse, and to prepare the program for the broadband era. I expect the FCC to vote soon to adopt reforms.

Even as our rulemaking has progressed, we have been focused on immediate measures to eliminate waste and abuse in the Lifeline program. I commend the work of a number of states, including Florida and Wisconsin, that have already taken steps to identify and eliminate fraud in the program. Strengthening and enforcing Lifeline rules is a top priority for the FCC, and we have taken a number of key actions over the past year to this end, including:

- In March, adopted a Notice of Proposed Rulemaking to comprehensively reform Lifeline to strengthen protections against waste, fraud and abuse and modernize the program, building on recommendations from the Federal-State Joint Board on Universal Service.
- Directed USAC to increase oversight over the Lifeline program, which identified duplicative support and led the Commission to undertake the Duplicates Resolution Process.
- Adopted a Duplicates Resolution Order in June, which clearly prohibits providing more than one Lifeline benefit to an eligible consumer.
- Following the Duplicates Resolution Order, launched an unprecedented Duplicates Resolution Process. This process analyzed more than 3.6 million Lifeline subscriptions for duplicative benefits across 15 major Lifeline providers. To date, notices have been sent to over 250,000 subscribers in 12 states who had multiple Lifeline subscriptions, in order to eliminate duplicative benefits. USAC will continue investigating duplicates in other states, and requiring de-enrollment of duplicate subscribers.
- Together with the Department of Justice, reached a first-of-its-kind \$1.5 million settlement

agreement with a Lifeline provider to settle fraud allegations related to improperly signing up Lifeline subscribers.

- Launched multiple investigations of Lifeline providers that may be engaging in fraud or other violations of program rules.
- Toughened requirements on new Lifeline providers to prevent waste and abuse, including requiring that they check the eligibility of all new subscribers and inform subscribers of program requirements designed to prevent duplicative support and other waste.
- Issued an FCC Enforcement Advisory (attached) highlighting the need for carriers to be vigilant about following the Commission's rules in order to protect the Fund against waste and abuse. We have received reports that some carriers may be distributing Lifeline-subsidized cell phone subscriptions without verifying whether the consumers are eligible, or whether they already have a Lifeline subscription. **I ask you to distribute the Advisory to the appropriate state and local partners in your community, who can help spread the word that Lifeline-supported services are only available to qualifying low-income consumers, and that consumers may not transfer a handset with subsidized service to others.**
- Worked closely with you, the states, as well as USAC, to strengthen enforcement and oversight of Lifeline, including through dozens of calls and meetings over the past year with FCC staff.

I know states stand with us in combating waste and abuse in Lifeline. **I encourage all of you to join the FCC in our efforts to reform the Lifeline program by closely scrutinizing the requests for ETC designation pending before you, to be on guard for abuse by ETCs designated to provide Lifeline service in your states, and to take swift and strong action when necessary to protect the program.**

Sincerely,

A handwritten signature in black ink, appearing to be 'JG', written over a horizontal line.

Julius Genachowski

cc: State Attorneys General
cc: U.S. Department of Justice