

ONE HUNDRED FIFTEENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**

COMMITTEE ON ENERGY AND COMMERCE

2125 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6115

Majority (202) 225-2927  
Minority (202) 225-3641

January 25, 2018

Ms. Radha Sekar  
Chief Executive Officer  
Universal Service Administrative Company  
700 12th Street NW, Suite 900  
Washington, DC

Dear Ms. Sekar:

I write to request the audits conducted during the preceding three fiscal years for both the Federal Communications Commission's (FCC) Legacy High-Cost and Rural Health Care programs in order to better understand the potential for waste, fraud, and abuse in these two programs.<sup>1</sup> The High-Cost Program is by far the largest Universal Service Program, spending \$4.5 billion each year.<sup>2</sup> I am concerned that the FCC is failing to adequately address waste, fraud, and abuse in the legacy portion of the High-Cost Program and is instead directing its resources solely to smaller programs within the Universal Service Program, such as the Rural Health Care Program.<sup>3</sup>

Last year, the Committee on Energy and Commerce Democratic staff began reviewing waste, fraud, and abuse in the Legacy High-Cost Program. As part of that inquiry, I wrote to your office, the Offices of the Chairman and the FCC Commissioners, the FCC's Office of the Inspector General, and the Government Accountability Office (GAO). Since that initial review, the GAO has agreed to conduct its own separate investigation of the Legacy High-Cost Program.

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<sup>1</sup> Letter from Vicki Robinson, Acting Chief Executive Officer, Universal Service Administrative Company to Rep. Frank Pallone, Jr., Ranking Member, House Committee on Energy and Commerce, at 2 (June 14, 2017) (describing the Legacy High-Cost Program).

<sup>2</sup> Universal Service Administrative Company, *2016 Annual Report*, at 12 (Mar. 2017).

<sup>3</sup> Federal Communications Commission, Promoting Telehealth in Rural America, Notice of Proposed Rulemaking, WC Docket No. 17-310, FCC 17-164, at ¶41-56 (rel. Dec. 18, 2017).

Furthermore, the FCC Inspector General notified me in July 2017 that it had concluded that the Commission lacks the resources necessary to properly oversee the Legacy High-Cost Program.<sup>4</sup>

Following my initial inquiry and GAO's decision to conduct an investigation, I again wrote to the FCC in November, urging the Commission to immediately address issues within the Legacy High-Cost Program.<sup>5</sup> I have unfortunately, not received a response to that letter.

To better understand why the FCC is failing to address waste, fraud, and abuse in the Legacy High-Cost Program and is instead focusing its resources on the smaller universal service programs, I request that the Universal Service Administrative Company provide to my office the audits conducted during the preceding three fiscal years. Specifically, please provide:

1. The audits conducted as part of the Payment Quality Assurance Program and the Beneficiary and Contributor Audit Program for the Legacy High-Cost Program and;
2. The audits conducted as part of the Payment Quality Assurance Program and the Beneficiary and Contributor Audit Program for the Rural Health Care Program.

I request that you please provide responses no later than February 15, 2018. I appreciate your assistance with this important inquiry. Should you have any questions regarding this request, please contact Gerald Leverich of the Democratic Committee staff at (202) 225-3641.

Sincerely,

A handwritten signature in blue ink that reads "Frank Pallone, Jr." with a stylized flourish at the end.

Frank Pallone, Jr.  
Ranking Member

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<sup>4</sup> Letter from David L. Hunt, Inspector General, Federal Communications Commission to Rep. Frank Pallone, Jr., Ranking Member, House Committee on Energy and Commerce, at 3 (June 12, 2017).

<sup>5</sup> Letter from Rep. Frank Pallone, Jr., Ranking Member, House Committee on Energy and Commerce to Ajit V. Pai, Chairman, Federal Communications Commission (Nov. 15, 2017).